

**First Regular Session
Sixty-third General Assembly
STATE OF COLORADO**

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 01-0361.01 Christy Chase

SENATE BILL 01-072

SENATE SPONSORSHIP

Owen

HOUSE SPONSORSHIP

Berry

Senate Committees

Public Policy and Planning
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF EMPLOYEE INCENTIVE PROGRAMS**
102 **WITHIN STATE AGENCIES TO MAXIMIZE STATE GOVERNMENT**
103 **EFFICIENCY.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Requires state agencies to implement employee incentive programs that encourage employees of state agencies to initiate and participate in innovative programs or projects that result in quality improvements and cost savings for the state agency. Specifies that the state personnel director shall provide assistance with and oversight of the implementation and coordination of employee incentive programs by state agencies and shall ensure that the programs are administered in compliance with law.

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.*

SENATE
3rd Reading Unamended
April 17, 2001

SENATE
Amended 2nd Reading
April 16, 2001

1 CITIZENS OF THE STATE OF COLORADO, TO INCREASE STATE GOVERNMENT
2 PRODUCTIVITY, AND TO DECREASE STATE GOVERNMENT COSTS. THE
3 GENERAL ASSEMBLY RECOGNIZES THAT ONE METHOD OF ACHIEVING A
4 MORE EFFICIENT AND EFFECTIVE STATE GOVERNMENT IS TO ENCOURAGE
5 THE INVOLVEMENT OF STATE EMPLOYEES IN THE DEVELOPMENT OF
6 INNOVATIVE IDEAS THAT WILL INCREASE THE PRODUCTIVITY AND SERVICE
7 LEVEL OF STATE GOVERNMENT WHILE DECREASING THE COSTS OF STATE
8 GOVERNMENT. THE GENERAL ASSEMBLY REALIZES THAT EMPLOYEE
9 INCENTIVE PROGRAMS THAT REWARD STATE EMPLOYEES FOR INNOVATIONS
10 BY ALLOWING THE EMPLOYEES TO SHARE THE COST SAVINGS RESULTING
11 FROM SUCH INNOVATIONS WILL HELP ENCOURAGE EMPLOYEE
12 INVOLVEMENT IN MAKING STATE GOVERNMENT MORE EFFICIENT AND
13 EFFECTIVE. THE GENERAL ASSEMBLY FURTHER RECOGNIZES THAT
14 REWARDING STATE EMPLOYEES MAY ALSO INCREASE EMPLOYEE MORALE
15 AND ENTHUSIASM, DECREASE EMPLOYEE TURNOVER, AND IMPROVE
16 CUSTOMER SERVICE.

17 **24-50-802. Definitions.** AS USED IN THIS PART 8, UNLESS THE
18 CONTEXT OTHERWISE REQUIRES:

19 (1) (a) "EMPLOYEE" MEANS ANY EMPLOYEE WITHIN THE STATE
20 PERSONNEL SYSTEM.

21 (b) "EMPLOYEE" DOES NOT MEAN:

22 (I) AN EMPLOYEE OF THE OFFICE OF STATE PLANNING AND
23 BUDGETING, THE OFFICE OF THE STATE AUDITOR, AND THE DEPARTMENT OF
24 PERSONNEL;

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

26 AND

27 (III) THE EXECUTIVE DIRECTORS AND BUDGET OFFICERS OF

1 PRINCIPAL DEPARTMENTS AND THEIR DEPUTIES AND THE PRESIDENTS OF
2 ANY COLLEGE OR UNIVERSITY AND THEIR DEPUTIES.

3 (2) "STATE AGENCY" MEANS ANY DEPARTMENT, BOARD, BUREAU,
4 COMMISSION, DIVISION, INSTITUTION, OR OTHER AGENCY OF THE STATE,
5 INCLUDING INSTITUTIONS OF HIGHER EDUCATION.

6 **24-50-803. Employee incentive program - report by state**
7 **personnel director.** NOLATER THAN JULY 1, 2002, THE STATE PERSONNEL
8 DIRECTOR SHALL SUBMIT A REPORT TO THE JOINT BUDGET COMMITTEE WITH
9 RECOMMENDATIONS FOR THE IMPLEMENTATION OF AN EMPLOYEE
10 INCENTIVE PROGRAM IN ACCORDANCE WITH THE PROVISIONS OF THIS PART
11 8.

12 **24-50-804. Task force - creation - recommendations.** (1) NO
13 LATER THAN AUGUST 15, 2001, THE STATE PERSONNEL DIRECTOR SHALL
14 APPOINT A TASK FORCE TO DEVELOP RECOMMENDATIONS FOR AN
15 EMPLOYEE INCENTIVE PROGRAM. THE TASK FORCE SHALL INCLUDE, BUT
16 NEED NOT BE LIMITED TO, REPRESENTATIVES FROM THE STATE PERSONNEL
17 BOARD, THE OFFICE OF STATE PLANNING AND BUDGETING, THE OFFICE OF
18 THE STATE CONTROLLER, THE OFFICE OF THE STATE AUDITOR, AND THE
19 FOUR LARGEST EMPLOYEE ORGANIZATIONS REPRESENTING EMPLOYEES IN
20 THE STATE PERSONNEL SYSTEM.

21 (2) THE TASK FORCE SHOULD DEVELOP ITS RECOMMENDATIONS
22 WITH INPUT FROM EMPLOYEES IN THE STATE PERSONNEL SYSTEM,
23 MANAGERS, AND OTHER AFFECTED PARTIES AND SHOULD CONSIDER
24 INCLUDING THE FOLLOWING ELEMENTS IN THE RECOMMENDATIONS FOR AN
25 EMPLOYEE INCENTIVE PROGRAM:

26 (a) PROBLEM-SOLVING TEAMS;

27 (b) A METHOD FOR RECEIVING PROMPT AND EFFECTIVE FEEDBACK;

1 (c) CRITERIA FOR ELIGIBILITY FOR THE EMPLOYEE INCENTIVE
2 PROGRAM;

3 (d) A FORMULA FOR CALCULATING AND DISTRIBUTING COST
4 SAVINGS, WHICH INCLUDES:

5 (I) A METHOD FOR COST ACCOUNTING;

6 (II) DISTRIBUTION OF UP TO THREE-QUARTERS OF THE COST
7 SAVINGS FOR THE FIRST FULL FISCAL YEAR IN WHICH SAID SAVINGS ARE
8 REALIZED TO THE EMPLOYEES OF THE OFFICE OR DIVISION RESPONSIBLE FOR
9 THE SAVINGS OR TO THE INDIVIDUAL EMPLOYEE RESPONSIBLE FOR THE
10 SAVINGS;

11 (III) PROVISIONS FOR THE REMAINDER OF THE AMOUNT OF THE COST
12 SAVINGS FOR THE FIRST FISCAL YEAR IN WHICH SAID SAVINGS ARE
13 REALIZED TO BE RETAINED AND EXPENDED BY THE STATE AGENCY FOR
14 IMPROVEMENTS IN THE WORKPLACE OF THE EMPLOYEES OF THE OFFICE OR
15 DIVISION RESPONSIBLE FOR THE COST SAVINGS; AND

16 (IV) PROVISIONS CONCERNING THE USE OF LONG-TERM SAVINGS;
17 AND

18 (e) EMPLOYEE PROTECTIONS, INCLUDING PROVISIONS SPECIFYING
19 THAT:

20 (I) NO EMPLOYEE SHALL BE RETALIATED AGAINST OR DISCIPLINED
21 FOR INITIATING OR PARTICIPATING IN AN EMPLOYEE INCENTIVE PROGRAM;
22 AND

23 (II) ANY EMPLOYEE WHO PARTICIPATES IN AN EMPLOYEE INCENTIVE
24 PROGRAM THAT RESULTS IN THE ABOLISHMENT OF THAT EMPLOYEE'S
25 POSITION SHALL BE OFFERED A VACANT POSITION IN THE STATE PERSONNEL
26 SYSTEM THAT IS AT THE SAME OR HIGHER GRADE AS THE JOB BEING
27 ABOLISHED AND FOR WHICH THE EMPLOYEE MEETS THE EDUCATION AND

1 EXPERIENCE REQUIREMENTS WHEN SUCH POSITION IS AVAILABLE.
2 (f) LIMITATIONS ON DISTRIBUTIONS OF COST SAVINGS MADE TO AN
3 OFFICE, DIVISION, OR EMPLOYEE AS FOLLOWS:
4 (I) ANY BONUS PAYABLE TO AN EMPLOYEE PURSUANT TO THIS
5 SECTION SHALL NOT BE SALARY, AS DEFINED IN SECTION 24-51-101 (42),
6 TO THAT EMPLOYEE FOR PURPOSES OF CALCULATING ANY EMPLOYEE
7 BENEFIT UNDER ARTICLE 51 OF THIS TITLE.
8 (II) ANY BONUS PAYABLE TO AN EMPLOYEE PURSUANT TO THIS
9 PART 8 SHALL BE IN ADDITION TO AND SHALL NOT REDUCE:
10 (A) ANY INCREASE IN COMPENSATION TO WHICH THE EMPLOYEE IS
11 ENTITLED PURSUANT TO SECTION 24-50-104 OR ANY OTHER PROVISION OF
12 LAW; AND
13 (B) ANY INCENTIVE AWARD PAYABLE TO THE EMPLOYEE UNDER A
14 PERFORMANCE PAY PLAN DEVELOPED BY THE STATE PERSONNEL DIRECTOR
15 PURSUANT TO SECTION 24-50-104 (1) (c) (I).
16 (III) THE TOTAL AMOUNT OF ANY BONUS AWARDED TO AN
17 EMPLOYEE IN CONNECTION WITH A SUCCESSFUL EMPLOYEE INCENTIVE
18 PROGRAM OR PROJECT SHALL NOT EXCEED AN AMOUNT EQUAL TO TWO
19 TIMES THE AMOUNT OF THAT EMPLOYEE'S ANNUAL SALARY.
20 (3) THE TASK FORCE SHALL SUBMIT ITS RECOMMENDATIONS TO THE
21 STATE PERSONNEL DIRECTOR NO LATER THAN MAY 1, 2002.

22 _____
23 _____

24 **SECTION 2. Repeal.** Part 8 of article 30 of title 24, Colorado
25 Revised Statutes, is repealed.

26 **SECTION 3. Effective date.** This act shall take effect at 12:01
27 a.m. on the day following the expiration of the ninety-day period after

1 final adjournment of the general assembly that is allowed for submitting
2 a referendum petition pursuant to article V, section 1 (3) of the state
3 constitution; except that, if a referendum petition is filed against this act
4 or an item, section, or part of this act within such period, then the act,
5 item, section, or part, if approved by the people, shall take effect on the
6 date of the official declaration of the vote thereon by proclamation of the
7 governor.