

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4324

A bill to amend 1978 PA 325, entitled  
"An act to provide for a suggestion awards program; and to pre-  
scribe the duties of the department of civil service,"  
by amending the title and sections 1, 2, 3, 4, 5, 6, 7, and 8  
(MCL 38.1161, 38.1162, 38.1163, 38.1164, 38.1165, 38.1166,  
38.1167, and 38.1168), section 5 as amended by 1986 PA 310, and  
by adding section 9.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1

TITLE

2

An act to provide for AND IMPLEMENT a suggestion awards pro-

3

gram AND A QUALITY RECOGNITION SYSTEM; and to prescribe the

4

duties of ~~the department of civil service~~ CERTAIN STATE DEPART-

5

MENTS AND AGENCIES.

6

Sec. 1. As used in this act:

**HB 4324, As Passed Senate, April 28, 1998**

House Bill No. 4324

2

1 (a) "Board" OR "RECOGNITION BOARD" means the ~~suggestion~~  
2 ~~awards~~ RECOGNITION board ESTABLISHED IN SECTION 2.

3 (b) "Department" means the department of ~~civil service~~  
4 MANAGEMENT AND BUDGET.

5 (c) "Director" means the director of the department OR HIS  
6 OR HER DESIGNEE.

7 (D) "PROCESS IMPROVEMENT" IS A RECOMMENDED IMPROVEMENT THAT  
8 IS CONCISELY WRITTEN AND IDENTIFIES A PROBLEM, SITUATION, OR  
9 OPPORTUNITY FOR IMPROVEMENT, TOGETHER WITH A RECOMMENDATION FOR A  
10 REMEDY. THE IMPROVEMENT MUST BE IMPLEMENTED AND BRING ABOUT MEA-  
11 SURABLE ORGANIZATIONAL SUCCESS FOR THIS STATE.

12 (E) "RETIRED STATE EMPLOYEE" MEANS AN INDIVIDUAL WHO HAS  
13 RETIRED FROM STATE SERVICE AND IS RECEIVING A RETIREMENT BENEFIT  
14 FROM EITHER THE DEFINED BENEFITS OR DEFINED CONTRIBUTIONS RETIRE-  
15 MENT PLANS SPONSORED BY THIS STATE.

16 (F) ~~(d)~~ "State employee" means a classified ~~or~~  
17 ~~unclassified~~ member of the state civil service or an unclassi-  
18 fied employee of the executive, legislative, or judicial branch  
19 of state government.

20 (G) "VALUE ADDED BEHAVIOR" MEANS A POSITIVE CONTRIBUTION BY  
21 A PERSON THAT ADVANCES THE IMPLEMENTATION OF A PROCESS IMPROVE-  
22 MENT OR OTHERWISE ASSISTS IN THE ADVANCEMENT OF OVERALL ORGANIZA-  
23 TIONAL SUCCESS.

24 Sec. 2. (1) The department ~~may~~ SHALL establish a  
25 ~~suggestion awards~~ RECOGNITION board within the department to  
26 consist of 5 members appointed by the director. ~~If established,~~  
27 ~~the~~ THE director shall select the members from a list of state

**HB 4324, As Passed Senate, April 28, 1998**

House Bill No. 4324

3

1 employees AND RETIRED STATE EMPLOYEES. Not more than 1 ~~nominee~~  
2 MEMBER shall be from the same state department. NOT MORE THAN 1  
3 MEMBER SHALL BE A RETIRED STATE EMPLOYEE.

4 (2) The terms of the members, except to fill vacancies  
5 occurring other than by expiration of term, shall be 2 years from  
6 the date of appointment. A vacancy in the office of a member,  
7 occurring other than by expiration of term, shall be filled by  
8 the director ~~, or his designee,~~ for the balance of the term.  
9 ~~Not more than 1 member shall be from the same state department.~~

10 The members shall elect a chairperson of the board.

11 (3) The board shall DO ALL OF THE FOLLOWING:

12 (a) Develop ~~a plan for evaluating suggestions made by state~~  
13 ~~employees~~ THE GUIDING PRINCIPLES FOR EMPLOYEE, RETIRED STATE  
14 EMPLOYEE, AND DEPARTMENT AND AGENCY RECOGNITION, including the  
15 establishment of guidelines for the type of ~~award~~ RECOGNITION  
16 to be ~~made~~ GRANTED within the limits of section 5.

17 (b) ~~Be the final reviewer of an award which is greater than~~  
18 ~~\$100.00 and of any suggestion which includes a grievance~~ PERFORM  
19 THE FINAL REVIEW OF PROCESS IMPROVEMENTS, VALUE ADDED BEHAVIORS,  
20 AND THE RESULTING RECOGNITION ACTIONS VALUED AT AMOUNTS GREATER  
21 THAN \$500.00 AND ANY ACTIONS THAT RECEIVE A REQUEST FOR  
22 RECONSIDERATION.

23 (c) Prepare the rules for promulgation by the department  
24 under section 6 for the operation of the ~~plan under subdivision~~  
25 ~~(a)~~ RECOGNITION SYSTEM DESCRIBED UNDER THIS ACT.

**HB 4324, As Passed Senate, April 28, 1998**

House Bill No. 4324

4

1       Sec. 3. (1) ~~If a board is established under section 2,~~  
2 ~~the~~ THE director shall appoint a ~~suggestion~~ RECOGNITION  
3 administrator from the employees of the department.

4       (2) The ~~suggestion~~ RECOGNITION administrator shall be  
5 responsible FOR ALL OF THE FOLLOWING:

6       (a) ~~For the~~ THE administrative supervision and promotion  
7 of the ~~suggestion awards program~~ EMPLOYEE, RETIRED STATE  
8 EMPLOYEE, AND DEPARTMENT AND AGENCY RECOGNITION SYSTEMS IN A  
9 COOPERATIVE RELATIONSHIP WITH THE RECOGNITION BOARD AND ALL STATE  
10 DEPARTMENTS.

11       (b) THE PROVISION OF SUPPORT SERVICES TO ALL STATE DEPART-  
12 MENT AND AGENCY RECOGNITION SYSTEMS.

13       (c) ~~(b) For the~~ THE final review of ~~an award which is not~~  
14 ~~greater than \$100.00~~ PROCESS IMPROVEMENTS, VALUE ADDED BEHAV-  
15 IORS, AND THE RESULTING RECOGNITION ACTIONS VALUED AT \$500.00 OR  
16 LESS.

17       (d) ~~(c) For the~~ THE submission of quarterly reports ON  
18 RECOGNITION ACTIVITIES to the appropriation committees in the  
19 house of representatives and the senate, to the house and senate  
20 fiscal agencies, and to the department ~~of management and budget~~  
21 ~~regarding the number and nature of suggestions submitted and~~  
22 ~~adopted, including the estimated savings involved with each sug-~~  
23 ~~gestion adopted. The report on an adopted suggestion having an~~  
24 ~~estimated savings of \$10,000.00 or more shall set forth the~~  
25 ~~department, division, and bureau affected; the situation which~~  
26 ~~gave rise to the suggestion; the proposed change; and analysis of~~  
27 ~~the suggestion by the affected department; the basis used in~~

**HB 4324, As Passed Senate, April 28, 1998**

House Bill No. 4324

5

1 ~~determining the savings; and any other information which may be~~  
2 ~~beneficial to the report.~~

3 (E) ~~(d) For the~~ THE submission to the board ~~a suggestion~~  
4 ~~for which is recommended an award of more than \$100.00 or its~~  
5 ~~equivalent~~ OF PROCESS IMPROVEMENTS, VALUE ADDED BEHAVIORS, AND  
6 THE RESULTING RECOGNITION ACTIONS VALUED AT MORE THAN \$500.00.

7 (3) INFORMATION TO BE CONTAINED IN THE REPORT REQUIRED UNDER  
8 SUBSECTION (2)(D) SHALL BE ESTABLISHED BY THE RECOGNITION BOARD.

9 Sec. 4. (1) ~~If a board is established under section 2,~~  
10 ~~the~~ THE head of each state department shall establish a commit-  
11 tee ~~to consist of 3~~ WITH AN UNEVEN NUMBER OF members who are  
12 employees of ~~the~~ THAT state department and who shall be  
13 appointed by the head of ~~the~~ THAT state department. THE COM-  
14 MITTEE SHALL HAVE NO LESS THAN 3 MEMBERS AND NOT MORE THAN 11  
15 MEMBERS BASED ON THE NEED AS DETERMINED BY THE HEAD OF THE STATE  
16 DEPARTMENT. The committee shall review the ~~suggestions which~~  
17 PROCESS IMPROVEMENTS, VALUE ADDED BEHAVIORS, AND THE RESULTING  
18 RECOGNITION ACTIONS OF SIGNIFICANT IMPACT THAT pertain to the  
19 operations of that state department.

20 (2) The committee without undue delay shall report to the  
21 ~~suggestion~~ RECOGNITION administrator concerning each  
22 ~~suggestion submitted~~ PROCESS IMPROVEMENT AND VALUE ADDED BEHAV-  
23 IOR REVIEWED AND THE RESULTING RECOGNITION ACTION TAKEN OR  
24 RECOMMENDED. ~~The~~ INFORMATION TO BE CONTAINED IN THE report  
25 shall ~~contain an analysis of the suggestion; the reasons for~~  
26 ~~approval or disapproval; if approved, the estimated savings; if~~  
27 ~~approved, a recommended award; and any other necessary~~

**HB 4324, As Passed Senate, April 28, 1998**

House Bill No. 4324

6

1 ~~information which may be required by this act or a rule~~  
2 ~~promulgated under this act~~ BE ESTABLISHED BY THE BOARD.

3       Sec. 5. ~~An award for an approved suggestion~~ THE TYPES OF  
4 RECOGNITION GRANTED under section 2 or 3 ~~may be any of the~~  
5 following: ~~(a) A cash award of 10% of the estimated first year~~  
6 ~~savings, but not to exceed \$1,000.00. Beginning October 1, 1987,~~  
7 ~~the maximum amount of the cash award shall be \$5,000.00.~~ SHALL  
8 BE DEVELOPED IN GUIDELINES BY THE RECOGNITION BOARD. RECOGNITION  
9 SHALL BE DISTRIBUTED IN AN EQUITABLE FASHION TO ALL STATE EMPLOY-  
10 EES AND RETIRED STATE EMPLOYEES WHO ARE INVOLVED IN RECOMMENDING,  
11 INITIATING, AND IMPLEMENTING THE IMPROVEMENT AND TO THOSE WHO  
12 DEMONSTRATE VALUE ADDED BEHAVIORS. THE TANGIBLE VALUE OF RECOG-  
13 NITION FOR ANY SINGLE PROCESS IMPROVEMENT IMPLEMENTED SHALL NOT  
14 EXCEED \$5,000.00.

15       ~~(b) Personal leave with pay, not to exceed 15 days, except~~  
16 ~~that not more than 30 days personal leave with pay may be awarded~~  
17 ~~for an exceptionally meritorious suggestion with the approval of~~  
18 ~~the director. However, an award described in this subdivision~~  
19 ~~shall not exceed the monetary amount provided by subdivision (a)~~  
20 ~~and shall be taken at a time that will least interfere with the~~  
21 ~~employee's duties. In the event that this subdivision is imprac-~~  
22 ~~tical or unacceptable, cash may be substituted.~~

23       ~~(c) A merit certificate, pin, button, or other appropriate~~  
24 ~~emblem.~~

25       Sec. 6. The department ~~shall~~ MAY promulgate rules pursu-  
26 ant to ~~Act No. 306 of the Public Acts of 1969, as amended, being~~  
27 ~~sections 24.201 to 24.315 of the Michigan Compiled Laws~~ THE

**HB 4324, As Passed Senate, April 28, 1998**

House Bill No. 4324

7

1 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO  
2 24.328, to implement and administer this act, AND TO EQUITABLY  
3 PHASE OUT THE CURRENT SUGGESTION SYSTEM. OPERATIONAL GUIDELINES  
4 SHALL BE ESTABLISHED AND IMPLEMENTED BY APPROVAL OF THE RECOGNI-  
5 TION BOARD.

6 Sec. 7. The department shall provide the necessary staff to  
7 assist the board and the ~~suggestion~~ RECOGNITION administrator  
8 in the performance of their duties under this act.

9 Sec. 8. The cost of administering this act and the granting  
10 of ~~awards~~ RECOGNITION under section ~~5(a) and (c)~~ 5 shall be  
11 included within the annual appropriation of the department.

12 SEC. 9. A RETIRED STATE EMPLOYEE WHO IS THE RECIPIENT OF  
13 RECOGNITION UNDER THIS ACT WILL BE TREATED AS A SELF-EMPLOYED  
14 PERSON FOR TAX PURPOSES AND SHALL RECEIVE RECOGNITION FROM THE  
15 APPROPRIATED FUND FOR THE RECOGNITION SYSTEM AS ADMINISTERED BY  
16 THE DEPARTMENT. THE RETIREMENT SYSTEM FROM WHICH THE STATE  
17 EMPLOYEE IS A RETIRANT SHALL NOT BE HELD RESPONSIBLE FOR ANY PAY-  
18 MENT, AND NO ADJUSTMENT OR RECALCULATION OF BENEFIT LEVEL WILL  
19 OCCUR DUE TO A RETIRED STATE EMPLOYEE RECEIVING RECOGNITION UNDER  
20 THIS SYSTEM.

21 Enacting section 1. This amendatory act takes effect  
22 July 1, 1998.