

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number HB1946

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Saxman

3. Committee General Laws

4. Title Department of Human Resource Management; employee suggestions program.

5. Summary/Purpose:

Limits single monetary awards made under the Department of Human Resource Management's Employee Suggestions Program to 25 percent of the total savings realized for a proposal that results in eliminating or reducing state expenditures or improving operations. The bill also requires the Department of Human Resource Management to report annually to the Governor and the General Assembly on (i) the number of proposals received and what, if any, actions were taken on them, (ii) the number of proposals that were implemented and the results of those efforts in eliminating or reducing state expenditures or improving operations, (iii) the number of dollars and awards made to employees for adopted proposals, (iv) the actual cost savings realized as a result of implementing such proposals, and (v) the number of proposals that were not implemented or acted upon with an explanation or justification for inaction.

6. Fiscal Impact Estimates are: See Item 8 Below

7. Budget amendment necessary: No

8. Fiscal implications: Currently, cash awards are set at 25 percent of savings on amounts below \$20,000. For amounts above \$20,000, the current award is \$5,000 plus 1 percent of any amount over \$20,000. This bill, would simplify this formula by awarding 25 percent for all net savings amounts including those above \$20,000. This would result in higher awards for suggestions, thus reducing the amount realized as short-term savings for the agencies involved (for savings amounts greater than \$20,000). However, it is indeterminate if this will have an overall negative impact on the totals savings recognized because the bill could potentially increase the number of employee suggestions which would increase the likelihood of additional savings for state agencies.

This bill would also require a higher level of reporting from the Department of Human Resource Management (DHRM). This increase in reporting will create additional administrative responsibilities for DHRM. Currently, DHRM does not have a full-time employee devoted to the Employee Suggestion Program and any additional reporting requirement would require additional resources. The introduced budget (HB 1500/SB 700) included a full-time employee for this program and if this amendment is included in the final

budget, the additional reporting requirements included in this bill should not create any additional needs for DHRM. However, the House budget amendments remove the additional funding included in the Governor's budget for the Employee Suggestion Program.

- 9. Specific agency or political subdivisions affected:** The Department of Human Resource Management and other state agencies that have employees who participate in the Employee Suggestion Program.

10. Technical amendment necessary: No

11. Other comments: None

Date: 2/10/2005

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cc: Secretary of Administration