

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1103
Committee Substitute Favorable 6/1/99

Short Title: State Emp. Recognition & Bonus Programs.

(Public)

Sponsors:

Referred to:

April 15, 1999

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW THE ESTABLISHMENT OF AN EMPLOYEE RECOGNITION
3 AWARD PROGRAM FOR STATE EMPLOYEES AND TO AMEND THE STATE
4 EMPLOYEE INCENTIVE BONUS PROGRAM.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 143-23(a2)(1) reads as rewritten:

7 "(a2) Funds appropriated for salaries and wages are also subject to the limitation that
8 they may only be used for: ♦

9 (1) Salaries and wages or for premium pay, overtime pay, longevity,
10 unemployment compensation, workers' compensation, temporary
11 wages, moving expenses of employees, payment of accumulated annual
12 leave, certain awards to ~~employees,~~employees including employee
13 recognition awards specified through an employee recognition program,
14 tort claims, and employer's social security, retirement, and
15 hospitalization payments;".

16 Section 2. G.S. 126-4(8) reads as rewritten:

17 "§ 126-4. Powers and duties of State Personnel Commission.

18 Subject to the approval of the Governor, the State Personnel Commission shall
19 establish policies and rules governing each of the following:

1 ...

- 2 (8) A program of meritorious service ~~awards~~ awards and employee
3 recognition awards. These awards are limited to noncash items. The
4 Commission shall adopt policies to ensure awards programs are
5 established and properly managed statewide."

6 Section 3.(a) The policies adopted by the State Personnel Commission to
7 implement the State employee recognition program authorized by Sections 1 and 2 of this
8 act shall include provisions for the following:

- 9 (1) Recognition awards may be granted for specific individual or employee
10 team efforts that are exemplary and produce long-term positive results
11 for the employing agency that are consistent with the agency's mission,
12 including contributing to the employing agency's ability to improve
13 delivery of services and to generate budgetary efficiency.

- 14 (2) The recognized employee(s) efforts must:

- 15 a. Be above and beyond the recognized employee's responsibilities
16 as defined in the employee's job description; or
17 b. Exemplify a superior manner and level of job performance that
18 can be held as a standard of excellence for other employees with
19 similar job descriptions; or
20 c. Substantially enhance the performance of other employees' job
21 duties as specified in the respective job descriptions.

- 22 (3) A State employee or team of State employees may be eligible to receive
23 both an employee recognition program award or awards, pursuant to
24 G.S. 143-23(a2)(1) and G.S. 126-4(8), and an incentive bonus or
25 bonuses under the State Employee Incentive Bonus Program, pursuant
26 to Article 36A of Chapter 143 of the General Statutes, for the same
27 suggestion.

- 28 (4) The purchase of awards is dependent upon availability of agency funds.
29 Funds available for recognition incentives shall not exceed one-fourth of
30 one percent (.25%) of the agency's allocated salary fund. The cost of
31 any individual recognition award shall not exceed one-fourth of one
32 percent (.25%) of the average salary of a State employee subject to
33 Chapter 126 of the General Statutes.

34 Section 3.(b) Beginning March 1, 2000, and annually thereafter, the State
35 Personnel Commission and the Office of State Budget and Management shall report to
36 the Joint Legislative Commission on Governmental Operations on the implementation of
37 the State employee recognition program. The report shall include:

- 38 (1) The number of nominations made and awards given.
39 (2) The nature of the awards given.
40 (3) The names, job titles, and salary grades of the employees receiving the
41 awards, along with an explanation of the basis upon which each award
42 was made.

43 Section 4. G.S. 143-345.21 reads as rewritten:

1 **"§ 143-345.21. State employee incentive bonus.**

2 (a) A State employee or team of State employees may receive an incentive bonus
3 or bonuses in reward for suggestions or innovations resulting in monetary savings to the
4 State, increased revenues to the State, or improved quality of services delivered to the
5 public.

6 (a1) A State employee or team of State employees may be eligible to receive both
7 an employee recognition program award or awards, pursuant to G.S. 143-23(a2)(1) and
8 G.S. 126-4(8), and an incentive bonus or bonuses under the State Employee Incentive
9 Bonus Program, pursuant to Article 36A of this Chapter, for the same suggestion.

10 (b) In addition to any bonuses paid directly to individual State employees, a
11 portion of the cost-savings associated with any savings realized from permanent
12 efficiencies implemented pursuant to this Article may be contributed to a reserve fund for
13 State employee performance bonuses. Funds for State employee incentive bonuses shall
14 only come from savings including reversions above the baseline reversion of the
15 employing State department, agency, or institution.

16 (c) Savings generated by suggestions and innovations shall be determined at the
17 end of the fiscal year in which the suggestion or innovation is implemented. Any savings
18 are to be calculated using the actual expenditures for a program, activity, or service
19 compared to the budgeted amount for the same, if an amount has been budgeted for the
20 program, activity, or service. The savings calculation shall include the amount of any
21 reversions in excess of the baseline reversion. The savings or revenue increases realized
22 from any suggestion or innovation implemented for less than one full fiscal year shall be
23 annualized. Any savings realized through the State Employee Incentive Bonus Program
24 shall be weighed against continued service to the public.

25 (d) If a suggestion or innovation affects a program, activity, or service for which
26 no separate budgeted amount has been made, the State Coordinator, in conjunction with
27 the agency evaluator for that suggestion or innovation, shall determine the budgetary
28 impact of the suggestion or innovation."

29 Section 5. G.S. 143-345.20(2) reads as rewritten:

30 "(2) Employing unit. – Any of the following:

- 31 a. The principal Council of State office or department enumerated
32 in G.S. 143A-11 for which a State employee works.
- 33 b. The principal State department enumerated in G.S. 143B-6 for
34 which a State employee works.
- 35 c. The constituent institution of The University of North Carolina or
36 the General Administration of The University of North Carolina
37 for which a State employee works.
- 38 d. The local school administrative unit for which a State employee
39 works.
- 40 e. The board, commission, or agency and its staff for which a State
41 employee works, if that agency is not organizationally housed in
42 any of the other offices, departments, or institutions listed in this
43 subdivision.

1 f. The responsible cost center of the suggester and all employees
2 assigned to the responsible cost center."

3 Section 6. G.S. 143-345.22(a) reads as rewritten:

4 **"§ 143-345.22. Allocation of incentive bonus funds; nonmonetary recognition.**

5 (a) If a State employee's suggestion or innovation results in a monetary savings or
6 increased revenue to the State, the funds saved or increased shall be distributed according
7 to the following scale:

8 (1) Twenty percent (20%) of the annualized savings or increased revenues,
9 up to a maximum of twenty thousand dollars (\$20,000) for any one
10 State employee, to constitute gainsharing. If a team of State employees
11 is the suggester, the bonus provided in this subdivision shall be divided
12 equally among the team members, except that no team member may
13 receive in excess of twenty thousand dollars (\$20,000), nor may the
14 team receive an aggregate amount in excess of one hundred thousand
15 dollars (\$100,000).

16 (2) Thirty percent (30%) to a performance bonus reserve for all current
17 employees of the employing unit of the suggester, to be distributed
18 according to G.S. 126-7, the Comprehensive Compensation System for
19 State employees, or according to the performance bonus compensation
20 system in which the suggester's employing unit participates.

21 (2a) Three percent (3%) to the Department of Administration for the
22 administration and management of the State Employee Incentive Bonus
23 Program.

24 (3) The remainder to the General Fund for nonrecurring budget items."

25 Section 7. G.S. 143-345.23 reads as rewritten:

26 **"§ 143-345.23. Suggestion and review process; role of agency coordinator and**
27 **agency evaluator.**

28 (a) The process for a State employee or team of State employees to submit a cost-
29 saving or revenue-increasing proposal shall begin by the employee or team of employees
30 submitting the suggestion or innovation to an agency coordinator designated by the State
31 department, agency, or institution impacted by the suggestion or innovation. The agency
32 coordinator, in conjunction with an agency evaluator, shall review the suggestion or
33 innovation for submission to the Review Committee established in G.S. 143-345.14.

34 (b) The duties of the agency coordinator shall include:

35 (1) Serving as an information source and maintaining sufficient forms
36 necessary to submit suggestions.

37 (2) Responsibility for presenting, in conjunction with the agency evaluator,
38 the plan of implementation for a suggestion or innovation to the Agency
39 Review Committee.

40 (3) Working in conjunction with the agency evaluator designated by the
41 State Coordinator for a particular suggestion or innovation.

42 An agency may have more than one coordinator if required to provide sufficient
43 services to State employees.

- 1 (c) The duties of an agency evaluator shall include:
- 2 (1) Reviewing the feasibility and effectiveness of cost-saving or revenue-
- 3 increasing measures suggested by State employees.
- 4 (2) Being knowledgeable of the subject program, activity, or service.
- 5 (3) Determining, in conjunction with the agency fiscal officer, the
- 6 budgetary impact of a suggestion or innovation.
- 7 (4) Judging impartially both the positive and negative effects of a
- 8 suggestion or innovation on the current functions of the subject
- 9 program, activity, or service.

10 The specific assignments of the agency evaluator shall be determined by the agency

11 coordinator.

12 (d) The State Coordinator shall be responsible for general oversight and

13 coordination of the State Employee Incentive Bonus Program. The State Coordinator

14 shall be a State employee working in the Department of Administration."

15 Section 8. This act becomes effective July 1, 1999.