

By: Representative Bowles

To: Fees and Salaries of
Public Officers;
Appropriations

HOUSE BILL NO. 406

1 AN ACT TO ESTABLISH A STATE EMPLOYEE INCENTIVE PROGRAM TO
2 HELP ENCOURAGE STATE EMPLOYEES TO REDUCE STATE EXPENDITURES,
3 INCREASE PRODUCTIVITY AND IMPROVE THE QUALITY OF STATE SERVICES
4 AND TO RECOGNIZE THE CONTRIBUTIONS OF STATE EMPLOYEES IN ACHIEVING
5 THESE GOALS; TO ESTABLISH A STATE AGENCY PRODUCTIVITY PROGRAM TO
6 HELP ENCOURAGE AGENCIES TO INCREASE THEIR PRODUCTIVITY AT LOWER
7 COSTS WITHOUT DECREASING REQUIRED SERVICES AND TO RECOGNIZE
8 AGENCIES THAT ACHIEVE THESE GOALS; TO CREATE THE MISSISSIPPI
9 INCENTIVE AND PRODUCTIVITY COMMITTEE TO ADMINISTER THE PROGRAMS;
10 TO CREATE A SPECIAL FUND IN THE STATE TREASURY TO PROVIDE FUNDS
11 FOR THE PROGRAMS; TO AUTHORIZE MONETARY AWARDS AND CERTIFICATES OF
12 APPRECIATION TO BE MADE TO ELIGIBLE STATE EMPLOYEES WHO MAKE
13 SUGGESTIONS THAT REDUCE STATE EXPENDITURES, INCREASE PRODUCTIVITY
14 OR IMPROVE THE QUALITY OF STATE SERVICES; TO PRESCRIBE CRITERIA
15 FOR ELIGIBLE EMPLOYEES AND ELIGIBLE SUGGESTIONS; TO PROVIDE THAT
16 INITIAL DETERMINATIONS OF ELIGIBILITY SHALL BE MADE BY STATE
17 AGENCY COORDINATORS; TO PRESCRIBE THE PROCEDURE FOR SUBMITTING
18 SUGGESTIONS TO THE COMMITTEE AND FOR EVALUATION OF SUGGESTIONS BY
19 THE COMMITTEE; TO AUTHORIZE PRODUCTIVITY AWARDS TO BE MADE TO
20 STATE AGENCIES THAT OPERATE AT A LOWER COST THAN THE AMOUNT
21 APPROPRIATED TO THE AGENCY WITHOUT A DECREASE IN THE LEVEL OF
22 SERVICES REQUIRED TO BE PROVIDED; TO AMEND SECTION 25-9-134,
23 MISSISSIPPI CODE OF 1972, IN CONFORMITY TO THE PROVISIONS OF THIS
24 ACT; AND FOR RELATED PURPOSES.

25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

26 SECTION 1. This act shall be known as the "Employee
27 Incentive and Agency Productivity Act."

28 ARTICLE 1.

29 GENERAL PROVISIONS

30 SECTION 2. As used in this article, the term "committee"
31 means the Mississippi Incentive and Productivity Committee.

32 SECTION 3. (1) The Mississippi Incentive and Productivity
33 Committee is created, which shall be composed of:

34 (a) The Executive Director of the Department of Finance
35 and Administration;

36 (b) The Director of the Legislative Budget Office;

37 (c) The State Personnel Director;

38 (d) The Director of the Office of Budget and Fund
39 Management of the Department of Finance and Administration; and

40 (e) Three (3) agency heads, one (1) each appointed by
41 the Governor, the Lieutenant Governor, and the Speaker of the
42 House of Representatives.

43 (2) The Executive Director of the Department of Finance and
44 Administration shall serve as chairman of the committee.

45 (3) Agency heads shall serve a two-year term, with the term
46 of one (1) member expiring June 30 of each even-numbered year and
47 the term of two (2) members expiring June 30 of each odd-numbered
48 year.

49 SECTION 4. (1) The committee shall develop policies,
50 procedures, and record-keeping measures to administer this act.

51 (2) The committee may adopt rules to carry out this act.

52 (3) The committee may accept contributions or assistance
53 from private institutions and organizations and may request and
54 receive aid and assistance from the Governor's Office and other
55 state governmental bodies to effectively implement this act.

56 SECTION 5. (1) The committee may hire staff necessary to
57 perform its functions.

58 (2) The Director of the Office of Budget and Fund Management
59 of the Department of Finance and Administration shall oversee the
60 administration of the state employee incentive program under
61 Article 3 and the agency productivity award program under Article
62 5.

63 SECTION 6. Not later than January 1 before each Regular
64 Session of the Legislature, the committee shall report in writing
65 to the Governor, the Lieutenant Governor, and the Speaker of the
66 House of Representatives on the committee's activities, decisions,
67 and recommendations for awards.

68 SECTION 7. There is created in the State Treasury a special
69 fund to be known as the Mississippi Employee Incentive and Agency
70 Productivity Fund. Monies in the fund shall be appropriated by

71 the Legislature to fund the incentive and productivity awards.
72 The Legislature shall provide sufficient monies for the fund to
73 adequately fund the incentive and productivity awards.

74 ARTICLE 3.

75 STATE EMPLOYEE INCENTIVE PROGRAM

76 SECTION 8. As used in this article:

77 (a) "Agency coordinator" means a state employee who is
78 designated by the agency head of the employee's agency to act as
79 the liaison between the agency and the committee.

80 (b) "Award" means a certificate of appreciation or a
81 monetary award that is granted to a state employee in payment for
82 an employee suggestion.

83 (c) "Certificate of appreciation" means a nonmonetary
84 award that is granted to a state employee in recognition of an
85 employee suggestion.

86 (d) "Incentive program" means the state employee
87 incentive program.

88 (e) "State agency" means a department, committee,
89 board, office, or other agency in the executive or judicial branch
90 of government that is created under the constitution or a statute
91 of this state.

92 (f) "State employee" means an employee of a state
93 agency and does not include an elected official.

94 SECTION 9. (1) The purposes of the state employee incentive
95 program are to:

96 (a) Reduce state expenditures, increase productivity,
97 and improve the quality of state services; and

98 (b) Recognize the contributions made by certain state
99 employees in achieving the goals described in paragraph (a).

100 (2) An employee may be compensated for a suggestion under
101 the incentive program only as provided by this article.

102 SECTION 10. (1) The committee may recommend that an award
103 be granted to an eligible state employee who makes a suggestion

104 that:

105 (a) Reduces state expenditures, increases agency
106 productivity, or improves the quality of state services; and

107 (b) Is approved and implemented.

108 (2) An award or transfer of funds must be computed on the
109 net annual actual or projected savings that are certified by the
110 affected state agency and the committee.

111 (3) An employee is eligible for an award of ten percent
112 (10%) of the net savings, not to exceed Five Thousand Dollars
113 (\$5,000.00), if the employee's suggestion results in savings that:

114 (a) Can be computed using a cost-benefit analysis; and

115 (b) Equal or exceed One Hundred Dollars (\$100.00) after
116 implementation costs.

117 (4) An employee is not eligible for a monetary award but may
118 be recognized by a certificate of appreciation if the employee's
119 suggestion results in:

120 (a) Intangible savings or benefits that cannot be
121 computed using a cost-benefit analysis; or

122 (b) A net annual savings of less than One Hundred
123 Dollars (\$100.00).

124 (5) The committee may also issue a certificate of
125 appreciation to each employee who is granted an award under this
126 article.

127 SECTION 11. (1) Each state employee is eligible to
128 participate in the incentive program except an employee:

129 (a) Who has authority to implement the suggesting being
130 made;

131 (b) Who is on unpaid leave of absence;

132 (c) Whose job description includes responsibility for
133 cost analysis, efficiency analysis, savings implementation, or
134 other programs in the employee's agency;

135 (d) Who is involved in or has access to agency research
136 and development information used as the basis of the suggestion;

137 or

138 (e) Whose job description or routine job duties include
139 developing the type of change in agency operations recommended by
140 the suggestion.

141 (2) The restrictions in subsection (1) do not prevent any
142 employee from proposing suggestions which are outside of the
143 employee's scope of authority.

144 SECTION 12. (1) An employee's eligibility under Section 11
145 of this act is determined on the employee's status when the agency
146 coordinator receives the original employee suggestion.

147 (2) A former employee is eligible for an award if the
148 employee's suggestion is implemented on or before the second
149 anniversary of the date of final disposition of the suggestion.
150 An award granted to an employee who dies before the award is
151 received shall be paid to the employee's estate.

152 SECTION 13. (1) To be eligible for consideration under the
153 incentive program an employee suggestion must:

154 (a) Be given to the agency coordinator;

155 (b) Be in writing and in the form the committee
156 prescribes;

157 (c) Be signed by the employee;

158 (d) Describe the type of cost savings or other benefit
159 the employee foresees if the suggestion is adopted.

160 (2) An employee is not eligible to receive an award under
161 this article for a suggestion that:

162 (a) Does not describe a method to achieve the desired
163 savings or benefit;

164 (b) Proposes an idea under implementation or
165 consideration on the date the suggestion is given to the agency;

166 (c) Relates only to personnel matters or grievances,
167 including employee classification or compensation;

168 (d) Proposes a correction for a condition that resulted
169 only because applicable established procedures were not properly

170 followed; or

171 (e) Proposes implementation of a policy or procedure
172 that the employee's agency adopted before the employee made the
173 suggestion to the agency.

174 (3) The committee may request that additional information be
175 provided before approving a suggestion.

176 SECTION 14. (1) If two (2) or more employees submit the
177 same suggestion relating to the same agency, the first suggestion
178 that the agency coordinator receives is eligible for
179 consideration.

180 (2) If the same suggestion is received on the same day from
181 two (2) or more employees working at different locations, an award
182 granted for the suggestion may be divided equally among the
183 employees.

184 (3) Two (2) or more employees may submit a joint suggestion.
185 An award granted for the suggestion may be divided equally among
186 the employees.

187 SECTION 15. Each state agency shall designate an agency
188 coordinator, who shall:

189 (a) Promote employee participation in the incentive
190 program;

191 (b) Obtain an impartial evaluation of each employee
192 suggestion;

193 (c) Promote the implementation of adopted suggestions
194 by the agency;

195 (d) Monitor the cost savings and other benefits that
196 result from the implementation of an employee suggestion;

197 (e) File reports with the committee as required by
198 committee rule; and

199 (f) Arrange and conduct intraagency award ceremonies to
200 recognize agency employees who are granted awards under this
201 article.

202 SECTION 16. (1) An agency coordinator shall make the

203 initial determination of the eligibility of an employee suggestion
204 or of an agency employee who makes a suggestion.

205 (2) An employee who is aggrieved by an eligibility
206 determination of an agency coordinator may request a
207 redetermination.

208 (3) The committee shall adopt rules to govern the
209 redetermination process. An agency coordinator shall give each
210 employee who makes a suggestion a copy of the committee rules
211 relating to redeterminations or reevaluations.

212 SECTION 17. (1) Not later than thirty (30) days after the
213 date an agency coordinator receives an employee suggestion, the
214 agency coordinator shall send the suggestion and the evaluation of
215 the suggestion to the committee for further analysis and comment
216 regarding implementation. If, after any necessary analysis, the
217 committee determines that the suggestion has merit, the committee
218 shall refer the suggestion to each appropriate state agency for
219 proposed adoption and implementation.

220 (2) Not later than thirty (30) days after the date the
221 committee makes a final determination on adoption or rejection of
222 an employee suggestion, the committee shall notify each employee
223 in writing who proposed the suggestion of the committee's
224 determination.

225 (3) Final adoption of an employee suggestion is at the
226 discretion of the head of each agency. Any agency that implements
227 a suggestion proposed under this article shall provide information
228 requested by the committee that is necessary to compute the amount
229 of savings or other benefits derived from the suggestion. If a
230 suggestion is not adopted by an agency, the agency head must
231 submit an explanation in writing to the committee for the
232 rejection. A summary report of these rejections will be included
233 in the committee's annual report to the Governor and the
234 Legislature.

235 SECTION 18. (1) The committee is the final arbiter of any

236 dispute arising from the implementation of the incentive program
237 or from eligibility determination.

238 (2) An employee may not appeal a committee decision to a
239 court.

240 SECTION 19. An employee whose suggestion has been rejected
241 may request a reevaluation of the suggestion if the employee has
242 reasonable grounds to believe that the importance of the
243 suggestion has been overlooked or misinterpreted. The employee
244 must make the request in writing not later than thirty (30) days
245 after the date the employee receives notice of the rejection. The
246 employee shall provide any additional information that the
247 employee considers useful to the reevaluation.

248 SECTION 20. The committee may grant an award or issue a
249 certificate of appreciation to an employee who makes a suggestion
250 that results in an agency's adopting a policy or procedure before
251 the suggestion is submitted to the agency coordinator if the
252 employee or agency demonstrates to the committee that:

253 (a) The employee making the suggestion is eligible
254 under this article;

255 (b) The suggestion is eligible under this article;

256 (c) The employee proposed a reasonable method of
257 implementation and described the type of savings or benefit
258 foreseen to the agency before agency implementation; and

259 (d) The agency adopted the policy or procedure as a
260 result of the suggestion.

261 SECTION 21. The committee shall note a suggestion that
262 requires legislative action. If, as a direct result of an
263 employee suggestion, legislation is passed to implement the
264 suggestion, the committee shall consider the suggestion for an
265 award. The employee's agency coordinator shall notify the
266 committee if implementing legislation is passed.

267 SECTION 22. On request of an employee who has made a
268 suggestion under this article, the committee to the greatest

269 extent possible shall maintain the employee's confidentiality in
270 the evaluation or award process.

271 SECTION 23. By submitting a suggestion under this article,
272 an employee agrees with the state that a claim of the employee
273 based on the suggestion, including a patent, copyright, trademark,
274 or other similar claim, is assigned to the state.

275 SECTION 24. Funding for the incentive awards shall be made
276 from appropriations by the Legislature from monies in the
277 Mississippi Employee Incentive and Agency Productivity Fund.

278 SECTION 25. As used in this article:

279 (a) "Division" means a unit of a state agency that:

280 (i) Has an identifiable self-contained budget; or

281 (ii) Maintains its financial records under an
282 accounting system that permits the accurate identification of the
283 unit's expenditures and receipts.

284 (b) "Productivity award" means a cash award given to an
285 eligible state agency or division in recognition of increased
286 productivity. The method of measuring increased productivity is
287 based on the amount lapsed at the end of the fiscal year.

288 (c) "State agency" means a department, committee,
289 board, office, or other agency in the executive or judicial branch
290 of state government, but does not include:

291 (i) The Office of the Governor; or

292 (ii) An institution of higher education.

293 (d) "Productivity award limit" means twenty-five
294 percent (25%) of an agency's lapse of general funds for the award
295 year.

296 SECTION 26. (1) The agency head of a state agency may apply
297 to the committee for the recommendation of a productivity award
298 for the agency or one of the agency's divisions. To apply, the
299 agency head must provide the committee with evaluation components
300 developed by the agency or division that permit a quantitative
301 measure of the agency's or division's productivity and

302 performance.

303 (2) The application must be:

304 (a) In the form the committee prescribes;

305 (b) Approved by the agency head;

306 (c) Submitted not later than thirty (30) days after the
307 last day of the fiscal year.

308 SECTION 27. (1) The committee may not recommend a
309 productivity award unless the committee determines that:

310 (a) The state agency or division has demonstrated that
311 during the fiscal year the agency or division operated at a lower
312 cost than the amount appropriated to the agency or division for
313 that fiscal year without a decrease in the level of services
314 required to be rendered by the agency or division during the year;
315 and

316 (b) The cost of operation that the agency or division
317 claims is not the result, in whole or part, of:

318 (i) Lowering of the quality of services rendered;

319 (ii) Reduced pass-through or transfer
320 expenditures;

321 (iii) Receipts exceeding budgeted amounts;

322 (iv) Failure to implement a merited promotion,
323 reclassification, or authorized salary increase;

324 (v) Postponement of a scheduled purchase, repair,
325 or payment of accounts to a future fiscal year;

326 (vi) Stockpiling of inventory in the preceding
327 fiscal year to reduce requirements during the fiscal year;

328 (vii) Substitution of nonstate funds for state
329 appropriations; or

330 (viii) Another practice, event, or device that the
331 committee determines has caused a distortion that results in an
332 inaccurate claimed cost of operation.

333 (2) The committee shall consider as legitimate savings a
334 reduction in expenditures made possible by, but not limited to,

335 the following:

- 336 (a) Reduction in overtime for eligible employees;
- 337 (b) Elimination of:
 - 338 (i) Consultant fees;
 - 339 (ii) Budgeted positions;
 - 340 (iii) Unnecessary travel, printing, and mailing;
 - 341 and
 - 342 (iv) Payments for unnecessary advertising,
 - 343 membership dues, and subscriptions and other nonessential
 - 344 expenditures of the agency's or division's funds;
- 345 (c) Increased efficiency in energy use;
- 346 (d) Improved office procedures and systems; and
- 347 (e) Another practice or device that the committee
- 348 determines has resulted in verifiable savings.

349 SECTION 28. If the committee determines that a state agency
350 or division qualifies for a productivity award, the committee
351 shall make such recommendation to the Legislature and notify the
352 agency head.

353 SECTION 29. Funding for the productivity awards shall be
354 made from appropriations by the Legislature from monies in the
355 Mississippi Employee Incentive and Agency Productivity Fund. The
356 total productivity appropriation to an agency shall not exceed the
357 agency's productivity award limit.

358 SECTION 30. (1) The committee may award eligible employees
359 of a state agency or division of a state agency an amount not to
360 exceed fifty percent (50%) of the agency's total productivity
361 award limit. The awarded amount shall be distributed in equal
362 shares to the eligible current employees of the agency or
363 division. A monetary award given to an individual employee may
364 not exceed One Thousand Dollars (\$1,000.00).

365 (2) An eligible employee who worked for less than the entire
366 fiscal year or who worked part time is entitled to a proportional
367 share computed on the part of the fiscal year or the average part

368 of the work week, as applicable, that the employee worked.

369 (3) An employee is eligible under this section if the
370 employee is an hourly, part-time, or temporary employee at the
371 time the award is given.

372 SECTION 31. If the committee recommends awarding a
373 productivity award to a state agency or division of a state
374 agency, an amount not to exceed the remaining fifty percent (50%)
375 of the agency's productivity award limit may be appropriated to
376 the agency for use by the agency's administration at its
377 discretion, including promoting agency productivity during the
378 subsequent fiscal year.

379 SECTION 32. (1) At the end of a fiscal year the committee
380 shall compare the expenditures of a state agency or division that
381 participates in the productivity program for the fiscal year with
382 the agency's or division's appropriation for that fiscal year or,
383 if appropriate, the previous years' expenditures. The committee
384 shall determine the amount by which the agency or division has
385 reduced its cost of operations during the fiscal year based on
386 information provided by the agency.

387 (2) The committee shall make any necessary adjustments in
388 its determination to eliminate distortions. The committee may
389 consider legislative increases in employee compensation and
390 inflationary increases in the cost of services, materials, and
391 supplies. In addition, the committee may consider extraordinary
392 situations in which an agency or division would have had savings,
393 but had to spend the money on an emergency situation.

394 SECTION 33. (1) The committee shall create in the
395 Mississippi Employee Incentive and Agency Productivity Fund a
396 productivity account for each state agency or division
397 participating in the agency productivity program.

398 (2) During each fiscal year the agency head of an eligible
399 agency shall monitor agency or division activities and estimate
400 the savings resulting from increased economy and efficiency. At

401 the end of the fiscal year the agency head shall certify the
402 amount of savings with a breakdown of the results to the
403 committee.

404 SECTION 34. It is the intent of the Legislature that a state
405 agency or division that reduces its cost of operations and
406 qualifies for a productivity award under this article should not
407 be penalized for those savings through a corresponding reduction
408 in appropriations for the subsequent fiscal year.

409 SECTION 35. Section 25-9-134, Mississippi Code of 1972, is
410 amended as follows:

411 25-9-134. (1) The Legislature finds (a) that effective
412 state and local governmental institutions are essential in the
413 maintenance and development of public administration in an
414 increasingly complex and interdependent society; (b) that since
415 numerous governmental activities administered by district and
416 local governments are related to a statewide purpose and are
417 financed in part by state funds, a state interest exists in a high
418 caliber of public service in state, district and local
419 governments; and (c) that the quality of public service at all
420 levels of government can be improved by the development of
421 innovative systems of public administration.

422 (2) The State Personnel Board shall establish a program to
423 encourage and recognize excellence, innovation and diversity on
424 the part of state, district and local governmental entities in the
425 design, execution and management of their own administrative
426 procedures. The State Personnel Board shall establish by rule and
427 regulation procedures for evaluating * * * examples of improvement
428 in public administration, and shall provide for an annual awards
429 program to recognize excellence in government. The board may
430 establish categories of governmental service in order to recognize
431 these achievements.

432 (3) Nominations for awards under the program of excellence
433 in government prescribed herein shall be made to the State

434 Personnel Director by the governing authority or board of the
435 governmental entity employing the particular individual or group
436 of individuals to be recognized. Such nominations shall be made
437 at such time or times and shall contain such information as the
438 State Personnel Board may prescribe. All nominations shall be
439 submitted by the State Personnel Director to the Governor for
440 review, comments and recommendation at least sixty (60) days prior
441 to final evaluation by the State Personnel Board. An explanation
442 in writing shall be sent to the Governor in the event the State
443 Personnel Board does not concur with recommendations of the
444 Governor in approving or disapproving the nominations.

445 (4) Nominations for awards under the program of excellence
446 in government shall set forth clear and practicable actions for
447 the improvement of particular aspects of technical or
448 administrative procedure, such as:

449 (a) Establishment of personnel systems of general or
450 special functional coverage to meet the needs of urban, suburban
451 or rural governmental jurisdictions that may not be able to
452 provide career inducements to well qualified professional,
453 administrative and technical personnel;

454 (b) Strengthening one or more major areas of public
455 administration, such as personnel recruitment, personnel training,
456 personnel development and payroll administration; or

457 (c) Increasing intergovernmental cooperation with
458 respect to such matters as personnel interchange, personnel
459 recruiting, manpower utilization and interchange and fringe
460 benefits.

461 (5) As part of the program of excellence in government, the
462 State Personnel Board shall authorize and establish guidelines for
463 state agencies to accept and present cash awards and bonuses as
464 part of any federally funded employee awards incentive. The
465 guidelines shall authorize state employees to compete for federal
466 incentives and authorize state agencies to accept federal funds

467 earmarked for incentives. All federal awards and bonuses received
468 by state agencies shall not be designated as part of the agency's
469 yearly budget for the purpose of receiving state appropriations.

470 (6) The State Personnel Board may evaluate a nominee under
471 the program of excellence in government and recommend a monetary
472 award for those suggestions which improve management of technical
473 or administrative procedures resulting in bona fide cost reduction
474 for the state or local governmental entity. Upon approval of such
475 an award by the board, the State Personnel Board may notify the
476 State Fiscal Officer or the local governmental authority, as the
477 case may be, who shall pay the award to the employee upon receipt
478 of the proper requisition.

479 (7) Sections 1 through 33 of this act shall not be construed
480 as repealing or superseding the program established in this
481 section.

482 SECTION 36. This act shall take effect and be in force from
483 and after July 1, 1999.