

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4324 (as passed by the House)
Sponsor: Representative Clark Harder
House Committee: Public Retirement
Senate Committee: Government Operations

Date Completed: 10-29-97

CONTENT

The bill would amend Public Act 325 of 1978, which provides for the State's suggestion awards program, to allow retired State employees and State residents to submit suggestions to the State suggestion awards board or the suggestion administrator, and receive an award for a suggestion. Currently, only State employees are allowed to submit suggestions to save the State money, and to receive awards for those suggestions. An award may consist of a cash award of up to 10% of the first-year savings, with a \$5,000 maximum; personal leave with pay; or a certificate, pin, button, or other appropriate emblem.

Currently, the suggestion awards board must perform the final review of an award that is greater than \$100, while the suggestion administrator must conduct the review for awards of \$100 or less. The bill would require the board to review awards greater than \$500 and the administrator to review an award of \$500 or less.

Currently, each State department must have a three-member employee committee to review suggestions that pertain to the operation of that department. The bill would require each department's committee to consist of an uneven number of employees, from three to 11 members, based on need as determined by the head of the department.

The bill includes language that would transfer administration of the suggestion awards program from the Department of Civil Service to the Department of Management and Budget (DMB). This provision would conform to Executive Reorganization Order 1996-5, which transferred the program to the DMB on July 29, 1996.

MCL 38.1161 et al

Legislative Analyst: G. Towne

FISCAL IMPACT

According to the Department of Management and Budget, assuming that State residents and retirees participated in the program, the State could receive additional suggestions annually. The chart below indicates the number of suggestions received, the number of suggestions adopted, the amount of awards paid, as well as first-year savings for the current program. Currently, only State employees are allowed to submit suggestions to save the State money. Over the past six years, savings to the State have ranged from \$955,000 in fiscal year 1991-92 to \$320,857,384 in fiscal year 1995-96. In 1996, \$300,000,000 was due to one enacted suggestion. Because of this anomaly, first-year savings of this amount are not likely to occur annually. Because it is difficult to determine how many additional suggestions may be received and adopted, first-year savings to the State due to the expansion of the program are indeterminate.

Suggestions Received	Number Adopted	Awards Paid (\$)	First Year Savings (\$)
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FY 1991-92	1,226	133	102,172	955,178
FY 1992-93	1,201	117	91,230	1,983,504
FY 1993-94	1,143	84	48,400	2,393,940
FY 1994-95	959	102	45,505	1,255,444
FY 1995-96	909	111	54,190	320,857,384
FY 1996-97	826	118	73,990	8,465,775

Fiscal Analyst: E. Limbs

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