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## SUGG'N. AWARDS FOR RETIREES

House Bill 4560 as introduced  
First Analysis (6-16-93)

Sponsor: Rep. Richard A. Young  
Committee: Public Retirement

### ***THE APPARENT PROBLEM:***

Public Act 325 of 1978 established an awards program under which state employees may receive cash or a paid vacation for making suggestions that save at least \$10,000 in taxpayer money. Since its creation, the program has elicited approximately 19,000 suggestions, about 1,900 of which have been adopted and awarded. According to the Department of Civil Service, adopted suggestions have saved the state approximately \$250 million in a variety of ways. For instance, a suggestion offered last year within the Department of Social Services for revising the process whereby welfare fraud (relative to the issuing and use of food stamps) is monitored saved approximately \$14 million in the first year of implementation. Some people believe the program could be enhanced by allowing retired state employees the chance to offer such suggestions, especially as their experience working for the state gives them a good understanding of the ways that state agencies and departments operate. As a number of other states and some Fortune 500 companies reportedly give their retired employees the opportunity to participate in suggestion award programs, some feel retired state employees in Michigan should be eligible to do so, too.

### ***THE CONTENT OF THE BILL:***

The bill would amend Public Act 325 of 1978 to make retired state employees eligible to receive an award, approved either by the director of the Department of Civil Service or the suggestions award board, for a suggestion to save taxpayer money. Currently, the board is the final reviewer of any award greater than \$100 (up to \$5,000 or 15 days paid vacation), while the department director makes final review of awards for \$100 or less. Under the bill, awards over \$500 would be reviewed by the board and those of \$500 or less would be reviewed by the director. Further, the bill would specify that each state department's suggestion committee would have an uneven number of

members, between 3 and 11. (Currently, such committees are to have 3 members.)

MCL 38.1161, et al.

### ***FISCAL IMPLICATIONS:***

The Department of Civil Service says the bill would have minimal fiscal impact, if any, to the department as it could result in a larger number of suggestions being submitted that would have to be reviewed, and could increase the number of awards that would have to be paid out. The state could, however, save money in the long run depending on how much was saved by any suggestions offered by retired state employees. (6-15-93)

### ***ARGUMENTS:***

#### ***For:***

Opening up the suggestion awards program to retired state employees makes sense since these former employees usually have spent a long time in state government, and could offer good tips on ways to save the state money. Since 1978, state employees have offered about 19,000 suggestions in the program which have led to savings of approximately \$250 million. Also, by raising the amount at which awards would be decided by the suggestion awards board rather than the civil service department director from \$100 to \$500, more time could be devoted by the board to review those suggestions that offered the greatest potential for savings. And finally, the bill would permit state department suggestion committees to vary in size, anywhere between three and 11 members, as long as there were an odd number of members. This provision would allow a department that tends to receive a greater number of suggestions with more complicated proposals for saving money (such as the Department of Social Services) to organize a larger committee that could spend more time reviewing them than a three-member committee.

***POSITIONS:***

The Department of Civil Service supports the bill.  
(6-15-93)

The State Employees Retirement Association  
supports the bill. (6-15-93)