

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

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

Prime Sponsors: Representative Priola  
Senator Heath

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**Summary of Amendments Made to the Bill After the 2/26/10 Legislative Council Staff Fiscal  
Note Was Prepared**

None

**JBC Staff Concurrence with Legislative Council Staff Fiscal Note**

Concurs

Does Not Concur

Updated Analysis

**Amendments/Appropriation Status**

Since the amounts for the incentive program are not known, it is not possible to anticipate the appropriations necessary to implement the bill. Staff assumes that these appropriations will be addressed through the annual supplemental appropriation process. Staff notes that the bill's intent is to generate savings within state government.

**Bill Sponsor Amendments**

Sponsor amendment **L.002** (attached) directs at least 30.0 percent of the projected savings from an approved employee's idea application, not to exceed \$30,000, to be deposited into the Employee Incentive Fund. After the idea application is fully implemented and the State Auditor has reviewed and verified the savings realized from the initiative, the amount of money that was transferred into the fund will be increased or decreased according to the updated fiscal impact.

The legislation directs 5.0 percent of the savings to be awarded to the employee, and up to 25.0 percent of the savings are to be awarded to the agency, not to exceed \$5,000 and \$25,000, respectively. The amendment specifies that the moneys will be distributed from the Employee Incentive Fund for these purposes.

**Amendment L.002 does not change the bill's fiscal impact.** The amendment addresses a number of aspects of how the program will be administered that are ambiguous or problematic in the bill's

current version. The amendment eliminates the need for an appropriations clause because it provides statutory authorization to departments to distribute money in the Employee Incentive Fund upon verification by the State Auditor of the actual savings associated with an approved application.

**Points to Consider**

1. It is not possible to anticipate the number of idea applications that will be approved by each department, nor the savings generated by each initiative. Therefore, it is not possible to determine the legislation's actual fiscal impact. However, staff does not anticipate that the legislation will require additional state expenditures because any moneys that will be distributed as a result of the legislation will be generated from savings elsewhere in the department.
2. Depending upon the number of employee idea applications, their complexity, and the costs associated with verifying and calculating the savings associated with each application, it is possible that the bill could increase administrative costs for departments and the Office of the State Auditor. These potential costs may be offset by the savings associated with successful idea applications, depending upon the total savings generated.