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## **OLR Bill Analysis**

### **sSB 682**

#### ***AN ACT ESTABLISHING A REWARD PROGRAM FOR STATE EMPLOYEE REPORTING OF WASTEFUL PRACTICES.***

#### **SUMMARY**

The bill establishes a reward program for state employees who make a suggestion that (1) concerns an alleged gross waste of funds in their employing state agency, (2) is subsequently implemented by the agency, and (3) results in agency cost savings over \$10,000. Under the program, each state agency must designate a suggestion coordinator to receive suggestions. Suggestions involving certain matters are ineligible for an award.

Under the bill, any program suggestions are public records for purposes of the Freedom of Information Act. Program awards are subject to state income tax, but they may not be calculated in the employee's retirement income.

The bill repeals the current suggestion awards program under which state agencies receive suggestions from active and retired employees and may award such employees for their implemented suggestions (CGS § 5-263a).

EFFECTIVE DATE: October 1, 2019

#### **REWARD PROGRAM**

##### ***Administration***

The bill establishes a reward program for state employees who make a suggestion that (1) concerns an alleged gross waste of funds in their employing state agency, (2) is subsequently implemented by the agency, and (3) results in agency cost savings over \$10,000.

Under the bill, "gross waste of funds" means more than a debatable expenditure that is significantly out of proportion to the benefit

reasonably expected to accrue to the government, including gross mismanagement. In addition, “gross mismanagement” means a management action or inaction which creates a substantial risk of significant adverse impact upon the agency’s ability to accomplish its mission, and excludes de minimus wrongdoing or negligence.

The bill requires each agency, by November 1, 2019, to designate an existing employee to serve as its program suggestion coordinator. Under the bill, the coordinators and agency or department heads are ineligible to participate in the program.

The bill allows all other state employees to make a written suggestion to their designated suggestion coordinator concerning an alleged gross waste of funds. The coordinator must review any suggestion received to determine its eligibility for consideration and submit eligible suggestions to the agency’s executive head, or his or her designee, for consideration.

### ***Ineligible Suggestions***

The bill makes suggestions involving the following matters ineligible for an award:

1. deferred maintenance or replacement of essential equipment and supplies;
2. individual employee compensation or position classification;
3. personal grievances or complaints;
4. collective bargaining subjects; and
5. the structure of lottery games conducted by the Connecticut Lottery Corporation, including their design, prize patterns, draw dates and frequency.

It also makes certain types of suggestions ineligible for an award. They are suggestions that:

1. require a change to, or that conflict with, federal or state law;

2. duplicate a suggestion already submitted by another employee;
3. result from an agency audit, study, survey, review, or research;
4. involve correcting a condition that exists because established procedures are not being followed;
5. constitute opinions only, and which cannot be supported by demonstrating a better idea;
6. circumvent competitive procurement procedures provided by state law or policy;
7. recommend or require formal studies, surveys, investigation, or similar research activity to establish the benefits referred to; and concern ideas which are hypothetical, vague, based on inconclusive justification, or deal with generalities.

### ***Reward Payments***

Within one year after implementing an employee's suggestion, the bill requires an agency to determine the attributable cost savings and submit its calculations to the state auditors for verification. Once verified by the auditors, the agency must make a lump-sum payment to the employee. The payment must equal 5% of the estimated savings, up to \$10,000, for the first calendar year after implementing the suggestion and remedying the wasteful practice. The payment must be made using funds of the division or department that benefited from the cost savings. (The bill does not contemplate a situation where the auditors do not verify, either in whole or in part, the agency's estimated savings.)

Under the bill, if an agency implements an employee's suggestion after he or she retires or leaves state service, the executive head must make a lump sum payment to the former employee. Similarly, if the employee has died, the executive head must pay his or her estate.

Under the bill, if multiple employees jointly submit a suggestion, they must share an award equally. If two or more employees

separately submit the same suggestion, the first suggestion received is eligible for the award.

**COMMITTEE ACTION**

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 13 Nay 2 (03/29/2019)