

HOUSE BILL NO. 817

Introduced: 02/15/83

Referred to Committee on State Administration: 02/15/83

Hearing: 2/17/83

Report: 02/17/83, Do Pass

2nd Reading: 02/19/83, Do Not Pass, Statement of Intent
Amended

Bill Killed

1 House BILL NO. 817
2 INTRODUCED BY Wendy Marks
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE
5 DEPARTMENT OF ADMINISTRATION TO DEVELOP AND ADMINISTER A
6 PAY-FOR-PERFORMANCE BONUS PROGRAM FOR STATE EMPLOYEES."
7

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

9 Section 1. Definitions. As used in [sections 1 through
10 5], the following definitions apply:

11 (1) "Agency head" means a director, commissioner, or
12 constitutional officer in charge of an executive,
13 legislative, or judicial branch agency or an agency of the
14 Montana university system.

15 (2) "Department" means the department of
16 administration provided for in 2-15-1001.

17 (3) "Employee" means an employee of the executive,
18 legislative, or judicial branch or the Montana university
19 system.

20 Section 2. Creation and purpose of program. The
21 department shall develop and administer a statewide employee
22 pay-for-performance bonus program to encourage productivity,
23 creativity, professionalism, and initiative among employees
24 and to appropriately recognize and reward, in a timely
25 manner, employees who have demonstrated consistently

1 superior job performance.

2 Section 3. Powers and duties of department. The
3 department shall:

4 (1) adopt rules to equitably administer the
5 pay-for-performance bonus program that:

6 (a) specify minimum standards for performance
7 appraisal and procedures for selection of
8 pay-for-performance bonus recipients;

9 (b) prohibit agencies from awarding monetary
10 performance bonuses unless they meet these minimum
11 standards;

12 (c) limit the size of the monetary bonus which an
13 employee may receive; and

14 (d) specify the percentage of eligible employees in
15 each agency who may receive a monetary bonus in any one
16 year;

17 (2) assist agencies in developing performance
18 evaluation and recipient selection procedures;

19 (3) prepare a biennial report to the legislature
20 containing a list of pay-for-performance bonuses granted by
21 participating agencies.

22 Section 4. Eligibility for monetary performance
23 awards. An employee may be eligible for a monetary
24 pay-for-performance bonus if:

25 (1) the employing agency is determined by the

1 department to be in compliance with the minimum standards
2 established in accordance with [section 3];

3 (2) the employee is not a member of a collective
4 bargaining unit or is a member of a unit that has agreed to
5 participate in the pay-for-performance bonus program; and

6 (3) the employee has exhibited a level of performance
7 exceeding normal job requirements over a significant period
8 of time or is responsible for a major one-time
9 accomplishment.

10 Section 5. Agency head to grant award. (1) Upon
11 written departmental certification that the agency
12 performance appraisal and pay-for-performance bonus
13 procedures are in compliance with minimum standards
14 established in accordance with [section 3], an agency head
15 may grant monetary performance awards to deserving employees
16 in the form of a bonus that may not be considered to be part
17 of the employee's base salary.

18 (2) The agency head shall pay for awards from the
19 agency budget. Any monetary award that is granted is in
20 addition to a recipient's regular compensation.

21 Section 6. Codification instruction. Sections 1
22 through 5 are intended to be codified as an integral part of
23 Title 2, chapter 18, and the provisions of Title 2, chapter
24 18, apply to sections 1 through 5.

-End-

STATE OF MONTANA

REQUEST NO. 436-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 16,, 19 83, there is hereby submitted a Fiscal Note for House Bill 817 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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:

House Bill 817 is a bill authorizing the Department of Administration to develop and administer a pay-for-performance bonus program for state employees who are not members of a bargaining unit and members of a unit which has agreed to participate. It specifies that the agency head shall pay for awards from the agency budget. The statement of intent as amended in committee restricts bonuses to \$250 each and to 5% of employees.

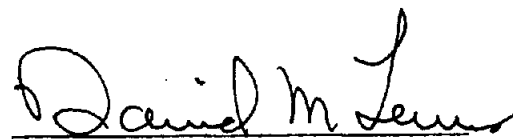
ASSUMPTIONS:

- 1) All bargaining units will opt to participate in the program.
- 2) All agencies will participate and meet minimum standards established by the Department of Administration.
- 3) Pay-for-performance bonuses would first be distributed in FY 85 (The act would go into effect in October of 1983 and at least 6 months would be required for rule making, agency training and implementation of a performance appraisal system in all agencies before bonuses could be distributed.)
- 4) Total FTE equals 14,020 (as shown in Executive Budget).

FISCAL IMPACT:

With the maximum bonus of \$250 and 5% of state employees who may receive a bonus, the cost for FY 85 is \$175,250.

FISCAL NOTE 14:DD/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-19-83

1 STATEMENT OF INTENT

2 HOUSE BILL 817

3
4 A statement of intent for this bill is necessary
5 because section 3 grants the Department of Administration
6 the authority to adopt rules to equitably administer the
7 employee pay-for-performance bonus program.

8 It is contemplated that the rules will address the
9 following:

10 (1) professional standards for equitable performance
11 appraisal and recipient section procedures which must be met
12 before any agency may implement this bill;

13 (2) the maximum size of the monetary
14 pay-for-performance bonus which an employee may receive. It
15 is intended that the award be large enough to be of
16 significance so that it will motivate employees but no
17 larger than necessary to satisfy that purpose. However, the
18 amount of the bonus may not exceed \$250;

19 (3) the maximum percentage of eligible employees in
20 each agency which may receive a monetary performance award
21 in one year. It is intended that this percentage reasonably
22 reflects the percentage of state employees who exhibit
23 superior performance---that it not be so large as to award
24 average performance and that it not be so small as to be out
25 of reach of an "average" employee who through extra effort

1 performs at an above average level. Initially it is intended
2 that monetary awards will be limited to 5% of eligible
3 employees;

4 (4) procedures for the review of employee concerns
5 regarding the administration of the program;

6 (5) procedures to maintain the integrity of the
7 program through the review of agency performance appraisal
8 and performance awards procedures.

Approved by Committee
on State Administration

HOUSE BILL NO. 817

INTRODUCED BY WINSLOW, MARKS

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DEPARTMENT OF ADMINISTRATION TO DEVELOP AND ADMINISTER A
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and to appropriately recognize and reward, in a timely
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department shall:

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pay-for-performance bonus program that:

(a) specify minimum standards for performance
appraisal and procedures for selection of
pay-for-performance bonus recipients;

(b) prohibit agencies from awarding monetary
performance bonuses unless they meet these minimum
standards;

(c) limit the size of the monetary bonus which an
employee may receive; and

(d) specify the percentage of eligible employees in
each agency who may receive a monetary bonus in any one
year;

(2) assist agencies in developing performance
evaluation and recipient selection procedures;

(3) prepare a biennial report to the legislature
containing a list of pay-for-performance bonuses granted by
participating agencies.

Section 4. Eligibility for monetary performance
awards. An employee may be eligible for a monetary
pay-for-performance bonus if:

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1 department to be in compliance with the minimum standards
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