

No. 149. An act relating to a Vermont state employees' cost-savings incentive program.

(S.97)

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 3 V.S.A. § 266 is added to read:

§ 266. VERMONT STATE AND JUDICIARY EMPLOYEES'

COST-SAVINGS INCENTIVE PROGRAM

(a) For the purposes of this section:

(1) "State employee" means any classified, nonmanagement, state employee in the executive or judicial branch.

(2) "Suggestion" means a proposal by a state employee that has been submitted to an agency in which the employee is employed that may result in financial savings for that agency.

(b) There is established the Vermont state and judiciary employees' cost-savings incentive program. The program shall provide financial incentives to state and judiciary employees who make suggestions that are adopted and result in financial savings for any agency, department, board, bureau, commission, or other administrative unit of the state, or for the judiciary department.

(c) To be eligible for an award under this program, a state or judiciary employee or group of employees shall submit a suggestion to reduce expenditures on a form created by the department of human resources

designated for this purpose. An employee who is otherwise eligible for an award under this section shall not receive the award until he or she has satisfied any and all state tax obligations.

(d) Within 60 days of the receipt of a suggestion, the agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary receiving a suggestion shall determine whether:

(1) the suggestion is feasible and desirable;

(2) the suggestion is an idea that is not already under active study or has not been under continual review by the state;

(3) the suggestion is beyond the reasonable expectations of job performance, as informed by the employee's job specifications; and

(4) implementation of the suggestion will not negatively impact the quality of services presently provided by the state.

(e) An employee shall be entitled to an award only if his or her suggestion meets each of the criteria set forth in subsection (d) of this section and the suggestion is implemented.

(f) Any agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary that receives a suggestion shall present its assessment of the criteria set forth in subsection (d) of this section on the form designated for this purpose and shall state whether it intends to implement the suggestion. A copy of this form shall be sent to the employee

or employees making the suggestion, the department of human resources, and the department of finance and management if the employee making the suggestion is an executive branch employee and to the court administrator if the employee making the suggestion is a judiciary department employee.

(g) If each of the criteria set forth in subsections (d) and (e) of this section is met, the agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary shall implement the suggestion. The employee or group of employees making the suggestion shall then be entitled to a total monetary award equal to 25 percent of the savings realized as a direct result of the suggestion in the first year of its implementation, but the maximum total monetary award shall not exceed \$25,000.00 under any circumstances. If the suggestion is simultaneously made by more than one employee, the award shall be divided equally among the employees who submitted the suggestion. The sum awarded shall be reportable as wages and subject to applicable state and federal taxes, as appropriate. The award shall be computed on the actual savings for a 12-month period, with the period to run from the time that the suggestion is fully implemented. An award made pursuant to this section shall be paid out of funds appropriated to the agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary, that realizes the cost savings, and shall be paid to the employee within one year and 30 days of full implementation of the

suggestion. An award shall not be included when calculating an employee's average final compensation for determining the employee's retirement allowance.

(h) If an employee who is eligible for an award under this section terminates state service prior to full implementation of his or her suggestion, the employee shall be entitled to receive his or her full award.

(i)(1) If the agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary, that receives a suggestion rejects the suggestion, the employee may file a written request to review the suggestion with a copy of the form and the assessment to the appropriate review panel. The review panel shall then recommend to the secretary of administration or the court administrator, as appropriate, whether to affirm or overrule the decision of the agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary, and the secretary's or court administrator's decision shall be final.

(2) If a suggestion is made by an employee of an agency, department, board, bureau, commission, or other administrative unit of the state, the appropriate review panel shall consist of two members of the Vermont State Employees' Association, Inc., appointed by the executive director of that association and three members from the agency of administration appointed by the secretary of administration.

(3) If a suggestion is made by an employee of the judiciary, the appropriate review panel shall consist of two members of the Vermont State Employees' Association, Inc., appointed by the executive director of that association and three members from the judiciary, appointed by the court administrator.

(4) The appropriate review panel shall meet within 30 days of receiving a written request and shall make a recommendation to the secretary of administration or court administrator, as appropriate, within 15 days of the meeting.

(j) If an employee believes that the agency, department, board, bureau, commission, other administrative unit of the state, or the judiciary has erroneously calculated or underestimated the savings realized by the suggestion, the employee may submit a written request to the secretary of administration or the court administrator, as appropriate, that explains the employee's objection to the amount awarded in writing, within 30 days of the award. The secretary of administration or the court administrator shall review the amount awarded and may increase the amount of an award or affirm the award. The decision of the secretary or court administrator shall be final.

(k) In the event an employee's suggestion is denied on the basis of the criteria set forth in subdivision (d)(1) or (4) of this section, and is subsequently implemented within three years of the date the employee made the suggestion,

the employee shall receive a monetary award in accordance with subsection (g) of this section.

(l) The secretary of administration and the court administrator shall file a report with the governor, the state auditor, and the general assembly for each fiscal year, beginning on January 1, 2012, summarizing the suggestions implemented and the savings realized. The secretary shall also identify the suggestions that were rejected and the rationale for these rejections. A copy of this report shall be provided to the director of the Vermont state employees' association.

(m) The joint legislative government accountability committee and the state auditor shall review the secretary of administration's and court administrator's reports on the program with the director of the Vermont state employees' association, or his or her designee, at least once during each fiscal year.

Sec. 2. REPEAL

Sec. 1 (3 V.S.A. § 266) of this act shall be repealed on July 1, 2012.

Date on which the governor allowed the bill to become law without his signature: June 1, 2010