

Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 10-0513.01 Esther van Mourik

HOUSE BILL 10-1264

HOUSE SPONSORSHIP

Priola,

SENATE SPONSORSHIP

Heath,

House Committees

State, Veterans, & Military Affairs
Appropriations

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE ESTABLISHMENT OF AN INCENTIVE PROCESS
102 WHEREBY STATE EMPLOYEES CAN SUBMIT SUGGESTIONS FOR
103 STATE AGENCY IMPROVEMENTS THAT RESULT IN COST SAVINGS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill requires the state personnel director, or his or her designee, to create and make publicly available to all state employees an idea application to allow employees to suggest state agency improvements that result in cost savings. The form must be available by October 1,

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

2010, on the department of personnel's web site. The state personnel director, or his or her designee, is required to create evaluation criteria for the evaluation of the idea application. Any employee may submit an idea application. The availability of the idea application must be advertised on any type of payroll statements issued to employees on or after October 1, 2010.

The bill requires the executive director of the employee's state agency (executive director) to respond to the idea application in a timely fashion. The bill also requires the executive director to cause to be completed a projected savings calculation before he or she makes a decision to accept or reject the employee's idea application. The executive director may automatically deny an idea application if it is duplicative of another recently submitted application.

The bill creates a state employee incentive fund, which consists of moneys appropriated to the fund by the general assembly.

The bill provides for oversight, by the office of state planning and budgeting, of any idea applications that are denied. The bill requires the executive director to identify, where possible, any state laws or regulations that need to be changed to implement the idea. The bill requires the executive director, or his or her designee, to submit a request for legislation to the appropriate committee of reference for any idea application that requires legislation for implementation.

For every idea that is implemented, the bill requires that the executive director make a savings realized calculation. The bill requires that the executive director forward the savings realized calculation to the state auditor for review and verification. The bill then requires the state auditor to present a report of the review and verification to the legislative audit committee.

The bill specifies that the amount reviewed and verified by the state auditor as the savings realized shall be distributed as follows:

- ! 5%, up to \$5,000, of the savings realized as an honorary award to the employee who submitted the idea application;
- ! 25%, up to \$25,000, of the savings realized to the state agency that the employee's idea application directly affects; and
- ! The remainder to the general fund.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** Article 50 of title 24, Colorado Revised Statutes, is
3 amended BY THE ADDITION OF A NEW PART to read:

4 **PART 9**

1 STATE EMPLOYEES' IDEAS THAT IMPROVE STATE
2 GOVERNMENT OPERATIONS

3 **24-50-901. Legislative declaration.** THE GENERAL ASSEMBLY
4 HEREBY FINDS AND DECLARES THAT IT IS THE POLICY OF THIS STATE TO
5 CONCENTRATE ON IMPROVING THE EFFICIENCY AND EFFECTIVENESS OF
6 STATE GOVERNMENT IN ORDER TO PROVIDE BETTER SERVICE TO THE
7 RESIDENTS AND TAXPAYERS OF THE STATE OF COLORADO, TO INCREASE
8 STATE GOVERNMENT PRODUCTIVITY, AND TO DECREASE STATE
9 GOVERNMENT COSTS AND WASTE. THE GENERAL ASSEMBLY RECOGNIZES
10 THAT ONE METHOD OF ACHIEVING A MORE EFFICIENT AND EFFECTIVE
11 STATE GOVERNMENT IS TO ENCOURAGE THE INVOLVEMENT OF STATE
12 EMPLOYEES IN THE DEVELOPMENT OF INNOVATIVE IDEAS THAT WILL
13 INCREASE THE PRODUCTIVITY AND SERVICE LEVEL OF STATE GOVERNMENT
14 WHILE DECREASING THE COSTS OF STATE GOVERNMENT. THE GENERAL
15 ASSEMBLY REALIZES THAT EMPLOYEE INCENTIVE PROGRAMS THAT
16 REWARD STATE EMPLOYEES FOR INNOVATIVE IDEAS BY ALLOWING AND
17 INCENTIVIZING THE EMPLOYEES TO SHARE THE COST SAVINGS RESULTING
18 FROM SUCH INNOVATIVE IDEAS WILL HELP ENCOURAGE EMPLOYEE
19 INVOLVEMENT IN MAKING STATE GOVERNMENT MORE EFFICIENT AND
20 EFFECTIVE. THE GENERAL ASSEMBLY FURTHER RECOGNIZES THAT
21 REWARDING STATE EMPLOYEES' IDEAS MAY ALSO INCREASE EMPLOYEE
22 MORALE AND ENTHUSIASM, DECREASE EMPLOYEE TURNOVER, AND
23 IMPROVE CUSTOMER SERVICE.

24 **24-50-902. Definitions.** AS USED IN THIS PART 9, UNLESS THE
25 CONTEXT OTHERWISE REQUIRES:

26 (1) (a) "EMPLOYEE" MEANS, EXCEPT AS PROVIDED IN PARAGRAPH
27 (b) OF THIS SUBSECTION (1), ALL STATE EMPLOYEES, INCLUDING THOSE

1 EMPLOYEES WITHIN THE STATE PERSONNEL SYSTEM AND THOSE EXEMPT
2 FROM THE STATE PERSONNEL SYSTEM AS SPECIFIED IN SECTION 13 (2) OF
3 ARTICLE XII OF THE STATE CONSTITUTION.

4 (b) "EMPLOYEE" DOES NOT INCLUDE:

5 (I) AN EMPLOYEE OF THE OFFICE OF STATE PLANNING AND
6 BUDGETING, THE OFFICE OF THE STATE AUDITOR, THE JOINT BUDGET
7 COMMITTEE, OR THE DEPARTMENT OF PERSONNEL;

8 (II) AN ELECTED OFFICIAL OR MEMBER OF THE GENERAL
9 ASSEMBLY; OR

10 (III) THE EXECUTIVE DIRECTOR OR BUDGET OFFICER OF A
11 PRINCIPAL DEPARTMENT, THE PRESIDENT OF A COLLEGE OR UNIVERSITY,
12 OR A DEPUTY OF SUCH DIRECTOR, OFFICER, OR PRESIDENT.

13 (2) "EXECUTIVE DIRECTOR" MEANS A STATE AGENCY'S EXECUTIVE
14 DIRECTOR OR SIMILAR SENIOR LEVEL MANAGER OR MANAGING DIRECTOR.

15 (3) "IDEA APPLICATION" MEANS THE APPLICATION DESCRIBED IN
16 SECTION 24-50-903 (1) (a).

17 (4) "PROJECTED SAVINGS" MEANS AN AMOUNT CALCULATED BY A
18 STATE AGENCY THAT MAY BE REALIZED BY THE AGENCY DIRECTLY AS A
19 RESULT OF AN EMPLOYEE'S IDEA APPLICATION.

20 (5) "SAVINGS REALIZED" MEANS AN AMOUNT CALCULATED BY A
21 STATE AGENCY THAT WAS ACTUALLY REALIZED BY THE AGENCY DIRECTLY
22 AS A RESULT OF AN EMPLOYEE'S IDEA APPLICATION.

23 (6) "STATE AGENCY" MEANS ANY DEPARTMENT, BOARD, BUREAU,
24 COMMISSION, DIVISION, INSTITUTION, OFFICE, OR OTHER AGENCY OF THE
25 EXECUTIVE, LEGISLATIVE, AND JUDICIAL BRANCH OF THE STATE
26 GOVERNMENT, INCLUDING INSTITUTIONS OF HIGHER EDUCATION.

27 **24-50-903. State employee idea application - state employee**

1 **incentive fund.** (1) (a) (I) NO LATER THAN OCTOBER 1, 2010, THE STATE
2 PERSONNEL DIRECTOR, OR HIS OR HER DESIGNEE, SHALL CREATE AND
3 MAKE PUBLICLY AVAILABLE TO ALL EMPLOYEES ON THE DEPARTMENT OF
4 PERSONNEL'S WEB SITE AN IDEA APPLICATION, SUBSTANTIALLY SIMILAR TO
5 THE AIR FORCE FORM AF 1000, TO ALLOW EMPLOYEES TO SUGGEST STATE
6 AGENCY IMPROVEMENTS THAT MAY RESULT IN COST SAVINGS AT THE
7 STATE AGENCY WHERE THE EMPLOYEE WORKS.

8 (II) THE IDEA APPLICATION SHALL NOT BE USED FOR IDEAS THAT:

9 (A) WOULD RESULT FROM OBVIOUS AND PROGRESSIVE NORMAL
10 BUSINESS PRACTICES, SUCH AS A FORESEEABLE EXPECTATION THAT THE
11 IDEA WOULD BE IMPLEMENTED IN A REASONABLE TIME FRAME AS A RESULT
12 OF EVOLVING BUSINESS OR INDUSTRY PRACTICE;

13 (B) ARE OBVIOUS SOLUTIONS TO MANDATED BUDGET CUTS, SUCH
14 AS ABOLISHING VACANT FUNDED POSITIONS OR REDUCING STAFF THROUGH
15 LAYOFFS;

16 (C) RESULT IN COST AVOIDANCE AS THE METHOD OF
17 DOCUMENTING COST SAVINGS, SUCH AS NO OR LOWERED INCREASES IN
18 COSTS FOR STAFF, SUPPLIES, OR EQUIPMENT;

19 (D) RESULT IN REVENUE ENHANCEMENT AS THE METHOD OF
20 DOCUMENTING COST SAVINGS, SUCH AS NEW OR INCREASED FEES FOR
21 SERVICES; OR

22 (E) SIMPLY SHIFT THE COST FROM ONE STATE AGENCY TO
23 ANOTHER.

24 (b) NO LATER THAN OCTOBER 1, 2010, THE STATE PERSONNEL
25 DIRECTOR, OR HIS OR HER DESIGNEE, SHALL ESTABLISH STANDARD
26 EVALUATION CRITERIA SUBSTANTIALLY SIMILAR TO THE EVALUATION
27 CRITERIA USED TO EVALUATE THE AIR FORCE FORM AF 1000, BY WHICH

1 ALL IDEA APPLICATIONS SHALL BE EVALUATED. THE STATE PERSONNEL
2 DIRECTOR, OR HIS OR HER DESIGNEE, SHALL MAKE SUCH CRITERIA
3 AVAILABLE TO ALL EXECUTIVE DIRECTORS.

4 (c) (I) ANY EMPLOYEE MAY COMPLETE AN IDEA APPLICATION. FOR
5 PROCESSING, THE EMPLOYEE SHALL SUBMIT THE IDEA APPLICATION TO THE
6 EXECUTIVE DIRECTOR OF THE EMPLOYEE'S STATE AGENCY. AN EMPLOYEE
7 SHALL NOT BE RETALIATED AGAINST FOR SUBMITTING AN IDEA
8 APPLICATION.

9 (II) THE IDENTITY OF AN EMPLOYEE WHO SUBMITS AN IDEA
10 APPLICATION SHALL REMAIN CONFIDENTIAL AND SHALL BE REDACTED
11 FROM THE APPLICATION UNTIL THE EMPLOYEE HAS BEEN DETERMINED TO
12 BE ELIGIBLE FOR AN HONORARY AWARD AS SPECIFIED IN PARAGRAPH (d)
13 OF SUBSECTION (4) OF THIS SECTION.

14 (III) (A) THE EXECUTIVE DIRECTOR SHALL PROVIDE NOTIFICATION
15 OF RECEIPT OF THE IDEA APPLICATION TO THE EMPLOYEE WITHIN FIVE
16 DAYS AFTER SUBMISSION OF SUCH APPLICATION. THE EXECUTIVE
17 DIRECTOR MAY AUTOMATICALLY DENY AN IDEA APPLICATION IF HE OR SHE
18 DEEMS SUCH APPLICATION TO BE DUPLICATIVE OF ANOTHER APPLICATION
19 THAT WAS SUBMITTED WITHIN THE PRIOR TWELVE-MONTH PERIOD. THE
20 EXECUTIVE DIRECTOR SHALL PROVIDE NOTICE OF AN AUTOMATIC DENIAL
21 WITHIN FIVE DAYS PURSUANT TO THIS SUB-SUBPARAGRAPH (A).

22 (B) THE EXECUTIVE DIRECTOR SHALL CAUSE, WITHIN THIRTY
23 BUSINESS DAYS FROM THE DATE OF SUBMISSION OF AN IDEA APPLICATION,
24 A PROJECTED SAVINGS CALCULATION TO BE MADE.

25 (C) THE EXECUTIVE DIRECTOR SHALL RESPOND WITH A DECISION
26 EITHER APPROVING OR DENYING THE EMPLOYEE'S IDEA APPLICATION
27 WITHIN FORTY-FIVE BUSINESS DAYS AFTER THE DATE OF SUBMISSION OF

1 THE IDEA APPLICATION. FOR ANY IDEA APPLICATION THAT IS APPROVED,
2 THE EXECUTIVE DIRECTOR SHALL IDENTIFY, TO THE EXTENT POSSIBLE, ANY
3 STATE LAWS OR RULES THAT WOULD NEED TO BE CHANGED AS PART OF
4 THE REVIEW AND APPROVAL PROCESS. ONCE THE LEGISLATIVE AUDIT
5 COMMITTEE HAS HELD A PUBLIC HEARING ON THE STATE AUDITOR'S
6 REPORT PURSUANT TO SUBPARAGRAPH (II) OF PARAGRAPH (b) OF
7 SUBSECTION (4) OF THIS SECTION, THE EXECUTIVE DIRECTOR, OR HIS OR
8 HER DESIGNEE, SHALL SUBMIT A REQUEST FOR LEGISLATION TO THE
9 COMMITTEE OF REFERENCE ASSIGNED TO SUCH EXECUTIVE DIRECTOR'S
10 STATE AGENCY REGARDING ANY APPROVED IDEA APPLICATION THAT
11 REQUIRES LEGISLATION FOR IMPLEMENTATION.

12 (IV) A COPY OF ANY EMPLOYEE'S IDEA APPLICATION THAT IS NOT
13 APPROVED, ALONG WITH A COPY OF THE EXECUTIVE DIRECTOR'S RESPONSE,
14 AND ANY DOCUMENT INDICATING THE PROJECTED SAVINGS SHALL BE
15 SUBMITTED BY THE DIRECTOR TO THE OFFICE OF STATE PLANNING AND
16 BUDGETING CREATED IN SECTION 24-37-102, C.R.S., WITHIN FORTY-FIVE
17 BUSINESS DAYS AFTER SUBMISSION OF THE IDEA APPLICATION FOR THE
18 OFFICE OF STATE PLANNING AND BUDGETING TO REVIEW.

19 (V) THE EXECUTIVE DIRECTOR SHALL MAINTAIN COPIES OF ALL
20 IDEA APPLICATIONS THAT ARE SUBMITTED, ALONG WITH THE FOLLOWING
21 INFORMATION FOR APPROVED IDEA APPLICATIONS:

- 22 (A) A DESCRIPTION OF THE INNOVATIVE IDEA IMPLEMENTED;
- 23 (B) THE TOTAL SAVINGS ACHIEVED IN THE FIRST FISCAL YEAR OR
24 FIRST FULL TWELVE-MONTH PERIOD AFTER FULL IMPLEMENTATION;
- 25 (C) THE TOTAL DOLLARS AWARDED AS AN INCENTIVE TO THE
26 EMPLOYEE WHO SUBMITTED THE IDEA APPLICATION;
- 27 (D) THE AFFECTED GENERAL APPROPRIATIONS ACT LINE ITEM, IF

1 APPLICABLE; AND

2 (E) AN EVALUATION OF THE EFFECTIVENESS IN ACHIEVING THE
3 GOALS SET FORTH IN SECTION 24-50-901 OF THE IMPLEMENTED IDEA AND
4 THE HONORARY AWARD TO THE EMPLOYEE.

5 (2) COMMENCING WITH ANY TYPE OF PAYROLL STATEMENTS
6 ISSUED ON OR AFTER OCTOBER 1, 2010, ALL STATE AGENCIES SHALL
7 ADVERTISE ON ANY TYPE OF PAYROLL STATEMENTS ISSUED TO EMPLOYEES
8 THAT THE IDEA APPLICATION IS AVAILABLE ON THE DEPARTMENT OF
9 PERSONNEL'S WEB SITE.

10 (3) THE IDEA APPLICATION AND THE PAYROLL ADVERTISEMENT
11 DESCRIBED IN SUBSECTION (2) OF THIS SECTION SHALL INCLUDE
12 INFORMATION RELATED TO THE HONORARY AWARD SPECIFIED IN
13 SUBPARAGRAPH (I) OF PARAGRAPH (d) OF SUBSECTION (4) OF THIS SECTION
14 THAT AN EMPLOYEE MAY EARN.

15 (4) (a) ONCE AN IDEA APPLICATION IS SUBMITTED, REVIEWED, AND
16 ACCEPTED BY THE EXECUTIVE DIRECTOR, THE EMPLOYEE SHALL BE
17 INFORMED OF THE HONORARY AWARD HE OR SHE MAY EARN.

18 (b) TWELVE MONTHS AFTER THE INNOVATIVE IDEA DESCRIBED IN
19 THE IDEA APPLICATION IS FULLY IMPLEMENTED, THE EXECUTIVE DIRECTOR
20 SHALL CALCULATE THE SAVINGS REALIZED. ALL DOCUMENTATION OF THE
21 SAVINGS REALIZED CALCULATION SHALL BE FORWARDED TO THE STATE
22 AUDITOR FOR REVIEW AND VERIFICATION NO LATER THAN TWO MONTHS
23 AFTER THE TWELVE MONTHS OF FULL IMPLEMENTATION OF THE
24 INNOVATIVE IDEA DESCRIBED IN THE IDEA APPLICATION. THE STATE
25 AUDITOR SHALL HAVE ONE HUNDRED TWENTY DAYS FROM RECEIPT OF THE
26 EXECUTIVE DIRECTOR'S SAVINGS REALIZED CALCULATION TO:

27 (I) CONDUCT THE REVIEW AND VERIFICATION OF THE SAVINGS

1 REALIZED CALCULATION; AND

2 (II) SUBMIT A REPORT WITH HIS OR HER FINDINGS,
3 RECOMMENDATIONS, AND CONCLUSIONS TO THE LEGISLATIVE AUDIT
4 COMMITTEE, WHICH SHALL HOLD A PUBLIC HEARING FOR THE PURPOSES OF
5 A REVIEW OF THE REPORT.

6 (c) THE STATE AUDITOR'S REPORT DESCRIBED IN SUBPARAGRAPH
7 (II) OF PARAGRAPH (b) OF THIS SUBSECTION (4) SHALL BE SUBMITTED TO
8 THE EXECUTIVE DIRECTOR WHO APPROVED THE IDEA APPLICATION AND TO
9 ANY MEMBER OF THE GENERAL ASSEMBLY WHO MIGHT BE CARRYING ANY
10 NECESSARY LEGISLATION TO IMPLEMENT THE IDEA.

11 (d) THE SAVINGS REALIZED AS VERIFIED BY THE STATE AUDITOR
12 AS SPECIFIED IN PARAGRAPH (b) OF THIS SUBSECTION (4) SHALL BE
13 DISTRIBUTED, NO LATER THAN THE LAST DAY OF THE EIGHTEENTH MONTH
14 FOLLOWING THE IMPLEMENTATION OF THE INNOVATIVE IDEA, AS FOLLOWS:

15 (I) FIVE PERCENT, UP TO FIVE THOUSAND DOLLARS, OF THE
16 SAVINGS REALIZED AS AN HONORARY AWARD TO THE EMPLOYEE WHO
17 SUBMITTED THE IDEA APPLICATION;

18 (II) TWENTY-FIVE PERCENT, UP TO TWENTY-FIVE THOUSAND
19 DOLLARS, OF THE SAVINGS REALIZED TO THE STATE AGENCY THAT THE
20 EMPLOYEE'S IDEA APPLICATION DIRECTLY AFFECTS; AND

21 (III) THE REMAINDER AFTER DISTRIBUTIONS ARE MADE PURSUANT
22 TO SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH (d) TO THE STATE
23 GENERAL FUND.

24 (e) THE STATE AGENCY MAY USE THE DISTRIBUTION SPECIFIED IN
25 SUBPARAGRAPH (II) OF PARAGRAPH (d) OF THIS SUBSECTION (4) FOR ANY
26 PROJECTS THAT WOULD INCREASE THAT STATE AGENCY'S EFFICIENCY OR
27 IMPROVE SERVICES PROVIDED TO STATE RESIDENTS, BUT THE

1 DISTRIBUTION SHALL NOT BE USED TO HIRE ADDITIONAL FULL-TIME
2 EQUIVALENT EMPLOYEES.

3 (5) THERE IS HEREBY CREATED IN THE STATE TREASURY THE STATE
4 EMPLOYEE INCENTIVE FUND, WHICH SHALL CONSIST OF SAVINGS REALIZED
5 APPROPRIATED TO THE FUND BY THE GENERAL ASSEMBLY. THE MONEYS
6 IN THE FUND SHALL BE SUBJECT TO ANNUAL APPROPRIATION BY THE
7 GENERAL ASSEMBLY PURSUANT TO THE DISTRIBUTION SPECIFIED IN
8 PARAGRAPH (d) OF SUBSECTION (4) OF THIS SECTION. ALL INTEREST
9 DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN THE FUND
10 SHALL BE CREDITED TO THE FUND. ANY MONEYS NOT APPROPRIATED BY
11 THE GENERAL ASSEMBLY SHALL REMAIN IN THE FUND AND SHALL NOT BE
12 TRANSFERRED OR REVERT TO THE GENERAL FUND EXCEPT AS PROVIDED
13 FOR IN THE DISTRIBUTION SPECIFIED IN SUBPARAGRAPH (III) OF
14 PARAGRAPH (d) OF SUBSECTION (4) OF THIS SECTION.

15 (6) NOTHING IN THIS PART 9 SHALL BE CONSTRUED TO PROVIDE
16 EMPLOYEES WITH ANY GRIEVANCE, DISPUTE RESOLUTION, OR APPEALS
17 PROCESS WITH REGARD TO ANY IDEA APPLICATION SUBMITTED BY THE
18 EMPLOYEE.

19 **SECTION 2. Act subject to petition - effective date.** This act
20 shall take effect at 12:01 a.m. on the day following the expiration of the
21 ninety-day period after final adjournment of the general assembly (August
22 11, 2010, if adjournment sine die is on May 12, 2010); except that, if a
23 referendum petition is filed pursuant to section 1 (3) of article V of the
24 state constitution against this act or an item, section, or part of this act
25 within such period, then the act, item, section, or part shall not take effect
26 unless approved by the people at the general election to be held in

1 November 2010 and shall take effect on the date of the official
2 declaration of the vote thereon by the governor.