

SUBJECT: Funding state employee productivity improvements

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 9 ayes — Wolens, Alvarado, Brimer, Carter, Hunter, D. Jones, Longoria, McCall, Ramsay

0 nays

6 absent — S. Turner, Counts, Craddick, Danburg, Hilbert, Stiles

SENATE VOTE: On final passage, April 11 — 29-0

WITNESSES: None

BACKGROUND : The Texas Incentive and Productivity Commission administers the state employee incentive program that rewards employees with a share of the savings realized from their suggestions to reduce expenditures and increase revenues. Suggestions to improve the quality of state services also are eligible for awards. The program is funded from the savings realized through the suggestions. The comptroller sends 40 percent of savings back to the fund from which the original appropriation was made; 40 percent to a fund for the affected agency to award merit pay increases; and 20 percent to the commission.

The commission is composed of the governor and the lieutenant governor and four state agency officials, plus three public members with experience administering private sector bonus and incentive programs.

DIGEST: SB 784 would establish new funding mechanisms for the Texas Incentive and Productivity Commission and its programs.

Under the bill, the Legislature would provide that each state agency pay money from its appropriations to the commission based on the number of employees within the agency. In addition, the comptroller would set up an incentive reinvestment account for each participating state agency. Any savings realized from suggestions would be transferred to an agency's account. Monies in the account could be appropriated only to the agency for

purposes of either paying bonuses to eligible employees or training agency employees. Funds also could be appropriated to the agency or another appropriate entity for capital expenditures made by or for the agency that could reasonably be expected to increase productivity. The bill would eliminate the current system for distributing funds.

State agencies eligible to participate in commission programs would have to include in their appropriation requests performance measures on the number of employee suggestions submitted and approved.

SB 784 would also allow state employees to submit suggestions via fax machine or computer without a signature, and would delete a provision under which hourly, part-time, temporary, and classified employees are ineligible for awards. The revised provision would make appointed or elected officials ineligible to receive an award.

The bill would delete requirements that the commission include the state treasurer and the administrator of the Texas Employment Commission. Instead, the governor would appoint two state agency executive directors, one of whom would be from an agency that had actively participated in an ongoing program of the commission.

SB 784 would take effect September 1, 1997.