

State of California

MEMORANDUM

Date: June 26, 1992
Reference Code: 92-76

To : PERSONNEL MANAGEMENT LIAISONS

THIS MEMORANDUM SHOULD BE DIRECTED TO:

EMPLOYEE RELATIONS OFFICERS AND PERSONNEL OFFICERS

From : Department of Personnel Administration
Office of the Director

Subject: Proposed Amendments to Regulations of the State Merit Award Program

The Department of Personnel Administration (DPA) is proposing amendments to the regulations governing the State Merit Award Program. The regulatory notice, initial statement of reasons, and regulation text are attached. This material is also being sent to State employee organizations and Merit Award Administrators. A copy of these transmittals are attached for your information.

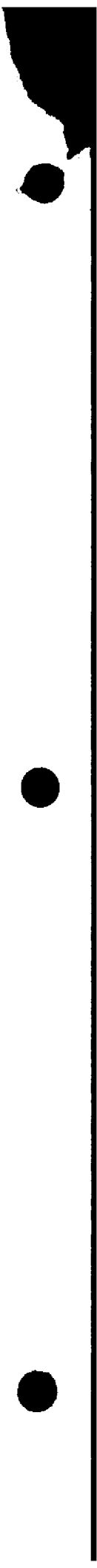
The regulations make substantive changes in the administration of the Merit Award Program by delegating the administrative duties and award authority to the director, agency secretary or executive officer of all state departments, boards, commissions, and state universities.

A public hearing relative to the adoption of these regulations has been scheduled for Wednesday, August 12, 1992 at 9:00 a.m. It will be held in DPA's main conference room at 1515 "S" Street, North Building, Suite 400, Sacramento, California. The conference room is wheelchair accessible. Comments and questions on the proposed regulations, as well as requests to testify at the hearing, should be addressed to: Nancy McDonald, Manager, Merit Award Program, Department of Personnel Administration, 1515 "S" Street, North Building, Suite 400, Sacramento, CA 94244-2340, telephone (916) 324-0520, ATSS 454-0520.



David J. Tirapelle
Director

Attachments



PUBLIC NOTICE

Department of Personnel Administration Proposed Regulations State Merit Award Program

The Department of Personnel Administration proposes the amendment of the following regulations for all current represented, non-represented and retired state employees, which appear in Title 2 of the California Code of Regulations:

- 599.655 Definitions
- 599.656 State Merit Award Board
- 599.657 Merit Award Administration
- 599.659 Eligibility of a Suggestion
- 599.660 Eligibility for Awards
- 599.661 Employee Suggestion Procedures
- 599.662 Appeal and Reconsideration
- 599.663 Recommendations for Awards for Special Acts, Special Services, or Superior Accomplishments.
- 599.664 Cash Awards

NOTICE OF PUBLIC COMMENT PERIOD

The Department of Personnel Administration (hereinafter "DPA") invites all persons interested in the amendment of the above regulations to submit written comments related to the proposed regulations no later than 5:00 p.m. on August 10, 1992, in order for such comments to be considered by DPA prior to its adoption of such regulations. All written arguments, contentions, statements or other comments on the proposed regulations should be addressed to: Nancy McDonald, Department of Personnel Administration, 1515 S Street, North Building, Suite 400, Sacramento, CA 94244-2340.

PUBLIC HEARING

The DPA will hold a public hearing starting at 9:00 a.m., on August 12, 1992 in the main conference room, located at 1515 'S' Street, North Building, Suite 400, Sacramento, California. The conference room is wheelchair accessible. At the hearing, any person may present statement or arguments orally or in writing relevant to the proposed action described in the Informative Digest. It is requested, but not required, that persons making oral comments at the hearing submit a written copy of their testimony at the hearing.

INFORMATIVE DIGEST

599.655 - 599.657 and 599.659 - 599.664

Section 19823 of the Government Code provides that the State may make awards to current represented, nonrepresented or retired state employees who propose procedures or ideas which have been adopted and which will result in eliminating or reducing state expenditures or improving operations, provided such proposals are placed in effect.

Regulations governing the program specify the types of awards available through the merit award program, the responsibility of the Merit Award Program, and State Departments in the administration of the awards program; the responsibilities of the State Merit Award Board; whether a subject matter is eligible for consideration; eligibility requirements of an employee to receive cash awards; procedures for processing employee suggestions; employee appeal rights; and steps for calculating cash awards.

The amended regulations will provide for the delegation of program responsibilities and award authority by the DPA to the agency head, director or executive officer of all state departments, boards, commissions, and state universities.

AUTHORITY TO ADOPT REGULATIONS

DPA proposed to adopt and amend these regulations under the authority granted by Sections 19815.4(d) and 19823 of the Government Code. The purpose of these regulations is to implement, interpret and make specific Section 19823 of the Government Code.

INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

An initial statement of reasons for adopting and amending these regulations has been prepared by DPA. This statement includes the specific purpose of the regulatory actions and the factual basis for determining that the regulatory actions are necessary. The initial statement of reasons is available upon request. The text of the proposed regulatory actions is available for public inspection at DPA and may be obtained upon request. In addition, the text of material upon which the proposed regulations are based is also available, upon request, from the DPA.

ADOPTION OF PROPOSED REGULATIONS

Following the close of the public comment period and public hearing, DPA may adopt the proposed regulations substantially as described below. Alternatively DPA may adopt the regulations with modifications if the regulations as modified are sufficiently related to the original text made available to the public and it is made available for public review in its modified form at least 15 days prior to the date upon which the agency adopts the regulations. A request for a copy of any regulations as modified should be addressed to Nancy McDonald, Department of Personnel Administration, 1515 'S' Street, North Building, Suite 400, Sacramento, CA 94244-2340. DPA will accept written comments on the regulations as modified for 15 days after the date which it is made available.

SUBSTANTIAL CHANGES WILL REQUIRE NEW NOTICE AND HEARING

After the public comment period and public hearing, DPA intends to adopt these regulations with modifications not sufficiently related to the original text, so as to place the public on notice that such modification could result from the originally proposed regulatory action, the modified text will not be adopted without complying anew with the notice and hearing requirements of the Administrative Procedure Act.

RULEMAKING FILE

Pursuant to Section 11347.3 of the Government Code, DPA is maintaining a rulemaking file for the proposed regulations. The file currently contains:

1. A copy of the Proposed regulations
2. A copy of this notice; and
3. A copy of the initial statement of reasons for the proposed regulatory actions.

As data and other factual information, studies, reports or written comments are received, they will be added to the rulemaking file. The file is available for inspection at DPA during normal business hours.

SUBMISSION OF COMMENTS, RECEIPT OF ADDITIONAL INFORMATION

Requests for the initial statement of reasons, the written comments on the proposed regulations and questions concerning the proposed adoption/amendment of these regulations should be addressed to: Nancy McDonald, Department of Personnel Administration, 1515 'S' Street, North Building, Suite 400, Sacramento, CA 94244-2340.

LOCAL MANDATE

The proposed regulations do not impose any mandate on local agencies or school districts.

FISCAL IMPACT

The proposed regulations impose no new cost or savings to any State agency, no cost to any local agency or school district requiring reimbursement under Part 7 (commencing with Section 17500) of Division 4 of the California Government Code, no other nondiscretionary cost or savings to local agencies, and no cost or savings in Federal funding to the State.

The Administrative Procedure Act requires that DPA must determine that no alternative considered by DPA would be more effective in carrying out the purpose of the proposed rule action or would be as effective and less burdensome to affected private persons than this proposed rule action.

SMALL BUSINESS IMPACT

The proposed regulations have no adverse impact on small business.

PRIVATE PERSONS/BUSINESS IMPACT

The proposed regulations create no cost impact on private persons or businesses, as there are no such persons or businesses directly affected.

HOUSING COSTS

The proposed regulations have no effect on housing costs.

DEPARTMENT OF PERSONNEL ADMINISTRATION

Initial Statement of Reasons
Adoption of Amended Rules
599.655(a) thru 599.664 (j)

Sections of 19815.4 and 19823 of the Government Code authorize the Department of Personnel Administration (hereinafter "DPA") to formulate, adopt, amend or repeal regulations affecting the administration of the State Employee Merit Award Program. The State Employee Merit Award Program provides for the establishment of a program to make awards to State employees for their adopted ideas, special acts or special services or for their superior accomplishments.

The DPA is proposing the amendment of existing regulations for clarity and to make substantive changes relating to the administration of the Merit Award Program by the proposed delegation of administrative duties and award authority to the director, agency head or executive officer of all state departments, boards, commissions, and state universities.

The State Merit Award Program was established in 1950 for the purpose of providing an incentive awards system in recognition of an employee's contributions to the improvement of state government through a reduction or elimination in state expenditures. The program was later amended to include awards for acts of heroism and superior accomplishments by State employees; however, the major component of the awards program has been the Employee Suggestion Program. The intent of this program is to provide an atmosphere where employee's are motivated to identify work improvements which in turn will reduce the cost of government. Under the authority of DPA, awards are granted in accordance with specific standards. Those standards include the manner in which awards may be calculated and authority for DPA to make awards up to \$5,000. Awards in excess of this amount may be approved by the California State Legislature.

Under existing regulations the Employee's Award Program is administered through the Merit Award Program. All adopted ideas are reviewed by a five member Merit Award Board (MAB) appointed by the Director of the DPA. Awards for adopted employee suggestions, special acts, special service and superior accomplishments are submitted for approval to DPA staff by designated personnel of the affected department and in accordance with regulations governing the program. These recommendations are, in turn, prepared for MAB review at monthly meetings. Additional information may be required prior to a final recommendation being submitted to MAB by DPA.

The current process is time consuming. The review by Merit Award Program staff, MAB and DPA, duplicates the review already conducted by the evaluating department. At a minimum, each suggestion will be reviewed by intake staff, chief of the reviewing branch, and the analyst assigned to investigate the idea, and that analyst's immediate supervisor as well as the supervisor who is responsible for the function(s) which may be changed by the employee suggestion. If a suggestion is adopted, awards from \$25 to \$999 require the review of the previously

noted individuals. In addition, those awards of \$1,000 to \$2,999 require review and signed approval by the budget office and a deputy director. Awards of \$3,000 or more require the same review level as well as the signed approval of the Director of the impacted department. If the total award is greater than \$5,000, the law requires review and approval by concurrence of the Legislature. Awards for special acts, special services or superior accomplishment also require the signed approval of the department director, agency head, or executive office of a board, commission, and state university. The required review is costly and time consuming and reduces the initial benefit received by the impacted agency. Delegation of the program and award approval to the administrative head of each department, board, commission, or state university would be more cost effective and expedient with the elimination of the current level of review by Merit Award Program staff, MAB and DPA. Under the proposed delegation, the present level of review would be required only when the total award was greater than \$5,000 or whenever there was a disagreement between the department and the employee as to the employee's eligibility to receive an award.

In this day of declining resources, a program that was developed to make government more efficient, has in itself become less than efficient due to the various levels of review currently required under program regulation. Therefore, it is believed that the delegation of complete review and award authority to those departments which most benefit by their employee ideas, would be a more efficient use of staff resources.

599.665 - Definitions - (Amendment)

Section 599.655 (a) thru (e) defines the various awards available through the Merit Award Program. For purposes of consistency and clarity, it is proposed that this regulation be amended to clarify the language which describes each of the award categories. This section is also amended to include three new definitions which describe the specific administrative responsibilities of the Merit Award Program, director, agency head or executive officer of any state department, board, commission, and state university and their designated agency administrator. These additional definitions are needed to clarify the specific responsibilities of DPA, and the individual State departments, boards and commissions, and state universities, under the proposed delegation of review and award authority as specified under the proposed regulatory changes to Section 599.657, Merit Award Program Administration.

599.656 - State Merit Award Board - (Amendment)

Section 599.656 provides for a State Merit Award Board, consisting of five members who serve at the pleasure of the Director of the DPA for the purpose of making recommendations for approval of cash awards to the Director of DPA, for adopted suggestions or superior accomplishments.

The proposed revisions clarify existing language and provide for limited authority in the review and recommended approval of cash awards for adopted suggestions. Under the proposed regulations the Board's powers would be limited to the the review and recommended approval, to DPA, of those adopted employee

suggestions which, in the aggregate, will produce awards which are greater than \$5,000. It should be noted that DPA's award authority was increased from \$3,000 to \$5,000 effective 1/1/92 as provided for under the Statutes of 1991, Ch 220.

Although it is DPA's desire to delegate review and award authority to the individual departments, boards and commissions, and state universities for the purpose of greater efficiency in the program, it is believed that the continuation of the function of the Merit Award Board, for the purposes defined in the proposed regulation, fully meets the intent and purpose of the Employee Suggestion Program by providing a secondary level of review for those awards which will subsequently require legislative approval, as well as those instances where disputes of eligibility cannot be resolved at the employee/department level.

599.657 - Merit Award Administration - (Amendment)

Section 599.657 provides specific direction with respect to the administration of the merit award program. Under existing regulation the responsibility is vested within the MAB and DPA. The proposed amendment would delegate this responsibility to each director, agency head or executive officer of existing state departments, boards, commissions, and state universities.

Under current provisions of the program, the decision to adopt or not adopt an employee suggestion or make recommendations for awards for a special act, special service or an employee's superior accomplishment rests solely with the impacted state agency. Each of these decisions requires internal review at several levels within the impacted agency. In addition, the majority of state agencies, boards, commissions and state universities have already designated specific individuals to oversee the administration of the program and who are responsible for the review of each new suggestion, assignment for review by the appropriate work unit, and follow-up during the review process as well as consultation on how an analysis should be prepared, what constitutes adoption and how to calculate award amounts. Non-adopted suggestions go through the same review process, excluding award calculation. The person so designated in each state agency also has the responsibility to ensure that each suggestion is thoroughly reviewed and a response is drafted for transmittal to the employee. Under current provisions of the program this response is then transmitted to the MAB for official notification to the employee. Under the proposed system of delegation, the employing state agency would send the affected state agency's written response directly to the employee, thereby eliminating another level of review and subsequent delay in getting the decision to the employee. The proposed delegation would also provide for the approval of all awards, not exceeding \$5,000, at the state agency, board, commission and state university level and will expedite payment of awards which are currently delayed pending review and approval by the MAB and DPA. Delegation of the program may require some additional time for the designated state agency administrator; however, this should be offset by the delays currently caused by another level of review at DPA/MAB.

The proposed revision would transfer the current 599.657 (a) and (b) to Section 599.656, State Merit Award Board, as they contain specific authority with respect to the review of awards totaling amounts greater than \$5,000.

599.659 - Eligibility of a Suggestion - (Amendment)

Section 599.569 (a)(1) through (7) provides that an acceptable suggestion is one which describes a specific problem offers a workable solution and is intended to be of benefit to the operations of the State. This regulations also provides for the exclusion of suggestions which: (1) are currently being evaluated or have been evaluated in the last year; (2) recommend increased taxes or license fees; (3) recommends additional revenues that are unjust or inequitable; (4) recommends a change in pay or classification of a position or the establishment of new positions; (5) recommends a study, survey or review be conducted and an action taken as a result of those findings; (6) involves a personal grievance; (7) involves terms or conditions subject to collective bargaining.

We are proposing that a new exclusion be added making suggestions which recommend a correction of spelling, punctuation, grammar or mathematical calculations to any State document or material ineligible for an award. A suggestion recommending this type of change provides no benefit to the operations of State government as required by Government Code 19823, and, therefore, should be considered an ineligible suggestion and ineligible for a cash award. These types of errors are unintentional in nature and each State employee should be responsible for ensuring that State Government is presented in a professional manner by bringing these errors to the attention of the appropriate agency.

599.660 (a) and (b) - Eligibility for Awards - (Amendment)

This regulation provides that, although facts and opinions on the eligibility of the suggester are solicited, the final decision is reserved for the discretion of the Board.

With the proposed delegation of processing employee suggestions and award authority, up to \$5,000 by each individual department, board, commission, or state university this regulations should be amended to permit each director, agency head, or executive officer of boards, commissions, and state universities the authority to review the employee's eligibility in compliance with the criteria set forth in the regulation. In addition, a provision should also be made whereby an employee may appeal that decision to a second level of review, i.e., DPA. Under this provision, the present practice of the MAB reviewing pertinent documents which describe the employees duties in relation to the adopted suggestion, should continue and its recommendation forwarded to DPA for the final decision. These provisions will provide the department with authority to review and determine eligibility, while providing the employee an avenue of appeal in those cases where the employee disagrees with the conclusions of the impacted department.

To implement this proposal, we propose that the current regulation be amended to provide for Department review and a new sub-section (b) added to provide for review of eligibility issues

by MAB and DPA when a dispute arises between the adopting and/or employing department and the suggester as to his/her eligibility to receive an award. These amendments should provide a thorough and impartial review of those adopted suggestions where the eligibility of an employee to receive an award is in question.

Proposed revision to 599.660 (b), (c) and (d) include new alphabetical designations and a minor change to the sentence structure of sub-section (b), designated as sub-section (c) under the proposed revisions to this section.

599.662 - Appeal and Reconsideration - (Amendment)

This regulation provides specific directions in how a suggester may appeal or request reconsideration of a prior decision. The proposed changes are consistent with the proposed delegation to state agencies. It also provides instructions on how an employee may request reconsideration through the Merit Award Program when a disagreement exists between the suggester and the evaluating state agency as to an employee's eligibility for award. This latter provision is consistent with proposed language under 599.660, Eligibility for Awards.

599.661 - Employee Suggestion Procedures - (Amendment)

Section 599.661 (a) through (j) provides specific direction with respect to the processing of employee suggestions. Under the current regulations all suggestions are submitted through the Merit Award Program and referred to the applicable department upon review by assigned staff. All follow-up of employee suggestions are performed by the same staff including final review of the department's decision with respect to the acceptance or denial of an employee suggestion.

With the proposed delegation to departments, boards, commissions and staff of the state universities, all new suggestions would be submitted to the appropriate state agency. Those tasks normally provided by the staff within the Merit Award Program will be performed by the appropriate state agency administrator. The proposed regulations also provides for reporting certain statistics to DPA on a quarterly basis; continued authority for approval of those award recommendations that will still require review by the MAB; and the establishment of an audit function within the Merit Award Program for the purpose of ensuring that: eligibility requirements are being uniformly applied; sufficient information is available to support cash awards based upon on-going and one-time savings; and, that intangible suggestions are being awarded under applicable intangible benefits scales for improved procedures and safety.

Implementation of this regulation will not increase costs to the operations of the designated departments, boards, commissions or state universities, as they currently have in place a system whereby they log in new suggestions received for review; referral designation; and follow-up for outstanding suggestions. The change in the process will eliminate duplicate functions now performed by staff of the Merit Award Program and agency staff. Processing of approved awards will also remove a duplicate review process. Under the current system suggestions are reviewed for application to current regulations by staff of both the Merit

Award Program program and the referral agency. Reports prepared by the reporting entity are reviewed internally for accuracy and by merit award program staff. Award decisions are reviewed internally as well as by merit award program staff, the Board and DPA. Implementation of this section will eliminate this duplicate process. Under the current process, Merit Award Program staff merely review the information received from the decision maker to ensure compliance with program regulations. Since this process is also performed by the impacted department, which has the authority to deny or accept a given suggestion, it seems more expedient to authorize full review and award powers to the agencies.

599.663 - Recommendations of Awards for Special Acts, Special Services, or Superior Accomplishments - (Amendment)

Under the current regulation, nominations for these awards require approval by the director, agency head, executive officer of boards, commission, and state university. Awards for special acts or services are honorary awards for acts of heroism, and include no cash award. Acts of superior accomplishment by a state employee can result in a cash award of \$500/\$250 for non-recurring superior accomplishments, and \$250 for sustained superior accomplishments.

Standards for these awards are included in the State Administrative Manual. All nominations require prior approval of the department head before transmitting to the Merit Award Program for Board and DPA concurrence. Therefore, it is believed that approval of these awards should also be delegated to the department. These award are are also similar in nature to the Managerial and Supervisory Bonus awards which are already administered by each department in accordance with guidelines established by DPA.

599.664 - Cash Awards - (Amendment)

The current regulation provides for the approval of awards in the amount of \$25, but not more than \$50,000. DPA's award authority was increased from \$3,000 to \$5,000 by the Legislature effective 1/1/92; Statutes of 1991, Ch 220. This increase is reflected in the proposed amendment. Awards in excess of \$5,000 require approval by concurrent resolution of the Legislature. Awards may be calculated on intangible or intangible benefits, as set forth in the current regulation.

The proposed regulation includes an increase in the minimum award from \$25 to \$50, and provides for approval of recommended awards for suggestions, when the total award is not greater than \$5,000, by the adopting department. The increase in the minimum award is recommended as the last increase was made during the early 70's. Since that time, the value of many suggestions which result in minimum awards has increased. This increased value is reflected in increased costs to perform the same functions which were being performed over the past 20 year. Therefore it is believed that the current award structure should reflect this increased benefit.

The proposed regulation also includes a new sub-section (j)(1), (2), and (3) which specifies the type of awards which can be

granted for a Special Act, Special Service, or Superior Accomplishment of a nonrecurring nature and sustained superior performance. This proposal is consistent with existing provisions for cash awards for adopted employee suggestions.

The remaining changes in sub-sections (b)(1), (b)(2), (b)(3), (c), (d), (e) (f), (g), (h) and (i) are minor and are proposed for purposes of clarity and consistency with the delegation of award to the individual agencies.

Article 4. Employee Merit Award Board

599.655. Definitions.

(a) Employee Suggestion. An employee suggestion is a proposal by one or more employees or by members of quality circles, which will reduce or eliminate state expenditures or improve operations.

(b) Special Act. A Special Act is An extraordinary act of heroism by a state employee extending far above and beyond the normal call of duty or service performed at great risk to his/her own safety or life in an effort to save human life.

(c) Special Service. A Special Service is An act of heroism by a state employee extending above and beyond the normal call of duty or service performed at personal risk to save human life or state property.

(d) Superior Accomplishment. A Superior Accomplishment is An act by an individual employee or group of employees which makes an exceptional contribution to the efficiency or economy of the State Government or an exceptional improvement in its operation.

(e) Merit Award Program. The statewide program, administered by the Department of Personnel Administration (DPA), responsible for establishing policy and guidelines for the administration of the State's merit award program within individual State agencies.

(f) State Agency. State department director, agency head or executive officer of boards or commissions, and state universities responsible for the review and disposition of suggestions submitted by state employees under the regulations applicable to the State's Merit Award Program.

(g) State Agency Administrator. Person designated by the state department director, agency head or executive officer of boards or commissions, and state universities to be responsible for the administration of the State's merit award program within his/her respective department.

~~(e)~~(h) Merit Award. An merit award for an adopted suggestion which results in an minimum of twenty-five (25) points for intangible benefits and/or identifiable tangible benefits shall be a certificate of award and a payment of cash. An merit award for an approved special act, special ribbon service, or superior accomplishment shall be a scroll, ribbon, medal, pin, or other appropriate token of esteem, and may include a payment of cash.

599.656. State Merit Award Board

(a) The State Merit Award Board will consist of five members.

(b) Membership. A representative of the Department of Personnel Administration, to be designated by the Director, shall be exofficio a voting member of the Board and shall serve as chair. The Director shall appoint the four other members, including a public member.

(c) Term of Office. Members of the Board shall hold office until their resignation or until their successors are appointed.

(d) Meetings. The Board shall meetings monthly shall be held on a regular basis with dates and time to be determined by the chair. Additional meetings may be called by the chair as the needs of the state service require. Meetings shall be public and interested persons shall be given reasonable opportunity to be heard.

(e) Quorum. A majority of the members of the Board constitutes a quorum. A majority vote is also required to carry an official action.

(f) Minutes. The Board shall keep minutes which A record its of the Board's official actions.

(g) The Board shall be responsible for the review of all award recommendations, for adopted suggestions, where the total award recommendations is greater than \$5,000.

(h) The Board shall recommend to the Director of DPA all employee suggestions which justify total cash awards greater than \$5,000. Upon the approval of the Director of DPA, an award of \$5,000 shall be made to the suggester and the remaining portion shall be submitted for subsequent approval by concurrence of the Legislature.

599.657 Merit Award Program Administration.

(a) The Board shall review each recommendation for an award of an adopted suggestion, special act, special service, or superior accomplishment in accordance with these rules.

(b) The Board shall recommend to the Director employee suggestions, special acts, special services, or superior accomplishments which justify cash awards.

(a)(d) The director or other responsible head of each state agency shall be authorized to approve or deny suggestions, special acts, special service, or superior accomplishments in accordance with these rules, which may impact the administration of the respective agency, provided the total award is not greater than \$5,000. The director shall designate an employee to be responsible for the merit award program activities in the state agency. This employee's name and title shall be reported to the Board's Merit Award Program staff.

(b) The director or other responsible head of each state agency may authorize approval of awards, provided the total award is not greater than \$5,000.

(c) The Board director or other responsible head of each state agency, may grant Certificates of Commendation, Medals, or other tokens of esteem, in accordance with these rules, without reference to the Department of Personnel Administration.

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 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 increased taxes or license 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 of Personnel Administration.
- (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, grammar, or mathematical calculations. These changes should be communicated through established departmental channels.

599.660. Eligibility for Awards.

(a) Employee eligibility for awards will be measured in terms of assigned or expected job responsibilities. 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 state agency and/or Board will consider the job description, performance requirements, supervisors' interpretations, authority to place suggestions into effect, and other factors, such as customary practice, which may have a bearing on the duties expected of the suggester. ~~Although facts and opinions on the eligibility of the suggester are solicited the final decision is reserved for the discretion of the Board.~~

(b) In cases where a dispute may arise between the adopting and/or employing state agency and the suggester as to his/her eligibility to receive an award, the suggestion shall be forwarded to the Merit Award Program for subsequent review by the Merit Award Board and DPA. Facts and opinions on the eligibility

of the suggester will be solicited for review by the Board in formulating an official recommendation to DPA.

~~(b)~~(c) To be eligible for an award, an employee must propose a change that has a direct effect on the reduction or elimination of state expenditures or improvement in the operation of state government. The Board will not grant An award will not be granted in instance where a suggestion has been adopted as a result of an action which is not occasioned by nor resulting from the suggestion.

~~(e)~~(d) As a condition of eligibility for an award, each suggester shall execute the following agreement:

"The use by the State of California of my suggestion shall not form the basis of a further claim of any nature upon the State of California by me, my heirs or assigns."

~~(d)~~(e) To be considered eligible for an award, a suggestion must be submitted for consideration not later than six months after the date the suggestion was first put in effect.

599.661. Employee Suggestion Procedures.

(a) Suggestions must be submitted in writing to the Board state agency responsible for making the changes recommended in the suggestion(s). All suggestions must be submitted on the forms provided for this purpose.

(b) Suggestions must be signed but the suggester's name may, at the employee's written request as designated by the employee on the suggestion form, remain undisclosed confidential during the evaluation process. The identity will be revealed when the idea has been adopted, as the suggester's job responsibility must be assessed in relation to the suggestion when an award is indicated before an award can be made.

(c) Final reports on all suggestions shall be processed as follows:

(1) Reports of nonadoption shall be sent directly to the suggester by the evaluating agency.

(2) Reports of adoption and recommended award shall be sent directly to the suggester. If the suggestion is adopted by an agency other than the one where the suggester is employed, a copy of the report shall also be transmitted to the employing agency's administrator for processing the recommended award, in accordance with these rules. The adopting agency shall reimburse the employing agency for the amount of the award.

~~(e)~~(d) The Board may establish such additional standards for submission of suggestions as it deems proper.

~~(d)~~(e) The Board's state agency's administrator and/or staff shall receive, record and acknowledge receipt of suggestions, and shall notify suggesters of any undue delay in the consideration

of their suggestions. Each new suggestion will be assigned a number for reference during the state agency's review.

(e)(f) The Board director or other responsible head of each state agency may authorize the staff state agency administrator to disallow suggestions which do not meet eligibility requirements. If there is controversy regarding eligibility of a suggestion, it shall be referred to the Board director or other responsible head of the agency for consideration review of the decision which disallowed the suggestion.

(f)(g) Suggestions shall be referred for evaluation within 10 days of receipt by at once to the state agency administrator of the state agency or agencies affected for consideration by the suggestion. An acknowledgement of the suggestion receipt and referral shall be provided to the suggester. This acknowledgement shall include the suggestion number assigned at time of receipt. The suggester shall be provided a status report on the progress of the state agency's review at least once every quarter until a final decision is made. Within 30 days the agency shall report the status of the suggestion to the Board's staff.

(g)(h) The findings and recommendations of the agency evaluating unit shall be reported to the Board state agency administrator and shall indicate whether a suggestion has been adopted; the date on which it was placed in effect or estimated date of implementation; any actual or estimated reduction, elimination, or avoidance of expenditures or improvement in operations made possible by a the suggestion; the availability of funds for payment of any proposed awards; or the reasons, in detail, for rejection why the suggestion could not be adopted.

(h)(i) The Board's staff state agency administrator shall review the agency evaluating unit's findings and recommendations and may obtain additional information or take such other action as is necessary needed for prompt, thorough, and impartial consideration of each suggestion.

(i)(j) For each suggestion eligible for an award the Board state agency administrator, after taking into consideration agency action, staff recommendations, and the objectives of the Merit Award Program, shall formulate an official recommendation to the Department of Personnel Administration agency's director covering describing the merits of the suggestion, and the amount of the recommended award, in accordance with these rules.

(j)(k) The Board's staff state agency administrator shall notify the suggester of the action taken as soon as a suggestion has received final consideration.

(l) The state agency director shall, upon approval of a suggestion, authorize a cash award, in accordance with these rules.

(m) The state agency administrator, shall provide a report on the number of suggestions received, denied and/or adopted,

including total amount of awards and savings to the Merit Award Program staff on a quarterly basis.

(j)(n) The Department of Personnel Administration shall, upon approval of a suggestion referred by the Board, authorize a money award, in accordance with these rules.

(o) The Merit Award Program will be responsible for conducting an audit of the merit award program within each state agency to ensure that:

(1) eligibility requirements, in accordance with these rules, are being uniformly applied.

(2) cost analysis provide sufficient documentation in support of one-time or on-going savings.

(3) intangible suggestions are being awarded under the applicable intangible benefits scales for improved procedures or safety.

Findings and/or recommendations shall be reported to the director of the respective state agency.

599.662. Appeal and reconsideration. A suggester may request, in writing, that his/her suggestion be the Merit Award Board reconsidered a suggestion for merit award purposes:

(b)(a) By the state agency within one year following the date of the Board's action state agency's decision, when an employee disagrees with the report decision and provides additional or supplemental information with the request.

(a)(b) By the state agency within three years following the date of the Board's action, state agency's decision where a suggestion has been rejected not to adopt a suggestion, but was subsequently accepted and put into effect.

(c) By the Merit Award Program, within one year following the state agency's decision, when a disagreement exists between the suggester and the evaluating state agency as to the suggester's eligibility to receive an award.

599.663 Recommendations of Awards for Special Acts, Special Services, or Superior Accomplishments.

(a) A recommendation for an award for these categories must originate with the management of the department or state agency wherein the employee or group of employees are employed. Each recommendation shall be personally approved by the head of the state agency prior to being forwarded to the Board.

(b) Each recommendation for an award for special acts, special services or superior accomplishments shall be made in accordance with procedures and standards established by the Board DPA whereas, recommendations for awards for superior accomplishments shall be made in accordance with procedures and standards established by the Department of Personnel Administration. Such

procedures and standards shall be ~~enumerated~~ included in the State Administrative Manual.

599.664. Cash Awards

The following criteria shall apply to cash awards:

(a) Cash awards for adopted suggestions shall not be less than ~~\$2550~~, or more than \$50,000. Where the provisions of this rule would otherwise result in an award of greater than \$50,000, the award shall be \$50,000. Awards of more than ~~\$3,000~~ \$5,000 will be granted only upon approval by concurrent resolution of the Legislature.

(b) Cash awards will be calculated in the following manner:

(1) Where annual net savings or increased revenues are ~~either not calculable~~ cannot be determined, or are calculated as less than \$250, a cash award may be recommended by the ~~Beard~~ adopting state agency in accordance with the Improved Procedures or Improved Safety Scales set forth in the State Administrative Manual.

(2) Where annual net savings or increased revenues are calculated as at least \$250, but not more than \$1,000, the state agency's recommended cash award shall be \$100.

(3) Where annual net savings or increased revenues exceed \$1,000, the state agency's recommended cash award shall be 10% of the net savings or increased earnings realized by the state agency during the first year following adoption of the suggestion, subject to subsection (c) and (d) below.

(c) Awards computed under subsection (b)(3) ~~above~~ will be reduced by the ~~Beard~~, by 50% where ~~it finds~~ the proposal required substantial refinement for implementation, or where an alternative solution was adopted as a result of the proposal.

(d) Awards computed under (b)(3), ~~as affected by (c)~~, will be reduced by 50% where the proposal results in one-time savings or benefits, but not more than 75% ~~if both conditions exist~~ if the provisions of (c) are also applicable.

(e) If savings or benefits during the first year following adoption do not equitably measure the merits of a suggestion, savings or benefits over a different period of time may be used as an award standard.

(f) The decision of the Department of Personnel Administration as to the amount of an awards shall be final except, ~~insofar as~~ for those awards requiring approval of the Legislature is concerned.

(g) If more than one state department or agency benefits from the adoption of an employee suggestion, the award shall be prorated between the departments or state agencies receiving the benefiting, as recommended by the Board and approved by the Department of Personnel Administration. The employee's agency

will be responsible for requesting reimbursement from the other state agencies.

(h) Awards to employees arising out of for adopted suggestions shall be paid from the funds or appropriations available to the state agency primarily benefited by from the adoption of the employee contribution unless payment from some other source is authorized by the Department of Finance.

(i) Except for awards for Improved Safety a cash award of \$1,000 or more will shall not be granted unless the respective state agency(s) identifies such savings (reduced expenditures or increased revenues) and submits documentation reflecting how the recovery thereof will be accomplished to DPA. A copy of each such this report will shall be transmitted to Department of Finance for appropriate action after final action by the Department of Personnel Administration.

(j) Awards for a Special Act, Special Service or Superior Accomplishment shall be:

(1) Special Act and Special Service awards are honorary and consist of a certificate, a citation, medal and lapel pin. The certificate, medal and lapel pin are available from the Merit Award Program. The Merit Award Program shall be reimbursed for the cost of the medal and lapel pin. Procedures and standards to determine the level of award are included in the State Administrative Manual.

(2) Superior Accomplishments of a nonrecurring nature awards are an engraved walnut plaque and a cash award. This award includes two levels of cash awards: Gold/\$500 and Silver/\$250. Procedures and standards to determine the level of award are included in the State Administrative Manual.

(3) Superior Accomplishment awards for sustained superior performance over a period of twenty-four months include a framed certificate and cash award of \$250. Procedures and standards for approval of these awards are included in the State Administrative Manual.