

**Department of Personnel Administration
Memorandum**

TO: Personnel Management Liaisons (PML)

SUBJECT: Proposed Amendments to State Merit Award Regulations	REFERENCE NUMBER: 2007-007
DATE ISSUED: 01/29/07	SUPERSEDES:

This memorandum should be forwarded to:

**Personnel Officers
Employee Relations Officers
Accounting Officers
Merit Award Administrators**

FROM: Department of Personnel Administration
Benefits Division

CONTACT: Barry Fisher
(916) 322-4753
Fax: (916) 324-3213
Email: barryfisher@dpa.ca.gov

The Department of Personnel Administration is proposing amendments to the regulations governing the State Merit Award Program (599.655 thru 599.664). The regulatory notice, which reflect changes not posted on the Office of Administrative Law's Web site, the initial statement of reasons, and the regulation text are attached. This material has also been sent to Department Directors, Agency Secretaries, and State Employee Organizations.

The proposed regulation change is to section 599.664 (b) (3) which increases the recommended cash award from 10 to 20 percent of the net savings or increased earnings realized by the State agency up to \$50,000 during the first year following adoption of the suggestion.

A public hearing relative to the adoption of these regulations has been scheduled for February 27, 2007, at the Department of Personnel Administration, 1515 "S" Street, North Building, Suite 400, Conference Room A/B, Sacramento, California. The Conference Room is wheelchair accessible.

Comments and questions regarding the proposed regulations, as well as requests to testify at the hearing should be addressed to Barry Fisher, Manager, Merit Award Program, Department of Personnel Administration, 1515 "S" Street, North Building, Suite 400, Sacramento, California 95814-7243.

/s/David A. Gilb

David A. Gilb
Director

CALIFORNIA CODE OF REGULATIONS
TITLE 2. ADMINISTRATION
ARTICLE 4. EMPLOYEE MERIT AWARD BOARD

NOTICE OF PROPOSED REGULATORY ACTION

The Department of Personnel Administration (DPA) 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:

599.664 Cash Awards

PUBLIC HEARING

A public hearing will be held from 9 a.m. to 12 noon on February 27, 2007, at the Department of Personnel Administration, 1515 "S" Street, North Building, Suite 400 in Conference Room A/B, Sacramento, CA. This room is wheelchair accessible. At the hearing, any persons may present statements or arguments orally or in writing relevant to the proposed action described in the Informative Digest. DPA requests but does not require that persons who make oral comments at the hearing also submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person or his/her authorized representative may submit written comments relevant to the proposed regulatory action to DPA. The written comment period closes at 5 p.m., February 19, 2007. DPA will consider only comments received at DPA by that time. Please submit comments to the agency contact person below:

Department of Personnel Administration
Attn: Barry Fisher
1515 "S" Street, North Building, Suite 400
Sacramento, CA 95814
Phone (916) 322-4753

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS/CONTACT PERSONS

DPA will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the address above. As of the date this notice is published in the Notice Register, the rulemaking file consists of this Notice, the proposed text of the regulations and the Initial Statement of Reasons. Copies may be obtained by contacting Marilyn Moran at the address or phone number listed above.

AVAILABILITY OF CHANGES

After holding the hearing and considering all timely and relevant comments received, DPA may adopt the proposed regulations substantially as described in this notice. If DPA made modifications that are sufficiently related to the originally proposed text, it will make the modified text (with changes clearly indicated) available to the public for at least 15 days before adopting the regulations as revised. Please send requests for copies of

any modified regulations to the attention of Barry Fisher at the address indicated above. DPA will accept written comments on the modified regulations for 15 days after the date on which they are made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Upon its completion, copies of the Final Statement of Reasons may be obtained by contacting Marilyn Moran at the above address.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Regulatory Action, the Initial Statement of Reasons, the text of the regulations in strike-out format, and the Final Statement of Reasons, can be accessed through DPA's website at www.dpa.ca.gov.

PROPOSED REGULATORY ACTION

Notice is hereby given that DPA intends to amend Section 559.644, Division 1, Chapter 3, Subchapter 1, Article 4 (Title 4) of the California Code of Regulations.

DPA has prepared a written explanation of the reasons for amending Article 4 by proposing amendment to 599.644.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW AMENDMENT TO TITLE 2, ARTICLE 4, EMPLOYEE MERIT AWARD BOARD

599.655-599.664 EMPLOYEE MERIT AWARD BOARD

Section 19823 of the Government Code provides that the State may make awards to current represented, non-represented, or retired State employees who propose procedures or ideas which have been adopted and 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 revise the methods of calculating awards for adopted suggestions.

FEDERAL REGULATIONS

There are no existing federal regulations, statutes, or requirements that cover the purpose of the proposed action.

SMALL BUSINESS

The regulations covered by this proposal have no impact on small business because they apply only to California state employees.

LOCAL AGENCY AND SCHOOL DISTRICT MANDATE

DPA has determined that since these rules pertain only to State employees, they do not impose a mandate on local agencies or school districts.

COSTS or SAVINGS

DPA has made the following initial determinations:

- Cost or savings to any state agency: None.
- Cost to any local agency or school district which must be reimbursed in accordance with Government Code Sections 17500 through 17630: None.
- Other nondiscretionary cost or saving imposed on local agencies: None.
- Cost or savings in federal funding to the state: None.

PRIVATE PERSONS/BUSINESS IMPACT

DPA is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

HOUSING COSTS

The proposed regulations have no effect on housing costs.

ECONOMIC IMPACT ON BUSINESS

The proposed regulations will not have a significant statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states.

ASSESSMENT REGARDING THE CREATION OR ELIMINATION OF JOBS IN CALIFORNIA

The proposed regulations will neither: (1) create or eliminate jobs within California, (2) create new business or eliminate existing businesses within California, or (3) affect the expansion of businesses currently doing business within California.

AUTHORITY AND REFERENCE

Government Code Section 19815.4 (d) authorized DPA to adopt, amend, and repeal rules pertaining to the administration of the State's system which included Title 2, Article 4, Employee Merit Award Board, California Code of Regulations.

Authority Cited: Government Code Sections 19815.4(d), 19816 and 19823.
Reference: Government Code Section 19823.

CONSIDERATION OF ALTERNATIVES

DPA has determined that no reasonable alternative considered by DPA, or that has otherwise been identified and brought to the attention of DPA, would be more effective in carrying out the purpose for which these regulations are proposed, or would be as effective and less burdensome to affected private persons than the proposed regulations.

CONTACT PERSONS

Barry Fisher, Manager
Merit Award Program
Benefits Division
Department of Personnel Administration
1515 S Street, North Building, Suite 400
Sacramento, CA 95814
Telephone: 916-322-4753, Fax: 916-324-3213

The backup contact person for these inquiries is:

Marilyn Moran
Statewide Merit Award Administrator
Merit Award Program
Benefits Division
Department of Personnel Administration
1515 S Street, North Building, Suite 400
Sacramento, CA 95814
Telephone: 9916-324-0522, Fax: 916-324-3213

**INITIAL STATEMENT OF REASONS
ADOPTION OF AMENDED RULES
599.655 THRU 599.664**

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 Merit Award Program. The State 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 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 employees 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 require the approval of the California State Legislature.

The current regulation provides for the approval of awards in the amount of \$50, but not more than \$50,000. DPA's award authority was increased to \$5,000 by the Legislature effective 1/1/92 (Statutes of 1991, CH 220). This increase has not changed. Awards in excess of \$5,000 require approval by concurrent resolution of the Legislature. Awards may be calculated on tangible or intangible benefits, as set forth in the current regulation. The current regulation also delegates authority to departments adopting suggestions to approve awards up to \$5,000 specific to their department without DPA's review or approval.

In 1992, Merit Award Program regulations were amended, delegating authority of administrative duties and award authority for suggestions, special acts and services, and superior accomplishments to directors, agency heads or executive officers of all state departments, boards and commission. Suggestions affecting multiple departments are processed by DPA's State Merit Award Program. On occasion, there is a need for the Merit Award Board to intervene and make decisions when conflicts occur between departments and Suggesters and are unresolvable at the department level. Since its inception, amendments have been proposed to clarify the roles of departments, DPA, and the Merit Award Board in processing suggestions submitted through the Employee Suggestion Program.

In order to increase participation and provide Suggesters with larger cash awards, the Merit Award Board and the Director of DPA propose revisions to increase the cash awards from 10 to 20 percent of the first year's savings.

PROPOSED REVISIONS TO SECTION 599.664.

The proposed changes to Section 599.664 (b) (3) would increase the recommended cash award from 10 to 20 percent of the net savings or increase earnings realized by the State agency during the first year following adoption of the suggestion. The average annual cash award over a five year period from 1999 to 2004 was estimated at \$173,541. As proposed, increasing the recommended cash award from 10 to 20 percent is estimated at \$347,082 annually. This program change recommendation is required to address the Director of Department of Personnel Administration's direction to increase participation.

EMPLOYEE SUGGESTION PROGRAM STATISTICS

1999-2004

Fiscal Year	Submitted	#Employees	Adopted	%Submitted	%Adopted	Total Cash Award	Total Savings*
1999-2000	740	177,580	19	0.4167%	2.57%	\$49,723	\$401,205
2000-2001	582	194,414	16	0.2994%	2.75%	\$257,275	\$7,863,223
2001-2002	659	194,414	22	0.3390%	3.34%	\$6,630	\$40,386
2002-2003	791	194,360	19	0.4070%	2.40%	\$13,989	\$128,025
2003-2004	712	188,781	35	0.3772%	4.92%	\$540,089	\$5,425,883

*Total savings illustrates first year of savings only and does not show the continuous savings accumulated per year from each suggestion.

Past Program Changes

- 1990/1991 - \$50,000 cap was placed on ESP Awards
- 1993/1994 - Delegated ESP Awards of \$5,000 and under to departments

MERIT AWARD PROGRAM REGULATIONS

599.655 - 599.664

Article 4. Employee Merit Award Board

599.655. Definitions.

- (a) Employee Suggestion. A proposal by one or more employees which will reduce or eliminate State expenditures, or improve operations, procedures, or safety.
- (b) Special Act. 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 life in an effort to save human life.
- (c) Special Service. An act of heroism by a State employee extending above and beyond the normal call of duty or service performed at personal risk to his/her safety to save human life or State property.
- (d) Superior Accomplishment. Performance by an individual employee, or team of employees, which results in an exceptional contribution to improving California State Government.
- (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.
- (f) State Agency. State departments, boards, and commissions responsible for the review and disposition of suggestions submitted by State employees under the regulations applicable to the State's Merit Award Program.
- (g) Director. State department director, agency head, executive officer of boards/commissions, chancellor of community colleges or their designee.
- (h) Merit Award Administrator. Person designated by the State department director, agency head, executive officer of boards/commissions, or chancellor of community colleges to be responsible for the administration of the State's Merit Award Program within his/her respective department.
- (i) Merit Award. An award for an adopted suggestion which results in an intangible benefit and/or identifiable tangible benefit shall be a certificate of award and a payment of cash. An award for an approved special act, special service, or superior accomplishment shall be a scroll, ribbon, medal, pin, gift, or other appropriate token of esteem, and may include a payment of cash.

NOTE: Authority cited: Sections 19815.4(d), 19816, and 19823, Government Code.
Reference: Section 19823, Government Code.

599.656. State Merit Award Board

- (a) The State Merit Award Board, referred to as the Board, will consist of five members.
- (b) Membership. A representative of DPA, to be designated by the Director, shall be ex officio 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. Board meetings shall be held on a regular basis with dates and time to be determined by the chair. 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 required to carry an official action.
- (f) Minutes. A record of the Board's official actions.
- (g) The Board shall be responsible for the review of all award recommendations for suggestions adopted by multiple State agencies, and for adopted suggestions which were submitted prior to January 1, 1993.
- (h) The Board shall review and 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.
- (i) The Board shall be responsible for the review of suggestions referred to DPA by the State agency or suggester when a disagreement exists which cannot be resolved by the agency director or designee or by the Merit Award Program. In these cases, the Board shall review and recommend to the Director of DPA its resolution to the disagreement, and the decision by the Director of DPA will be considered final.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19823, Government Code.
Reference: Section 19823, Government Code.

599.657. Merit Award Program Administration.

- (a) The director or designee 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 Merit Award Program staff.
- (b) The director or designee may authorize approval of awards, provided the total award is not greater than \$5,000.

(c) The director or designee may grant Certificates of Commendation, Medals, gifts, or other tokens of esteem, in accordance with these rules, without reference to DPA.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19823, Government Code.
Reference: Section 19823, Government Code.

599.658. Eligibility for Participation

(a) Every active and/or retired State employee is eligible to participate in the employee suggestion program, except officers and employees of the Universities of California and California State Universities.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19823 Government Code.
Reference: Section 19823, Government Code.

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 DPA.
- (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 departmental channels.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19823, Government Code.
Reference: Section 19823, Government Code.

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 State 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 State agency and/or 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.

(c) 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 review. Facts and opinions on the eligibility of the suggester may be solicited from the employing agency for review by the Board in formulating an official recommendation to the Director of DPA.

(d) To be eligible for an award, an employee must propose a change that has a direct effect on the reduction or elimination of State expenditure or improvement in the operation or safety of State Government. An award will not be granted in instances where a suggestion has been adopted as a result of an action which is not occasioned by nor resulting from the suggestion.

(e) 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."

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

NOTE: Authority cited: Sections 19815(d), 19816 and 19823, Government Code.
Reference: Section 19823, Government Code.

599.661. Employee Suggestion Procedures.

(a) Suggestions must be submitted in writing to the State agency responsible for making the changes recommended in the suggestion(s). Suggesters will be responsible for submitting the suggestion to the appropriate agency for review when the idea affects only one agency, or to DPA when multiple agency review is required. All suggestions must be submitted on an Employee Suggestion form (STD 645).

(b) Suggestions must be signed but the suggester's name may, as designated by the employee on the Employee Suggestion form (STD 645), remain 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 before an award can be made.

(c) Suggestions which do not meet eligibility requirements shall be disallowed. If there is controversy regarding eligibility of a suggestion, it shall be referred to the director or designee for review of the decision which disallowed the suggestion.

(d) The State agency's Merit Award Administrator, or Merit Award Program staff if the suggestion affects multiple agencies, shall receive, record and acknowledge receipt of suggestions in writing to the suggester within 10 working days of receiving the suggestion, 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 evaluation process, and such number shall be included in the acknowledgement to the suggester.

(e) Suggestions shall be referred for evaluation within 10 working days of receipt of the suggestion. The suggester shall be provided with a status report on the progress of the evaluation at least once every quarter until a final decision is made.

(f) The findings and recommendations of the evaluating agency 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 the suggestion; the availability of funds for payment of proposed awards of \$1,000 and over; or the reasons, in detail, why the suggestion could not be adopted.

(g) The Merit Award Administrator, or DPA if the suggestion affects multiple agencies, shall review the evaluating agency's findings and recommendations and may obtain additional information or take such other action as needed for prompt, thorough, and impartial consideration of each suggestion.

(h) For each suggestion eligible for an award, the Merit Award Administrator, after taking into consideration staff recommendations, and the objectives of the Merit Award Program, shall formulate an official recommendation to the agency's director describing the merits of the suggestion, and the amount of the recommended award, in accordance with these rules. DPA shall review suggestions evaluated and adopted by multiple agencies, or awards exceeding \$5,000, and shall formulate an official cash award recommendation to the Merit Award Board.

- (i) The State agency director of the employing agency shall, upon approval of a suggestion, authorize a cash award, in accordance with these rules.
- (j) DPA shall, upon approval of a suggestion by the Board, authorize a cash award, in accordance with these rules.
- (k) The Merit Award Administrator, or DPA if the suggestion affects multiple agencies, shall notify the suggester of the action taken as soon as a suggestion has received final consideration.
- (l) 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, or DPA if the suggestion affects multiple agencies.
 - (2) Reports of adoption and recommended award shall be sent directly to the suggester by the evaluating agency, or DPA if the suggestion affects multiple agencies. 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 Merit Award Administrator for processing the recommended award, in accordance with these rules. The adopting agency(s) shall reimburse the employing agency for the amount of the award if the award is \$55 or over.
- (m) The Merit Award 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 yearly basis.
- (n) The Merit Award Program staff shall be responsible for conducting periodic audits 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 analyses 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.
 - (4) cash awards granted for suggestions with tangible and/or intangible benefits are comparable with similar suggestions awarded by other departments.

The findings and/or recommendations resulting from an audit shall be reported to the director of the respective State agency.

- (o) The Board may establish such additional standards for submission of suggestions as it deems proper.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19823, Government Code.
Reference: Section 19823, Government Code.

599.662. Appeal and Reconsideration.

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

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

NOTE: Authority cited: Sections 19815.4(d), 19816, and 19823, Government Code.
Reference: Section 19823, Government Code.

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 State agency where the employee or team of employees are employed. Each recommendation shall be approved by the head of the State agency.
- (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 DPA in the State Administrative Manual, Section 4700.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19823, Government Code.
Reference: Section 19823, Government Code.

599.664. Cash Awards

The following criteria shall apply to cash awards:

- (a) Cash awards for adopted suggestions shall not be less than \$50, 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 \$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 cannot be determined, or are calculated as less than \$500, a cash award may be recommended in accordance with the Improved Procedures or Improved Safety Scales.
- (2) Where annual net savings or increased revenues are calculated as at least \$500, but not more than \$1,000, the recommended cash award shall be \$100.
- (3) Where annual net savings or increased revenues exceed \$1,000, the recommended cash award shall be ~~40~~ 20 percent 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) below.

(c) Awards computed under subsection (b) (3) will be calculated at 5 percent of the net savings or increased earnings realized during the first year following adoption of the suggestion where the proposal required substantial refinement for implementation, and/or where an alternative solution was adopted as a result of the proposal, and/or where the proposal results in one-time savings or benefits.

(d) 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.

(e) The decision of DPA as to the amount of awards shall be final except for those awards requiring approval of the Legislature.

(f) If more than one State agency benefits from the adoption of an employee suggestion, the award shall be prorated between the State agencies receiving the benefit. DPA shall be responsible for prorating the award amount. The agency that currently employs the suggester will be responsible for requesting reimbursement from the other State agencies. In cases where an Improved Safety or Improved Procedure award is recommended, DPA shall arrive at one award amount based upon the evaluating agencies' recommendations. If a dispute arises between agencies regarding prorating or reimbursement, the Board shall act as mediator.

(g) Awards to employees for adopted suggestions shall be paid from the funds or appropriations available to the State agency(s) benefiting from the adopted suggestion unless payment from some other source is authorized by the Department of Finance.

(h) Except for awards for Improved Safety, a cash award of \$1,000 or more shall require the respective State agency(s) to identify such savings (reduced expenditures or increased revenues) and submit to DPA an Identification and Recovery of Savings form (DPA-134) reflecting how the recovery will be accomplished. A copy of this form shall be transmitted to the Department of Finance by the State agency for appropriate action. For awards requiring Board approval, the Identification and Recovery of Savings form shall be forwarded to DPA.

(i) 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. Citations shall be the responsibility of the awarding agency.

- (2) Superior Accomplishment awards may consist of an engraved walnut plaque or a certificate, and/or a cash or gift award. This award includes two levels of cash awards: Gold/from \$50 to \$500 per individual or team, and Silver/from \$25 to \$250 per individual or team. Departments have the option of providing cash or gift awards.
- (3) Superior Accomplishment awards for sustained superior performance over a period of twenty-four months may consist of a framed certificate and/or a gift or cash award of up to \$250 per individual or team. Departments have the option of providing cash or gift awards.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19823, Government Code.
Reference: Section 19823.