



Senate

General Assembly

File No. 720

January Session, 2019

Substitute Senate Bill No. 682

Senate, April 17, 2019

The Committee on Government Administration and Elections reported through SEN. FLEXER of the 29th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

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

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2019*) (a) As used in this
2 section:

3 (1) "State employee" means any employee in the executive,
4 legislative or judicial branch of state government, including employees
5 in the classified and unclassified service and full-time and part-time
6 employees;

7 (2) "State agency" means any office, department, board, council,
8 commission, institution, constituent unit of the state system of higher
9 education, technical education and career school or other agency in the
10 executive, legislative or judicial branch of state government;

11 (3) "Gross waste of funds" means more than a merely debatable
12 expenditure that is significantly out of proportion to the benefit

13 reasonably expected to accrue to the government and includes, but is
14 not limited to, gross mismanagement; and

15 (4) "Gross mismanagement" means a management action or inaction
16 which creates a substantial risk of significant adverse impact upon the
17 agency's ability to accomplish its mission, and excludes de minimis
18 wrongdoing or negligence.

19 (b) There is established a program to award state employees who
20 make a suggestion (1) concerning a practice that is an alleged gross
21 waste of funds in the state agency where such employee is employed
22 to the state agency suggestion coordinator, (2) that is subsequently
23 implemented by the agency, and (3) that results in cost savings to the
24 agency. Not later than November 1, 2019, each state agency shall
25 designate an existing employee within the agency to serve as the state
26 agency suggestion coordinator, who shall not be eligible to participate
27 in the program established under this section. Any state employee
28 other than a state agency suggestion coordinator or agency or
29 department head may make a written suggestion to the agency's state
30 agency suggestion coordinator concerning an alleged gross waste of
31 funds. The state agency suggestion coordinator shall review any
32 suggestion received to determine whether the suggestion is eligible for
33 consideration under this section and shall submit any eligible
34 suggestions to the executive head of the state agency, or a designee, for
35 consideration.

36 (c) If the agency implements the employee's suggestion, not later
37 than a calendar year after such implementation, the agency shall
38 determine the cost savings attributable to such implementation and
39 submit its calculations to the Auditors of Public Accounts for
40 verification. Once verified by the Auditors of Public Accounts, the
41 agency shall make a lump-sum payment to the employee using the
42 funds of the division or department within the agency that benefited
43 from the cost savings. Such award shall be equivalent to five per cent
44 of the state agency's estimated cost savings for the first calendar year
45 after implementing the employee's suggestion and remedying the

46 reported wasteful practice, provided such award shall not exceed ten
47 thousand dollars. Any award under this section shall not be added to
48 the employee's base salary for purposes of calculating the employee's
49 retirement income but shall be subject to the tax imposed by chapter
50 229 of the general statutes.

51 (d) If an employee retires or leaves state service after making a
52 suggestion under this section that is subsequently implemented, the
53 executive head of a state agency shall make a lump sum award to such
54 former employee. If the employee is deceased, the award shall be
55 made to such deceased employee's estate.

56 (e) If a suggestion is submitted jointly by more than one employee,
57 the award shall be shared equally among the employees. If the same
58 suggestion is submitted separately by two or more employees, the first
59 suggestion received shall be eligible for the full amount of the award.

60 (f) Any suggestion that involves the following shall not be eligible
61 for an award under this section: (1) Deferred maintenance or
62 replacement of essential equipment and supplies; (2) individual
63 employee compensation or position classification; (3) personal
64 grievances or complaints; (4) suggestions that require a change to or
65 that conflict with, federal or state law; (5) suggestions already
66 submitted by another employee; (6) matters resulting from an agency
67 audit, study, survey, review or research; (7) suggestions that involve
68 correcting a condition that exists because established procedures are
69 not being followed; (8) suggestions that constitute opinions only, and
70 which cannot be supported by demonstrating a better idea, and the
71 need for same; (9) suggestions concerning any matter subject to
72 collective bargaining; (10) suggestions circumventing competitive
73 procurement procedures provided by state law or policy; (11)
74 suggestions which recommend or require formal studies, surveys,
75 investigation or similar research activity to establish the benefits of a
76 suggestion referred to; (12) suggestions which are hypothetical, vague,
77 based on inconclusive justification or deal with generalities; (13)
78 suggestions concerning the structure of lottery games conducted by

79 the Connecticut Lottery Corporation, including, but not limited to,
 80 game design, prize patterns, draw dates and draw frequency; (14) any
 81 suggestion made by the agency suggestion coordinator or agency or
 82 department head; and (15) any suggestion resulting in less than ten
 83 thousand dollars in estimated savings to the agency.

84 (g) Any suggestion made under this section shall be a public record,
 85 as defined in section 1-200 of the general statutes.

86 Sec. 2. Section 5-263a of the general statutes is repealed. (*Effective*
 87 *October 1, 2019*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2019</i>	New section
Sec. 2	<i>October 1, 2019</i>	Repealer section

Statement of Legislative Commissioners:

Section 1(b) was divided into Subsecs. (b) and (c), in Section 1(b) Subdiv. designators were added and in new Section 1(c) "taxation" was changed to "the tax imposed by chapter 229" for clarity.

GAE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
All	All Funds - Potential Savings	See Below	See Below

Note: All Funds=All Funds

Municipal Impact: None

Explanation

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 and determine whether the suggestion is eligible for consideration to submit to the executive head of their respective agency.

To the extent that employee suggestions are implemented this would result in a potential net savings to the state as the bill awards the employee with an award of five percent of the state agency's estimated savings, not to exceed \$10,000.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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)