

Merit Award Program

Employee Suggestion Program

Administrator's Handbook



Department of Human Resources, Benefits Division
Employee Suggestion Program
Administrator’s Handbook - August 2016

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Merit Award Program Overview

The Merit Award Program began in 1950. The Department of Human Resources (CalHR) currently administers three programs under the Merit Award Program.

These programs are the:

- Employee Suggestion Program
- Superior/Sustained Superior Accomplishment Awards Program
- Governor's State Employee Medal of Valor Program

CalHR is also the contact for questions regarding the 25-year Service and Retirement awards. The Department of General Services currently administers the statewide contract.

Employee Suggestion Program Purpose

The Employee Suggestion Program was established to improve the operation and efficiency of state government. Since its inception, the program has saved California over \$95 million dollars.

Responsibilities

CalHR

CalHR is responsible for establishing the policies and guidelines for the Merit Award Program. The CalHR Director appoints the members of the State Merit Award Board.

State Merit Award Board

The State Merit Award Board consists of five members, including a public member and a representative from CalHR designated by the Director to act as chair. Members of the Board hold office until they resign or until their successors are appointed. The Board reviews all suggestions over \$5,000 and makes recommendations to the CalHR Director for final review and approval or denial of the suggestion. The Board is also responsible for reviewing suggestions referred to CalHR by a department or suggester when a disagreement exists which cannot be resolved, or when a dispute occurs between the suggester and the department regarding the suggester's eligibility to receive an award.

In these cases, the Board reviews the suggestion and documentation, and recommends a resolution to the CalHR Director, whose decision is considered final. The Board may establish additional standards for submission of suggestions.

Merit Award Administrator

The Merit Award Administrator is responsible for the administration of the Employee Suggestion Program. Per regulations, every suggestion must be acknowledged within ten working days of receipt, then referred to an evaluator. A unique identifying number must be assigned to each suggestion. If a suggestion cannot be accepted for review, the Merit Award Administrator must inform the suggester of the reason. Acceptable suggestions must be routed to the appropriate evaluator for review. The Merit Award Administrator tracks the suggestion, and keeps the suggester informed via a quarterly report if there is a delay in completing the evaluation. The Merit Award Administrator must ensure that the resulting evaluation is thorough, unbiased, and courteous. If the suggestion is adopted, the Merit Award Administrator formulates an official recommendation to the director including the recommended award amount and justification for the award amount and type. If the evaluator's recommendation is "non-adopt," the Merit Award Administrator must forward the evaluation report to the suggester with a copy of their appeal rights.

More detailed information is provided under the section titled "You've just been designated Merit Award Administrator - now what?"

Department Director

The Director is responsible for appointing a departmental Merit Award Administrator and approving all awards under \$5,000. For awards over \$5,000, the Director must provide signature approval before the Merit Award Administrator can forward the suggestion package to CalHR for the State Merit Award Board and CalHR Director's review.

The Director establishes the tone for the Department's Merit Award Program. They should establish an atmosphere where employees are encouraged to submit constructive ideas that benefit the department. Directors should participate in the presentation of awards whenever possible.

Supervisors

Supervisors should encourage their employees to offer constructive suggestions through the Employee Suggestion Program. Supervisors should assign qualified personnel to evaluate suggestions and participate (or even coordinate) an award presentation for staff receiving an award. Supervisors should also be prepared to assist suggesters with their suggestions.

Evaluators

The evaluator must complete the Suggestion Evaluation Report (STD 645A) within the time frames given by the Merit Award Administrator or inform the Merit Award Administrator if there is a delay in completing the report. The evaluator should contact the suggester to fully

understand the suggestion and discuss any questions or concerns. If recommending adoption, the evaluator must provide a clear explanation of the benefits arising from the suggestion, calculate the award, and provide the date of implementation. The Identification and Recovery of Savings form (CalHR 134) must be included when the cost savings are over \$1,000. If recommending “non-adoption,” the evaluator should complete the Suggestion Evaluation Report (STD 645A) and explain the reasons for the non-adoption.

Suggesters

The suggester is responsible for ensuring their suggestion is acceptable per CalHR regulations. The Employee Suggestion Form (STD 645) must be completed, signed, and dated. The suggester must describe the problem and provide a workable solution. Attachments may be included, for example forms, samples, spreadsheets, webpages, etc. The suggester should route the suggestion to their own departmental Merit Award Administrator if it affects their department. If the suggestion affects multiple state departments, the suggester should list each department and then route the suggestion directly to CalHR.

You’ve just been designated the Merit Award Administrator – *now what?*

As the Merit Award Administrator, you are responsible for your Department’s Employee Suggestion Program. Your role as a Merit Award Administrator is to review suggestions for eligibility, forward all viable suggestions to the appropriate evaluators, and inform the suggesters on the status of their suggestion throughout the process. You do not have to evaluate the suggestions.

If the evaluator recommends an award, you must complete the paperwork, including a congratulatory letter to the suggester and an award certificate signed by your Director. Then you must submit the Pay Authorization Form (CalHR 148) to your Personnel Office for payment.

If the award is over \$1,000, your fiscal officer and Director must sign the Identification and Recovery of Savings form (CalHR 134). If the evaluator is recommending an award over \$5,000, you must forward the suggestion and accompanying paperwork to CalHR for the State Merit Award Board and CalHR Director’s approval.

If the evaluator recommends “non-adopt” you must provide a letter to the suggester notifying them that their suggestion will not be adopted along with a copy of the Suggestion Evaluation Report (STD 645A) and their appeal rights.

Types of Awards

Employee suggestions are diverse and affect a wide range of areas, for example lighting, clothing, mail, equipment, forms, legislation, macros, etc. Although varied, all suggestions are categorized into the three types shown below:

Improved Procedures \$50 - \$150

When the savings are intangible, cannot be calculated, or are under \$500, the resulting award is an "Improved Procedures" award. The award is calculated using the scale on the back of the Suggestion Evaluation Report (STD 645A). The evaluator determines the award according to the degree and scale of the benefit. There is a \$25 bonus for improved service to the public, but the total award amount cannot exceed \$150.

Improved Safety \$50 - \$1,000

This award is also determined by a scale on the back of the Suggestion Evaluation Report (STD 645A). The evaluator calculates the number of points awarded to the suggestion using criteria such as number of people exposed to the hazard, degree of hazard, etc. The maximum award is \$1,000. The Identification and Recovery of Savings form (CalHR 134) does not have to be completed or forwarded to the Department of Finance for \$1,000 safety awards.

Cost Savings \$100 – \$50,000

Cost Savings are calculated by the evaluator and can be personnel time, material savings, equipment savings, or a combination of any of these. If the calculated cost savings are from \$500 - \$1,000 the award amount is \$100. Cost savings are usually 20 percent of the net savings realized after the first full year of implementation. Exceptions include:

- Suggestions that are a one-time only savings.
- Suggestions that need much modification or refinement to adopt.
- An alternative solution was adopted as a result of the proposal.

These suggestions are calculated at 5 percent of the net savings following the first full year of implementation. If the first year savings are not representative of the true cost savings, then another time period may be substituted.

Employee Suggestion Program Step-by-Step Guide

Received

If your department has an established Employee Suggestion Program, a database or log should already be in place. If not, you must set up a system for tracking and retaining suggestions. Hardcopies may be purged after three years if the suggestions were not adopted or were adopted but the award was under \$5,000. Awarded suggestions over \$5,000 must be kept for five years.

Your first requirement when receiving an employee suggestion is to assign it a number and acknowledge receipt within 10 days. Most departments use the year and the order the suggestion was received: for example, the third suggestion received in 2016 would be assigned Employee Suggestion number: 2016-03. Once a tracking number has been designated, read the suggestion thoroughly to determine the eligibility per the CalHR regulations shown below:

599.659. ELIGIBILITY OF A SUGGESTION

(a) A suggestion which describes a specific problem, offers a workable solution, and is intended to be of benefit to the operations or safety of the State of California will be accepted for evaluation except for those suggestions which:

1. Are currently being evaluated or have been evaluated within the last year through the Employee Suggestion Program.
2. Recommend new or increased taxes or fees.
3. Recommend additional revenues at the expense of a segment of taxpayers and which can be classified as unjust or inequitable.
4. Recommend a change in the pay or classification of a position or a class, or the establishment of new positions. This area is held to be the continuing responsibility of the agency and the Department.
5. Recommend a "study," "survey," or "review" with the course of action to be taken in accordance with the findings.
6. Involve a personal grievance.
7. Involve terms and conditions of employment, which are subject to the collective bargaining process under the Ralph C. Dills Act.

8. Recommend corrections in spelling, punctuation, grammar, or mathematical calculations. These changes should be communicated through established agency channels.

599.660. ELIGIBILITY FOR AWARDS

(a) Employee eligibility for awards will be measured in terms of assigned or expected job responsibilities. Eligibility shall be initially determined by the agency that employed the suggester at the time the suggestion was submitted. An employee is not eligible for an award for a suggestion pertaining to a subject assigned to him/her for research, development or solution for which he/she has a clear and specific responsibility to offer as part of his/her normal job requirements. In determining normal job responsibilities, the agency and/or the Board will consider the job description/duty statement, performance requirements, supervisors' interpretations, authority to place suggestions into effect, expectations of the classification job specification, and other factors, such as customary practice, which may have a bearing on the duties expected of the suggester.

(b) Employees appointed to career executive assignments (CEA), or exempt classifications with a collective bargaining designation of "managerial", are not considered eligible to receive cash awards under the Employee Suggestion Program. These classifications are distinguished from others in the state civil service in that the duties and responsibilities are of a high administrative and top managerial nature. It is an inherent part of the job expectations and duties of employees appointed to such classifications to find efficient ways to improve the operation of state government.f) To be considered eligible for an award, suggesters whose proposals are implemented prior to the submission of an Employee Suggestion form (STD 645 Rev 7/2007) must submit a form with appropriate verification within six months following the date the suggestion was first put into effect.

(f) To be considered eligible for an award, suggesters whose proposals are implemented prior to the submission of an Employee Suggestion form (STD 645 Rev 12-95) must submit a form with appropriate verification within six months following the date the suggestion was first put into effect

Additional eligibility criteria may be found within the California Code of Regulations, a link is provided on the CalHR Employee Suggestion Program website.

Rejected

If a suggestion does not meet the eligibility requirements, you must still acknowledge receipt in a letter (or email), assign it a number, and explain the reason why the suggestion cannot be reviewed. It is helpful to quote Code Section 599.659 and reference the denial code number (1-8) shown on the previous page. Include a copy of the suggestion with your letter.

Referred

If the suggestion meets the requirements for review, your next step is to decide who should evaluate it. If the suggestion is unclear, call or email the suggester to get a better understanding of what they are proposing. If you are not sure where to send the suggestion, research the subject on your Department's intranet or internet. Many suggestions, but not all, are forwarded to the suggester's own unit for evaluation.

After determining the division that would have the authority to implement the suggestion, forward the suggestion package to the manager or chief responsible for that area. In your acknowledgement letter ask them to assign the suggestion to a subject matter expert for review.

If the suggestion is marked "Multiple Departments" and the suggester lists various state departments, per regulations it must be forwarded to CalHR. Occasionally, suggesters assume that "Multiple Departments" means the multiple divisions within their own department, especially suggesters in large departments like EDD, Caltrans, and DMV. In some instances, a suggester may check "multiple departments" or write "All State Departments" on the form, but after reading the suggestion it is clear the suggester is referencing an issue or situation unique to your department. If this is the case, explain in the acknowledgement letter that although the form is marked "Multiple Departments," the suggestion actually pertains solely to your department.

Examples:

- A suggester checked "Multiple Departments" but describes creating a new online form for motor vehicle registration.
- A suggester checks "Multiple Departments" and writes the words "All State Departments," and then references a form created by the suggester to assist the public with filing EDD claims.

If you receive an employee suggestion you believe should be evaluated by another department, you may either route it to that department's Merit Award Administrator or forward it to CalHR with a cover letter. The cover letter should explain why your department does not have the authority to implement the idea and why you believe the other department does have the authority.

Routed

Forward the suggestion to the appropriate unit's division chief with a cover letter asking them to assign it to a subject matter expert for evaluation. The cover letter should include the due date (30-60 working days) and the web address for the Suggestion Evaluation Report (STD 645A) so the evaluator may complete it online. Include a copy of the "Evaluator's Handbook"

found on the CalHR Employee Suggestion Program website. If the suggestion is marked “Do not disclose my name unless suggestion is adopted” redact all of the identifying employee information.

Please note: if the evaluator recommends adopting the suggestion, the suggester’s name must be disclosed to determine if the suggestion was within their job duties. If the suggester allows their name to be disclosed, redact the home address and any other personal information before copying. Also included should be a note to return the package to you in case it was submitted to the wrong division/unit for review. If returned, it is helpful to ask who they believe would be the appropriate unit/division to evaluate the suggestion. A self-addressed envelope, pre-printed label, or pre-printed route slip is appreciated by the evaluator and ensures an easy return to the Merit Award Administrator.

Returned

When you receive the Suggestion Evaluation Report (STD 645A) from the evaluator, read it carefully:

- Does it make sense?
- Did the evaluator cover all the issues the suggester was addressing?
- Is the tone polite?
- Did the evaluator include any/all supporting documentation?

For instance, if adopted, does the report include the implementation date and the proof of implementation? Was the Improved Procedures or Improved Safety award information completed using the scales on the back of the Suggestion Evaluation Report (STD 645A)? If over \$1,000, is the Identification and Recovery of Savings form (CalHR 134) completed and signed by the fiscal officer and Director? If this was not included, you will need to forward the suggestion package to your fiscal officer and Director for signature.

If the evaluator is recommending a “non-adopt” because the idea is currently under active consideration by the department, did he/she include documentation to support this? If the evaluator is stating that this suggestion was in the suggester’s job duties, did he or she include a copy of the duty statement? Did they discuss the suggestion with the employee’s supervisor? As the Merit Award Administrator, you may request additional information or clarification from the evaluator if you believe the evaluation is incomplete or does not address all the issues raised by the suggester.

Implemented

Adopted awards must be implemented before the suggester can receive an award. If the cost savings are estimated to be over \$1,000, the award amount is 20 percent of the net savings or increased revenue realized by your agency during the first year following adoption. If this is

the case, a congratulatory letter (or email) should be sent to the suggester informing them that their suggestion has been adopted and implemented, and that a twelve-month cost analysis is required per regulations. Assure the suggester that you will keep them informed and they are welcome to contact you if they have any questions. Once the twelve-month cost analysis has been completed, the evaluator should forward the results to you; if they don't, contact the evaluator and ask for the results.

The following are guidelines for processing an award. The award funding is provided by the department adopting the award:

- Forward a summary of the suggestion with the suggestion evaluation report to your Director for approval. Include an award certificate for signature. If your department does not have an award template, you may call CalHR for a sample.
- Once your Director approves the award and signs the certificate, contact the suggester's supervisor to see if he/she would like to present the award to the employee at a staff meeting, formal program, etc.
- Send a congratulatory letter to the suggester (or their supervisor if the presentation is a surprise). Include a copy of the evaluation report explaining the type of award and the award amount. If not a surprise, inform the suggester that you have forwarded the paperwork to Personnel for payment and they should be receiving their award soon, less tax withholding.
- Submit the Payroll Authorization form (CalHR 148) to your Personnel Office for award payment. The Identification and Recovery of Savings form (CalHR 134) is required if the award is over \$1,000.
- Forward a copy of the suggestion evaluation report and congratulatory letter to the suggester's personnel file.
- If your department has an internal newsletter, contact the editor and provide information about the suggestion and award. It is a good way to promote your Employee Suggestion Program!

Adopted – over \$5,000

If the evaluator is recommending an award over \$5,000, submit the suggestion package to CalHR for State Merit Award Board (Board) review, even if this is a team award and the divided payments total less than \$5,000 each. Your Director's signature of approval is required. Once received, CalHR will notify you of the date of the next scheduled Board meeting. The CalHR Merit Award Administrator will request the awardee's mailing address; this is to provide them with information about the upcoming meeting and a copy of their Board item. The Board meeting information is also posted on CalHR's Public Notice webpage ten days before the meeting. After the meeting, the Board's recommendations are forwarded to the CalHR Director for review. If a suggestion is approved by the Director, the CalHR Merit Award Administrator will send you:

- A completed Payroll Authorization form (CalHR 148) authorizing payment of \$5,000 (less if the award is divided equally between two or more suggesters) to be forwarded to your Personnel Office.
- A copy of the congratulatory letter sent to the suggester(s).
- A copy of the congratulatory letter sent to your Director.
- A copy of the award certificate sent to the suggester.

The next step is finding a legislator to carry a bill authorizing payment of the award balance. This is CalHR's responsibility. Once completed and the bill is chaptered into law, the CalHR Merit Award Administrator will forward another completed Payroll Authorization form (CalHR 148) form to you, authorizing payment of the award balance. An award certificate signed by the CalHR Director will be forwarded to the suggester along with a congratulatory letter and a copy of the legislative bill. An additional congratulatory letter will be forwarded to your Director with a copy of the bill.

Non – Adopt

If the evaluator is recommending “non-adoption,” you must:

- Send a letter to the suggester explaining that their suggestion will not be adopted.
- Include a copy of the completed Suggestion Evaluation Report (STD 645A).
- Include a copy of their appeal rights (sample attached) with your contact information.
- Thank the suggester for their suggestion.

Note: Suggesters have the right to appeal their evaluation. A sample “Appeal and Reconsideration” form is included on page 16.

Resources

Additional forms and information can be found on CalHR's Merit Award Program website at <http://www.calhr.ca.gov/employees/Pages/map-merit-award-program.aspx>.

Frequently Asked Questions

When I receive an employee suggestion am I supposed to research the topic and complete the Suggestion Evaluation Report (STD 645A)?

You are not expected to evaluate the suggestion yourself or complete a suggestion evaluation report. As the Merit Award Administrator, you are responsible for routing the suggestion to the appropriate subject matter expert for evaluation.

Who is supposed to sign the Suggestion Evaluation Report (STD 645A) where it says “Reviewing Officer”?

The evaluator’s Supervisor or Division Chief.

Is the evaluator allowed to talk to the suggester?

Yes. Communication between the suggester and the evaluator is very much encouraged.

I received a “Multiple Department” suggestion from CalHR. What do I do?

CalHR Merit Award Program acts as the Merit Award Administrator for suggestions that affect multiple departments. If you receive a “Multiple Department” suggestion from CalHR, route it to your department’s appropriate subject matter expert for evaluation. Once the evaluation is complete and the evaluator and their reviewing officer have signed the Suggestion Evaluation Report (STD 645A), submit the form to CalHR. CalHR’s Merit Award Administrator will sign the form as the Merit Award Administrator.

I have received an employee suggestion from CalHR and the suggester’s information is not there. How do I contact the suggester?

In this case, the suggestion is a “Multiple Department” suggestion and CalHR is the Merit Award Administrator. The suggester did not want their name disclosed and CalHR redacted that information. If you or the evaluator have questions for the suggester, please contact CalHR and we will forward the questions to the suggester on your behalf.

Can the evaluator award a combined “Improved Procedures Award” and an “Improved Safety Award” if a suggestion does both?

No. The “Improved Procedures” award is already factored into the “Improved Safety” scale.

Can we give a \$25 “Improved Service to the Public” cash award?

No. The \$25 bonus for improved service to the public is incorporated into the “Improved Procedures Award” and, if applicable, may be factored into the award calculation. The

maximum Improved Procedures award is \$150; therefore, the bonus cannot be added to a \$150 award.

If I have an adopted multiple suggester suggestion, and the award amount is over \$5,000 but the award amount for each suggester is less than \$5,000, am I still required to forward the suggestion to CalHR for Merit Award Board approval?

Yes. The Merit Award Board must approve suggestions over \$5,000 regardless of the number of suggesters.

Who actually pays the award? Does the money go to the Department or to the suggester?

The Division/Unit/Section realizing the benefit pays for the award out of their budget. The suggester(s) receive the award money. As the Merit Award Administrator, you would complete and forward the Payment Authorization form (CalHR 148) to your Personnel Transactions Unit for payment. Please see the Award Payment Checklist.

What if the Suggestion Evaluation Report (STD 645A) does not address all the issues the suggester raised?

As the departmental Merit Award Administrator, you may request additional information from the evaluator.

How do I process a suggestion appeal?

Appeals are processed the same as a new suggestion. Some departments add an "A" to the original number before routing it to the evaluator. Per regulations, the appeal must include additional or supplemental information or point out an error in the original evaluation.

Employee Suggestion Program – Award Payment Checklist

Instructions for Processing Payment of Awards

Review all documents in award package:

- Is the suggester's name spelled correctly on the certificate signed by your Director?
- Is the information correct on the Payroll Authorization form (CalHR 148)?

Request Payment of Award:

- Deliver the original Payroll Authorization form (CalHR 148) to your Personnel Transactions Unit.
- Request the Personnel Transactions Unit staff notify you when the check is received.
- Request a copy of the pay stub if the suggester has direct deposit.
- Send a copy of the "Congratulations" letter to the Personnel Office to be placed in the suggester's official personnel file.
- Keep copies of all documents for your suggestion file.
- Follow up with your Personnel Transactions Unit to make sure payment is requested and received within four to six weeks.

Close Suggestion File:

- Close the suggestion file after the award is paid and presented to suggester unless an additional award will be forthcoming (i.e. pending approval by the Legislature, additional cost savings, etc.)
- Maintain copies of all documents in the suggestion file.
- Retain suggestion file for three years following closure or approval and five years if the award amount exceeds \$5,000.

Sample “Appeal and Reconsideration” Form

YOUR DEPARTMENT

Merit Award Program Appeal and Reconsideration

CalHR Regulation 599.662

Suggesters have the right to appeal the rejection of a merit award suggestion within the guidelines below:

Basis for Appeal by Suggester	Action taken by Suggester	Time Limitation for Appeal
Suggester is dissatisfied with evaluation report because pertinent information was not considered.	→ Submit written request for reconsideration including supplemental information not covered in original suggestion or point out an error in the evaluation report.	→ Within one (1) year from the date of rejection.
Suggester disagrees with the evaluation report that states the suggester is not eligible to receive an award. The reason may be the idea was within the scope of their job duties, or was an assignment given to the suggester.	→ Submit written request for reconsideration to their department merit award administrator. If unresolvable at the department level, may submit appeal to the State Merit Award Program for review and a decision.	→ Within one (1) year from the date of rejection.
The Suggestion Evaluation Report (STD 645A) stated the idea would not be adopted and the suggester believes their suggestion was implemented within a three year period after the idea was rejected.	→ Submit a written request to reopen the suggestion, with an explanation of how the idea was adopted and provide documentation or proof of implementation. <u>NOTE:</u> <i>It must be established that the suggestion was responsible for the implementation of the idea.</i>	→ Within three (3) years from the date of rejection.

Instructions for submitting an appeal by suggester:

Submit a written request to the departmental merit award administrator. Include the reason for your appeal, the suggestion number, the date the suggestion was rejected, your name, address and telephone number. Regulation 599.662 is cited below.

Requests for reconsideration must include additional or supplemental information not provided with the original suggestion, or point out an error in the evaluation report.

Send appeal to:

MERIT AWARD ADMINISTRATOR CONTACT INFORMATION & ADDRESS HERE

CalHR Merit Award Program Regulations

599.662 Appeal and Reconsideration

A suggester may request, in writing, that his/her suggestion be reconsidered for merit award purposes:

- (a) By the agency or the Department within one year following the date of the agency's or the Department's decision, when an employee disagrees with the decision and provides additional or supplemental information with the request.
- (b) By the agency or the Department within three years following the date of the agency's or the Department's decision not to adopt a suggestion that was subsequently accepted and put into effect.
- (c) By the Department Merit Award Program, within one year following the agency's decision, when a disagreement exists and is unresolvable between the suggester and the employing agency and/or the evaluating agency. The "employing agency" refers to the agency that employed the suggester at the time the suggestion was submitted.

Note: Authority cited: Sections 18502, 19815.4(d) and 19823, Government Code. Reference: Section 19823, Government Code.