

1 House BILL NO. 715  
 2 INTRODUCED BY ~~FAGE~~ Smith Mack  
 3 BURNETT VINCENT Bradley McDane Edison James  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THE NATHE Smith Kepp  
 5 DEPARTMENT OF ADMINISTRATION TO DEVELOP A PROGRAM OF Edison  
 6 INCENTIVES FOR STATE EMPLOYEES WHO SAVE THE STATE TIME AND Ramirez  
 7 MONEY AND A PROGRAM TO PROVIDE FOR THE TRANSFER OF James  
 8 APPROPRIATE SERVICES AND FUNCTIONS FROM THE STATE TO THE  
 9 PRIVATE SECTOR; AND TO REQUIRE THE DEPARTMENT TO REPORT ON  
 10 SUGGESTED PROGRAMS TO THE LEGISLATURE IN 1979."  
 11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 13 Section 1. Development of a state employee incentive  
 14 program. (1) The department of administration shall develop  
 15 a program to provide incentives for state employees who  
 16 develop ideas which save the state time and money.  
 17 (2) One approach which shall be considered is a bonus  
 18 system whereby an employee would be entitled to receive a  
 19 percentage of the amount saved the state due to an idea of  
 20 the employee.  
 21 (3) Another approach which shall be considered is an  
 22 awards system whereby an employee would be entitled to a  
 23 cash award based on the value of the idea.  
 24 (4) The department may consider approaches other than  
 25 those in subsections (2) and (3) and is encouraged to

1 contact other states, universities, and private corporations  
 2 to determine other alternatives.  
 3 Section 2. Development of program to utilize the  
 4 private sector for state programs. The department of  
 5 administration shall review the services and functions of  
 6 state government and shall develop a program for the  
 7 transfer of appropriate services and functions to the  
 8 private sector of the economy. In developing this program,  
 9 the department shall look for those services and functions  
 10 which can be more efficiently and economically carried out  
 11 by the private sector.  
 12 Section 3. Department to report to legislature. (1)  
 13 The department of administration shall report to the  
 14 legislature on its proposals, including legislation, to  
 15 implement the programs required by [sections 1 and 2].  
 16 (2) The report, including suggested legislation, shall  
 17 be presented to the legislature in 1979 and shall be  
 18 prepared by October 1, 1978.

-End-

HB 715

## STATE OF MONTANA

REQUEST NO. 432-77

## FISCAL NOTE

Form BD-15

In compliance with a written request received February 9, 19 77, there is hereby submitted a Fiscal Note for House Bill 715 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly. Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

## DESCRIPTION OF PROPOSED LEGISLATION:

An act to require the Department of Administration to develop a program of incentives for state employees who save the state time and money and a program to provide for the transfer of appropriate services and functions from the state to the private sector; and to require the Department to report on suggested programs to the legislature in 1979.

## ASSUMPTIONS:

A. Section 1 - Incentive Program

1. The Department of Administration would need 1.50 FTE employees to develop a program: A Management Analyst II, and a part-time Secretary I.
2. There are many effective systems in use and only a system adaptation process would be needed, not full systems development costs.
3. No monetary rewards or presentations would be made until after legislative approval by the 46th Legislature.

B. Section 2 - Program to utilize private sector

Section 2 will require an additional 3.00 FTE and related operating expenses and equipment.

## FISCAL IMPACT:

	<u>FY 78</u>	<u>FY 79</u>
A. <u>Section 1</u> - Incentive Program		
Personal services	\$20,433	\$21,658
Operating expenses	7,000	7,000
Equipment	<u>1,625</u>	<u>0</u>
Additional cost of Section 1 of proposed legislation	<u>\$29,058</u>	<u>\$28,658</u>

Once an incentive program is implemented, it is estimated that an additional analyst will be needed and that the part-time secretary position will become a full-time position.

B. Section 2 - Program to utilize private sector

The fiscal impact of implementing Section 2 is unknown, but it could be substantial. The immediate and on-going costs of setting up and maintaining an operating staff to review, evaluate and monitor the program to transfer qualifying state activities to the private sector are estimated to run at approximately \$55,000 a year.

The real unknown relates to the immediate and long-term indirect costs that are created because of potential reduced level of service and/or higher unit costs of services received. These intangibles cannot be reasonably estimated.

*Richard L. Zung for*  
BUDGET DIRECTOR  
Office of Budget and Program Planning  
Date: 2-17-77

Approved by Committee  
on Labor & Employment  
Relations

*House* BILL NO. *715*

INTRODUCED BY ~~FAGG~~ *Madh*

*BURNETT VINCENT* *Bradley* *McDane* *Ellison* *Jones*  
*NATHE* *Smith* *Hoff*

A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THE  
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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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(4) The department may consider approaches other than those in subsections (2) and (3) and is encouraged to

contact other states, universities, and private corporations to determine other alternatives.

Section 2. Development of program to utilize the private sector for state programs. The department of administration shall review the services and functions of state government and shall develop a program for the transfer of appropriate services and functions to the private sector of the economy. In developing this program, the department shall look for those services and functions which can be more efficiently and economically carried out by the private sector.

Section 3. Department to report to legislature. (1) The department of administration shall report to the legislature on its proposals, including legislation, to implement the programs required by [sections 1 and 2].

(2) The report, including suggested legislation, shall be presented to the legislature in 1979 and shall be prepared by October 1, 1978.

-End-

SECOND READING

*HB 715*

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 3 *BURNETT VINCENT* *Bradley* *McGowan* *Ellison* *James*  
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*H.B. 715*