

incorporated cities or towns. (~~Each such city, town, or county, through the official or employee selected by it, shall have ten days from the date of receipt of said notification in which to file written objections to the utilization of the class I license at the particular time and place specified in the request.~~)

(4) If attendance at the function, for which class I license utilization approval is requested, will be open to the general public, board approval may only be given where the society or organization sponsoring the function is within the definition of "society or organization" in RCW 66.24.375. If attendance at the function will be limited to members and invited guests of the sponsoring society or organization, board approval may be given even though the sponsoring society or organization is not within the definition of "society or organization" in RCW 66.24.375.

(5) Where the applicant for either a daily or annual class I license is a class H club licensee, the board shall not issue the class I license, or approve the use of a previously issued class I license, unless the following requirements are met:

(a) The gross food sales of the class H club exceed its gross liquor sales; and

(b) The event for which the class I license will be used is hosted by a member of the class H licensed club.

NEW SECTION. Sec. 7. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the House April 25, 1987.

Passed the Senate April 25, 1987.

Approved by the Governor May 15, 1987.

Filed in Office of Secretary of State May 15, 1987.

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CHAPTER 387

[House Bill No. 91]

PRODUCTIVITY BOARD—MEMBERSHIP, DUTIES, AND SCOPE REVISED—  
TEAMWORK INCENTIVE PAY PROGRAM

AN ACT Relating to state employees' suggestion awards and teamwork incentive programs; amending RCW 41.60.010, 41.60.015, 41.60.041, 41.60.050, 41.60.100, 41.60.110, and 41.60.120; adding a new section to chapter 41.60 RCW; creating a new section; repealing RCW 43.131.255; providing an effective date; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 1, chapter 142, Laws of 1965 ex. sess. as last amended by section 1, chapter 54, Laws of 1983 and RCW 41.60.010 are each amended to read as follows:

As used in this chapter:

(1) "Board" means the productivity board.

(2) "Employee suggestion program" means the program developed by the board under RCW 41.60.020.

(3) "State employees" means employees in state agencies ((subject to chapter 41.06 or 28B.16 RCW)) and institutions of higher education except for elected officials, directors of such agencies and institutions, and their confidential secretaries and administrative assistants and others specifically ruled ineligible by the rules of the productivity board.

Sec. 2. Section 1, chapter 167, Laws of 1982 as last amended by section 1, chapter 114, Laws of 1985 and RCW 41.60.015 are each amended to read as follows:

(1) There is hereby created the productivity board. The board shall administer the employee suggestion program under this chapter and shall review applications for teamwork incentive pay for state employees under RCW 41.60.100, 41.60.110, and 41.60.120.

(2) The board shall be composed of:

(a) The secretary of state who shall act as chairperson;

(b) The director of personnel appointed under the provisions of RCW 41.06.130 or the director's designee;

(c) The director of financial management or the director's designee;

(d) The personnel director appointed under the provisions of RCW 28B.16.060 or the director's designee; ~~((and))~~

(e) The director of general administration or the director's designee;

(f) Three persons with experience in administering incentives such as those used by industry, with the governor, lieutenant governor, and speaker of the house of representatives each appointing one person. The governor's appointee shall be a representative of an employee organization certified as an exclusive representative of at least one bargaining unit of classified employees, but no one organization may be represented for two consecutive terms;

(g) One person representing state agencies and institutions with employees subject to chapter 41.06 RCW, and one person representing those subject to chapter 28B.16 RCW, both to be appointed by the governor; and

(h) In addition, the governor and board chairperson may jointly appoint persons to the board on an ad hoc basis. Ad hoc members shall serve in an advisory capacity and shall not have the right to vote.

~~((These))~~ Members under subsection (2) (f) and (g) of this section shall be appointed to serve three-year terms.

Members of the board ~~((shall))~~ appointed pursuant to subsection (2)(f) of this section may be compensated in accordance with RCW 43.03.240. Any board member who is not a state employee may be reimbursed for travel expenses under RCW 43.03.050 and 43.03.060.

Sec. 3. Section 9, chapter 167, Laws of 1982 as amended by section 2, chapter 114, Laws of 1985 and RCW 41.60.041 are each amended to read as follows:

(1) Cash awards for suggestions generating net savings to the state shall be ten percent of the net savings.

(2) No award may be granted in excess of ten thousand dollars.

(3) If the suggestion is significantly modified when implemented, the percentage specified in subsection (1) of this section may be decreased at the option of the board.

(4) The board shall establish guidelines for making cash awards for suggestions for which benefits to the state are intangible or for which benefits cannot be calculated. In cases where cost avoidances are identified, the state personnel board and the higher education personnel board in consultation with the productivity board shall adopt rules which allow agencies and institutions of higher education to grant leave in lieu of cash awards.

(5) Funds for the awards shall be drawn from the appropriation of the agency benefiting from the employee's suggestion. If the suggestion reduces costs to a nonappropriated fund or reduces costs paid without appropriation from a nonappropriated portion of an appropriated fund, an award may be paid from the benefitting fund or account without appropriation.

(6) Awards and fees for suggestions which generate new or additional money for the general fund may be drawn from the general fund by joint approval of the productivity board and the director of financial management.

(7) In addition to the amount awarded, the agency shall transfer ten percent of the savings to the ~~((department of personnel for deposit in the))~~ department of personnel service fund. Moneys so transferred shall be used exclusively for the operations of the productivity board or as an offset to any amount appropriated to the productivity board for administrative expenses from another revenue source, other than that provided under RCW 41.60-.120. ((Any moneys remaining unexpended at the end of the fiscal biennium shall revert to the original fund source.))

The productivity board at least annually shall review amounts transferred to the department of personnel service fund under this section and may reduce the percentage of savings to be transferred or temporarily suspend transfer if cash receipts exceed needs for program administration.

Sec. 4. Section 5, chapter 142, Laws of 1965 ex. sess. as last amended by section 3, chapter 114, Laws of 1985 and RCW 41.60.050 are each amended to read as follows:

The legislature ~~((may augment the revenue transferred to))~~ shall appropriate from the department of personnel service fund ((under RCW 41.60.041(5) and 41.60.120 with an appropriation. Such appropriation shall be used exclusively)) for the payment of administrative costs of the productivity board.

Sec. 5. Section 2, chapter 167, Laws of 1982 as amended by section 4, chapter 114, Laws of 1985 and RCW 41.60.100 are each amended to read as follows:

With the exception of the legislative and judicial branches, any organizational unit of any agency of state government having an identifiable budget or having its financial records maintained according to an accounting system which identifies the expenditures and receipts properly attributable to that unit may apply to the board for selection as a candidate for the award of teamwork incentive pay to its employees. The application shall be submitted prior to the beginning of any year and shall have the approval of the head of the agency within which the unit is located.

Applications shall be in the form specified by the board and contain such information as the board may require, including but not limited to those evaluation components developed by the applying unit which will provide quantitative measures of program output and performance.

The board shall evaluate the applications submitted. From those proposals which are considered to be reasonable and practical and which are found to include developed performance indicators which lend themselves to a judgment of success or failure, the board shall select the units to participate in the teamwork incentive pay program.

~~((Persons who are exempt from civil service under RCW 41.06.070 (5) and (9) may not participate in the employee incentive pay program.))~~

Sec. 6. Section 3, chapter 167, Laws of 1982 as amended by section 5, chapter 114, Laws of 1985 and RCW 41.60.110 are each amended to read as follows:

(1) To qualify for the award of teamwork incentive pay to its employees, a unit selected shall demonstrate to the satisfaction of the board that it has operated during the year of participation at a lower cost with either an increase in the level of services rendered or with no decrease in the level of services rendered.

(a) A unit completing its first year of participation shall compare costs during that year of participation to (i) the fiscal year expenditures for the year immediately preceding the first year of participation, or (ii) an average derived from the unit's historical data, or (iii) engineered standards used in conjunction with an average derived from the unit's historical data;

(b) A unit participating in the teamwork incentive pay program for more than one year shall compare its costs during the current year of participation with its costs for the immediately preceding year; and

(c) For the purposes of this section, a unit's historical data shall be restricted to data generated during the period of three years or less immediately preceding the unit's first year of participation in the teamwork incentive pay program.

(2) The board shall satisfy itself from documentation submitted by the organizational unit that the claimed cost of operation is real and not merely apparent and that it is not, in whole or in part, the result of:

- (a) Chance;
- (b) A lowering of the quality of the service rendered;
- (c) Nonrecurrence of expenditures which were single outlay, or one-time expenditures, in the preceding year;
- (d) Stockpiling inventories in the immediately preceding year so as to reduce requirements in the eligible year;
- (e) Substitution of federal funds, other receipts, or nonstate funds for state appropriations;
- (f) Unreasonable postponement of payments of accounts payable until the year immediately following the eligible year;
- (g) Shifting of expenses to another unit of government; or
- (h) Any other practice, event, or device which the board decides has caused a distortion which makes it falsely appear that a savings or increase in level of services has occurred.

(3) The board shall consider as legitimate savings those reductions in expenditures made possible by such items as the following:

- (a) Reductions in overtime;
- (b) Elimination of consultant fees;
- (c) Less temporary help;
- (d) Improved systems and procedures;
- (e) Better deployment and utilization of personnel;
- (f) Elimination of unnecessary travel;
- (g) Elimination of unnecessary printing and mailing;
- (h) Elimination of unnecessary payments for items such as advertising;
- (i) Elimination of waste, duplication, and operations of doubtful value;
- (j) Improved space utilization; and
- (k) Any other items (~~considered~~) determined by the board (~~as representing true savings~~) to represent cost savings.

Sec. 7. Section 4, chapter 167, Laws of 1982 as amended by section 6, chapter 114, Laws of 1985 and RCW 41.60.120 are each amended to read as follows:

At the conclusion of the eligible year, the board shall compare the expenditures for that year of each unit selected against the expenditures of that unit for the immediately preceding year or expenditures determined in accordance with RCW 41.60.110(1) (a) and (b) and, after making such adjustments as in the board's judgment are required to eliminate distortions, shall determine the amount, if any, that the unit has reduced the unit's cost of operations or increased its level of services in the eligible year. Adjustments to eliminate distortions may include any legislative increases in employee compensation and inflationary increases in the cost of services, materials, and supplies. If the board also determines that in the board's

judgment a unit qualifies for an award, the board shall award to the employees of that unit a sum equal to twenty-five percent of the amount determined to be the savings to the state for the level of services rendered. The amount awarded shall be divided and distributed in equal shares to the employees of the unit, except that employees who worked for that unit less than the twelve months of the year shall receive only a pro rata share based on the fraction of the year worked for that unit. Funds for this teamwork incentive pay shall be drawn from the agency in which the unit is located.

In addition to the amount awarded, the agency shall transfer ten percent of the savings to ~~((the department of personnel for deposit in))~~ the department of personnel service fund. Moneys so transferred shall be used exclusively for the operations of the productivity board or as an offset to any amount appropriated to the productivity board for administrative expenses from another revenue source, other than that provided under RCW 41.60.120. ~~((Any moneys remaining unexpended at the end of the fiscal biennium shall revert to the original fund source.))~~ The productivity board at least annually shall review amounts transferred to the department of personnel service fund under this section and may reduce the percentage of savings to be transferred or temporarily suspend transfer if cash receipts exceed needs for program administration.

NEW SECTION. Sec. 8. A new section is added to chapter 41.60 RCW to read as follows:

No award may be made under this chapter to any elected state official or state agency director. No monetary award may be made to persons exempt from the state civil service law under RCW 41.06.070 (5) or (9).

NEW SECTION. Sec. 9. The legislative budget committee shall undertake a cost-benefit analysis of employee incentive programs under chapter 41.60 RCW in 1990. A report of the findings and any conclusions and recommendations derived from this analysis shall be submitted to the appropriate standing committees of the house of representatives and the senate in January, 1991.

NEW SECTION. Sec. 10. Section 15, chapter 167, Laws of 1982 and RCW 43.131.255 are each repealed.

NEW SECTION. Sec. 11. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect July 1, 1987, except section 10 of this act which shall take effect immediately.

Passed the House April 21, 1987.

Passed the Senate April 15, 1987.

Approved by the Governor May 15, 1987.

Filed in Office of Secretary of State May 15, 1987.