

**FINANCIAL INCENTIVES TO AGENCIES AND
EMPLOYEES FOR COST-SAVING SUGGESTIONS**

2000 GENERAL SESSION

STATE OF UTAH

Sponsor: Tammy J. Rowan

AN ACT RELATING TO STATE OFFICERS AND EMPLOYEES; CREATING THE COST-SAVINGS SUGGESTIONS PILOT PROGRAM; OUTLINING REQUIREMENTS AND PROCESSES FOR COST-SAVINGS SUGGESTIONS; PROVIDING AWARDS TO EMPLOYEES AND AGENCIES; AND REQUIRING REPORTING CONCERNING THE PROGRAM.

This act affects sections of Utah Code Annotated 1953 as follows:

ENACTS:

67-19-41, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **67-19-41** is enacted to read:

67-19-41. Cost-Savings Suggestions Pilot Program -- Forms -- Application --

Evaluation -- Awards.

- (1) There is created the Cost-Savings Suggestions Pilot Program.
- (2) The department shall:
 - (a) consult with state agencies to select two to four state departments or divisions to participate in the pilot program;
 - (b) create a form for an employee to make suggestions that will save costs for an employee's agency; and
 - (c) distribute the form to the participating state agencies for distribution to employees.
- (3) An employee of a participating agency with a cost-saving suggestion shall:
 - (a) complete the form outlining the cost-saving suggestion; and
 - (b) submit it to the employee's agency director and the department.
- (4) (a) (i) An agency director who receives a cost-saving suggestion from an employee shall, within 30 days, evaluate the suggestion to determine if the suggestion is feasible and might

result in savings for the agency.

(ii) If the suggestion cannot be adequately evaluated within 30 days, the agency director may extend the evaluation period for an additional 30 days by notifying the employee and the department of the extension.

(b) (i) The department shall submit the suggestion to the panel of examiners for the Utah Quality Service Award Program.

(ii) The panel of examiners for the Utah Quality Service Award Program shall:

(A) review the suggestion and submit their comments to the agency director;

(B) if the suggestion appears to have application to agencies beyond the agency in which the suggestion originated, refer the suggestion to other agencies to which the suggestion may apply; and

(C) approve or deny the suggestions as eligible for cost-saving awards as defined in Subsection (8).

(5) After completing the evaluation, the agency director shall notify the employee and the department, in writing, that the suggestion:

(a) will be implemented; or

(b) will not be implemented, with a statement explaining why it will not be implemented.

(6) If the cost-saving suggestion is implemented, the agency director shall:

(a) notify the department that the agency will implement the suggestion;

(b) provide to the department an estimate of the potential annual cost savings to the agency;

(c) give the employee making the suggestion an initial cash award of no less than \$100 and no more than \$200, as determined by the agency director;

(d) forward information describing the implemented suggestion and the agency's calculation of the annual cost saving to the Division of Finance; and

(e) if directed by the Division of Finance, calculate the actual annual cost saving for a period of one year after the suggestion has been implemented.

(7) The Division of Finance shall:

(a) review and verify the agency's cost-saving calculation; and

(b) report its findings to the department.

(8) (a) The panel of examiners for the Utah Quality Service Award Program in the department shall review the calculated cost savings of the suggestion and the report of the Division of Finance and, if appropriate, authorize the agency to award 10% of the annual cost savings, not to exceed \$5,000, to the employee.

(b) The agency may use the balance of the cost savings to enhance programs and not to be used for bonuses, other compensation, training, or travel.

(9) The department and the participating agencies shall report to the Government Operations Interim Committee by September 1, 2003, concerning the results of this pilot program.