

# Merit Award Program

Employee Suggestion Program

## Evaluator's Handbook



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

**Table of Contents**

---

Table of Contents .....	2
Overview .....	3
Your Role as the Evaluator .....	3
Final Determination – Adopt, Partial Adopt, or Non-adopt .....	4
Alternate or Partial Adoption .....	8
Eligibility of Suggester .....	8
Adoption - Completing the Process .....	9
Non-Adoption .....	9
Formal Appeals .....	10
Frequently Asked Questions .....	11
Evaluator Checklist .....	12
Recommending Adoption: .....	12
Evaluator Checklist .....	13
Recommending Non-adoption: .....	13

*“By changing nothing, nothing changes” – Tony Robbins*

## Overview

---

The Employee Suggestion Program began in 1950 and to date, has saved the State of California millions of dollars. State employees, active or retired, may participate in this program.

Each department has a designated Merit Award Administrator (MAA) assigned to the Merit Award Program. Employees submit their suggestions formally to their departmental MAA on the Employee Suggestion form (STD 645). When the MAA receives a suggestion, they review it for eligibility and then forward it to a subject matter expert, or evaluator, for review. Acceptable employee suggestions are those that describe a specific problem, offer a workable solution, and benefit the state. The evaluator is given a copy of the suggestion and a due date; they must review the suggestion and complete the Suggestion Evaluation Report form (STD 645A) by the assigned due date. The evaluator must determine if the suggestion is adoptable and if so, the award type and amount. The suggester's eligibility to receive the award must then be determined and the MAA is available to assist with this. If the suggestion is not adopted, the evaluator must explain the reason or reasons why on the the Suggestion Evaluation Report form (STD 645A). The suggester may appeal the evaluator's decision within designated time frames.

## Your Role as the Evaluator

---

You were selected as an evaluator because you are a subject-matter expert in the suggestion's subject area. The success of the Employee Suggestion Program depends on its evaluators. Thank you for your important contribution! Equally important, your timeliness and thoroughness in preparing the evaluation report communicates to employees that their ideas have value to management.

## Review the Suggestion

First, review the suggestion to get a sense of what the suggester is proposing.

Please be open-minded and carefully consider both the pros and cons of the suggestion. Evaluate the suggestion based on its merits; don't automatically reject a suggestion because "it's always been done this way in the past." Analyze the feasibility of the suggestion. Eligible suggestions are those that do one (or more) of the following:

- Improve state operations
- Increase revenues
- Eliminate safety hazards
- Improve or streamline procedures

You are encouraged to contact the suggester if you have any questions or concerns regarding their suggestion. If the suggester's name is withheld (the bottom portion of

the suggestion is blocked), you may forward your questions to your MAA and they will contact the suggester.

## **Suggestion Evaluation Report Form (STD 645A)**

The Suggestion Evaluation Report form (STD 645A) may be completed online at the Merit Award Program website: <http://www.calhr.ca.gov/employees/Pages/map-employee-suggestion-program.aspx>.

### **Factors to be considered when reviewing a suggestion**

Do other events need to occur before the suggestion can be implemented? If so, please provide an “interim” report and estimate the date when the final report will be prepared. Is your department already considering this idea – or has it been addressed in the past year? If so, provide dated proof that this idea was under prior consideration. Proof can be a report, an issue paper, a copy of a business plan, an agenda item, a PowerPoint printout, etc.

### **Final Determination – Adopt, Partial Adopt, or Non-adopt**

---

#### **Adoption**

If you have reviewed the suggestion and are recommending adoption, there are different types of awards depending on the cost savings. Awards for intangible cost savings include Improved Procedures and Improved Safety awards. Awards for tangible cost savings are based on the calculated cost savings.

#### **Awards - Intangible Cost Savings**

##### **Improved Procedures**

An Improved Procedures award is recommended when the results cannot be calculated or measured, or the cost savings are less than \$500. The minimum award is \$50, the maximum \$150. A bonus of \$25 may be added to the award if the suggestion results in improved service to the public, however, the amount still cannot exceed \$150. If you are recommending an Improved Procedures award, please refer to the back of the Suggestion Evaluation Report STD 645A for the evaluation factors and amounts.

##### **Improved Safety**

Suggestions that prevent or reduce injuries to state employees or the public may receive an Improved Safety award. This award is based on a point scale: \$50 for up to 13 points plus \$25 for each point above 13, to a maximum of \$1,000. The following factors must be considered for a safety award:

- Number of people exposed to the hazard at any one time.
- Extent of potential injury or illness (most likely to occur).
- Probability that an accident will occur.
- Frequency of exposure to the hazard.
- Seriousness of the hazard.
- Effectiveness of the suggestion.
- Cost of adoption.

### **Combination Awards**

Cost savings may be combined with an Improved Procedures or Improved Safety award. In some instances, an Improved Procedures award is given initially and a cost savings award is awarded following the twelve month implementation period. An Improved Procedures award cannot be given in conjunction with an Improved Safety award as the Improved Procedures factors are incorporated into the Improved Safety award evaluation factors.

### **Awards - Tangible Cost Savings**

Tangible cost savings are those which can be calculated such as a reduction in staff time, materials, use of equipment, or improved or expedited revenue collection. These awards range from \$100 to a maximum of \$50,000 and are calculated at 20 percent of the savings. An Improved Procedures award may be granted initially and an additional cost savings award may be given at a later date after the savings have been calculated for twelve months. An independent analysis of the cost savings should be conducted as the calculations provided by the suggester may not include, or factor in, all of the implementation costs.

Calculating Cost Savings:

- Total Savings - The savings are calculated during the twelve month period following implementation of the suggestion.
- Implementation Costs - The cost to implement the suggestion must be subtracted from the total savings to determine the net savings.
- Net Savings - This is the amount after the deduction of implementation costs.
- Award – 20 percent of the net savings up to a maximum of \$50,000.  
If partially adopted or a one-time savings, please see below:

#### **Partial Adoption or One-Time Savings**

A 5 percent award amount applies if the annual savings or increased revenue exceeds \$1,000 and the idea was partially adopted or refined, an alternate idea was adopted, or the cost savings were one-time only.

### **Tangible Cost Savings from \$500 - \$1,000**

If the calculated net savings are \$500 - \$1,000, the award amount is \$100.

### **Awards over \$1,000**

An "Identification and Recovery of Savings" form (CalHR 134) must be completed for cash awards (excluding Safety Awards) equal to, or exceeding \$1,000. The "Approving Officer" is your Department Director. A copy of the completed form must be forwarded to the Department of Human Resources and the Department of Finance. The Department of Finance's address is included on the CalHR 134 form.

### **Awards over \$5,000**

Award recommendations over \$5,000 must be approved by the Merit Award Board and the CalHR Director. Once the evaluation has been completed and the award amount calculated, forward the documentation to your Merit Award Administrator. Awards over \$5,000 with multiple suggesters must still be approved by the Merit Award Board and the CalHR Director, even if the award amount for each is less than \$5,000 after dividing it equally between suggesters.

## **Samples – Tangible Cost Savings**

### **Cost Savings – Personnel Time**

Cost savings may be personnel time. Personnel savings are realized when a decrease in workload volume reduces staff hours.

<b>Old Procedure</b>
2,000 hours used to purge income tax folders

<b>New Procedure</b>
556 hours used to stamp "eliminate only"

<b>Savings (Old Procedure – New Procedure)</b>
1,444 personnel hours saved

<b>Steps to Calculate Award</b>	<b>Calculations</b>
Hours Saved	1444
Hourly Rate of Class (mid-range)	\$10.19
Hourly Rate multiplied by Personnel Benefit Rate (Sample Rate is 28.92%)	\$13.14
Total Personnel Savings	1444 x \$13.14 = \$18,974.16
Award (20% of total savings)	\$18,974.16 x 20% = \$3,794.83

To calculate this award, use the average hourly rate for the job classification of the employee performing the operation. Salary is always calculated in the mid-step range of the classification. Refer to State Administration Manual (SAM) section 8740 at [http://www.documents.dgs.ca.gov/sam/SamPrint/new/sam\\_master/rev433/chap8700/8740.pdf](http://www.documents.dgs.ca.gov/sam/SamPrint/new/sam_master/rev433/chap8700/8740.pdf). If the 12 month implementation period spans two fiscal years, the award amount must be calculated using the personnel benefit rate from each fiscal year.

### **Cost Savings – Volume Reduction**

Suggestion - Limit the number of contractor requests for plans. Provide one at no cost and one reproducible master for contractors to duplicate themselves. Volume is reduced with no personnel savings.

<b>Old Procedure Calculations</b>
132,662 Sheets @ \$.27 per sheet = \$35, 819
Freight = \$5,600
Total = \$41,419

<b>New Procedure Calculations</b>
50,350 Sheets at \$.27 per sheet = \$13,595
2,335 Masters at \$1.53 per sheet = \$3,573
Freight = \$4,000
Total = \$21,168

<b>Total Savings (old procedure – new procedure) and Award Calculation</b>
$\$41,419 - \$21,168 = \$20,251$
Award (20% of total savings) = \$4,050

### **Cost Savings: Equipment (Capital Outlay)**

Cost savings are realized when equipment can be traded or sold, a rental or lease agreement reduces a projected cost, or a less expensive piece of equipment can be used. To calculate, list the type of equipment and the amortization rate over the expected life of the equipment. If it is unknown, you may pro-rate over a five year period.

### **Alternate or Partial Adoption**

---

- Is there an alternative solution? An idea may initiate the implementation of a different solution from the original idea. If the suggestion results in an alternative or modified solution, the suggester may still be eligible for an award.
- If the idea cannot be adopted entirely, is there a portion that could be adopted? If so, the suggester would still be eligible for an award.
- Is it cost effective? Or will the cost to implement the suggestion be greater than the cost savings? Will implementation create new problems? You may look for an alternate or modified solution, otherwise the suggestion is not cost effective and therefore ineligible for an award.
- Does the suggestion require legislation? A suggestion cannot be rejected because it requires legislation. If pursuing the legislation isn't feasible or realistic, explain why in the report. If legislation is pursued, as the evaluator you must track the legislation. If the bill passes, documentation of that fact will serve as proof of implementation.

### **Eligibility of Suggester**

---

The suggester's eligibility must be determined if you are recommending an award. The suggestion may be related to the employee's job if the suggester lacks the ability to implement the idea independently. Request a copy of the duty statement for the job the suggester was performing at the time the suggestion was submitted to see if the suggestion was part of their job duties. You should contact their current or former supervisor to determine:



- Was this problem specifically assigned to the suggester for development or solution?
- Was development of this idea clearly within the scope of the suggester's normal duties?
- Where in the duty statement does it indicate that the idea falls within the scope of their duties? (Note: you cannot use the “5% other duties as required” as proof the suggestion was in the scope of their job duties)
- Did the suggester have the authority to implement this suggestion? In other words, could the suggester implement this change independently? For example, a Personnel Technician suggested that a resident telephone number box be added to an internal personnel form. Management initially rejected the suggestion, rationalizing that improving the form is part of their job. After the suggester appealed, the suggester demonstrated that – although they utilized the form – only the forms coordinator has the authority to revise a departmental form. The suggester received an “Improved Procedures” award.

Your assessment of eligibility is subject to review. The suggester may also appeal this decision. A good idea should always be implemented and the cost savings calculated even if the suggester is ineligible for an award.

## **Adoption - Completing the Process**

---

- Provide a brief history of the issue and the suggester’s proposal.
- Explain how the award was calculated.
- Show the circled scales if recommending an “Improved Procedures” or an “Improved Safety” award.
- If an improved procedure award is \$1,000 or more, include the “Identification and Recovery of Savings” (CalHR 134) form.
- Attach proof of implementation or explain the delay in implementation.
- If legislation is required, indicate when it will be introduced.
- Thank the suggester for their suggestion.
- Forward the Suggestion Evaluation Report form (STD 645A) and all accompanying documentation to your Department’s MAA.

## **Non-Adoption**

---

If the suggestion is not adoptable, please provide the reasons why in the Comments section of the Suggestion Evaluation Report (STD 645A). State the reason(s) clearly and completely. Provide proof if the suggestion was or is under prior consideration. Thank the suggester for their suggestion. Two sample closings for the evaluation review are:

- Although this idea cannot be adopted, your interest in improving the state’s operations is appreciated.

- Your ideas for improving state operations are always welcome.

Forward the completed evaluation report to your MAA. They will send the suggester a copy of the report with a “non-adopt” letter and their appeal rights.

## Formal Appeals

---

Suggesters may appeal your evaluation. They have one year from the date of the non-adopt letter if they dispute the findings and three years from the date of the non-adopt letter if they believe their idea has been adopted. Their appeal must provide additional or supplemental information not covered in the original suggestion or point out an error in the evaluation. The process for evaluating an appeal is the same as a suggestion.

## Thank you!

---

On behalf of the employee(s) who submitted the suggestion and the Merit Award Program, we thank you for serving as an evaluator! Your support of this program promotes its mission to save taxpayer dollars, decrease costs, and improve services to the people of California.



***Executive Order B-1-11:***

*WHEREAS State agency secretaries and department directors, in consultation with the Department of Finance, are being ordered to review operational costs and to identify ways to reduce waste, redundancies and associated costs.*

**EDMUND G. BROWN JR., Governor of the State of California**

## Frequently Asked Questions

---

### **Why was I chosen to be an evaluator?**

*Your Chief/Manager selected you as a "subject matter expert."*

### **If I have questions about the suggestion am I allowed to contact the suggester directly?**

*Yes, in fact communication between the suggester and the evaluator is very much encouraged. If the suggester did not disclose their name, forward your questions to your MAA and they will contact the suggester.*

### **Who should sign as "Reviewing Officer" on the STD 645A?**

*Your Supervisor or Division Chief.*

### **This suggester did not disclose their name. How am I supposed to determine if this idea was in the scope of their duties?**

*The suggester does not have to reveal their name unless the idea is adopted. If you are not adopting the idea, you are not required to identify the suggester. If you are recommending adoption, then your MAA will provide the suggester's name so you can ascertain if the idea was part of their job.*

### **What if we are already examining the possibility of this idea?**

*If the idea is under consideration by your department please provide documentation substantiating this.*

### **Can I get an extension? I won't be done with my evaluation by the due date.**

*Yes, contact your MAA who will extend the due date and inform the suggester that the evaluation is pending.*

### **Does the suggestion have to be original in order to be awarded?**

*Lack of originality in a suggestion shall not be used as a basis for denying a cash award. A suggestion may be an outgrowth of on the job training, educational endeavors, reading, previous experience with other departments, outside contacts, or original thinking. The award determination is based entirely on the usefulness of the suggestion to the government.*

*"Creativity is thinking up new things.  
Innovation is doing new things." – Theodore Levitt*

# Evaluator Checklist

## Recommending Adoption:

---



**Please refer to this checklist when completing the Suggestion Evaluation Report (STD 645A).**

- Please check the appropriate box for question number 1.
- Indicate the actual or estimated "Implementation Date" under question number 2.
- Does the suggestion evaluation report include a brief summary of the suggestion and an adoption statement?
- Did you provide an independent analysis and calculation of the cost savings?
- Are the implementation costs factored into the cost savings?
- Is the old versus new method included?
- Are the cost savings between \$500 - \$1,000? If so, the award amount is \$100.
- If the award is over \$1,000, did you complete the Identification and Recovery of Savings Form (CalHR 134)?
- Is the proof of implementation attached? Awards can only be granted after a suggestion has actually been implemented.
- If there are no tangible savings, have you completed either the "Improved Procedures" or "Improved Safety" scale on the reverse side of the Suggestion Evaluation Report form?
- Did you sign the evaluation report?
- Did you route the evaluation report to your MAA and retain a copy for your files?

# Evaluator Checklist

## Recommending Non-adoption:

---



- If you checked “Yes” for question number 4 and the suggester is employed by your department, did you substantiate by explaining:
  - When was the problem assigned to the employee?
  - Why was the problem assigned to the employee?
- If you checked “Yes” for question number 5 and the suggester is employed by your department, did you attach a copy of their duty statement?
- If you need additional information or clarification regarding the suggestion, have you contacted the suggester directly, or if the name is withheld, your MAA for assistance?
- Is your recommendation based on the belief that this idea was already under active consideration by your department before you received the suggestion?
- Did you attach documentation to support your recommendation?
- Is the tone of your response objective?
- Is the reason for the non-adoption clear and comprehensive?
- Did you address all the issues raised by the suggester?
- Did you thank the suggester for their idea and encourage them to submit others?
- Did you sign the evaluation report?
- Did you route the evaluation to your MAA and retain a copy for your files?