

Administrative Policy No. 19.70.14

Subject: Employee Awards for Suggestion and Teamwork Incentive Programs (Productivity Awards)

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Authorizing Sources: Revised Code of Washington (RCW) [41.60](#) State Employee Suggestion Awards and Incentive Pay
Washington Administrative Code (WAC) [383-06](#), Guidelines for the Employee Suggestion Program
[383-07](#), Teamwork Incentive Program
IRS [Publication 525](#), Taxable and Non-Taxable Income

Effective Date: May 9, 2007

Revised: February 9, 2017

Approved By: original signed by Avanulas (Vann) Smiley
Deputy Secretary, Financial Services Administration

Purpose

This policy establishes the treatment and distribution of Productivity Awards for Employee Suggestion Programs and Teamwork Incentive Programs at the Department of Social and Health Services (DSHS).

Scope

The Statewide Employee Suggestion Program and Teamwork Incentive Program has been suspended by the Legislature for the 2013-2015 and 2015-2017 fiscal biennia.

This policy applies to all DSHS employees.

This policy does not apply to awards given under Employee Recognition Awards (which are under DSHS Administrative Policy [19.70.13](#)) or to Separation Incentive Pay.

Additional Guidance

RCW [43.03.050](#), Subsistence, lodging and refreshment, and per diem allowance for officials, employees, and members of boards, commissions, or committees.

SAAM [10.90.20](#), Reimbursement rates for meals, lodging, and private vehicle mileage

DSHS Administrative Policies

[19.70.10](#), Coffee and Light Refreshments

[19.70.11](#), Meals with Meetings

[DSHS Forms Picker](#)

Form 03-426A, Productivity Award Payment Award Memorandum for Productivity Awards

Definitions

Cash is a warrant the DSHS payroll office or fiscal office issues. (*Note: For Productivity Awards, the DSHS Payroll Office generates the warrant.*)

DSHS Payroll Office is either the office within the Financial Services Administration that processes payroll for DSHS or the institutional payroll offices that process their own payroll.

Employee Suggestion Program is a program developed to encourage and reward meritorious suggestions by state employees that promote efficiency and economy in the performance of any function of state government (RCW [41.60](#)). This is also known as the “Brainstorm” award.

Productivity Awards are the Productivity Awards for the Employee Suggestion Programs and the Teamwork Incentive Programs.

Teamwork Incentive Program is a program developed to encourage teams of employees to submit and implement money saving process improvements (RCW [41.60](#)).

Policy

DSHS participates in the Statewide Employee Suggestion Program and Teamwork Incentive Program. DSHS does not operate its own suggestion program.

I. Limitations on awards

- A. **Volunteers, board and commission members are not eligible to receive awards.**
- B. **Per RCW [41.60.160](#), awards are not given to any elected state official or state agency director.**
- C. **DSHS must follow the laws, rules, and policies developed by the state Productivity Board.**

Per RCWs [41.60.030](#) and [41.60.120](#), the Productivity Board, or its designee, makes final decisions on whether an Employee Suggestion Program, or Teamwork Incentive Program

award will be made and the award amount, if any.

- D. DSHS must assign managers to offer staff assistance in the completion of award applications, including documentation of approval and denial of applications (WACs [383-06-045](#) and [383-07-045](#)).**
- E. Awards must not be included for calculating a retirement allowance under any state public retirement system (RCW [41.60.140](#)).**
- F. Funds for the award must be drawn from the appropriation of the administration that receives benefit from the suggestion. The employee does not need to reside within that administration. (RCW [41.60.041](#)).**
- G. The administration must not pay the employee's portion of applicable state and federal taxes on the award.**
- H. Coffee and light refreshments, or meals may be allowed for recognition events. The administration must adhere to administrative policy requirements regarding:**
 - 1. Limitations for Coffee and Light Refreshments (policy [19.70.10](#)), and
 - 2. Per Diem limits for Meals with Meetings (policy [19.70.11](#)).

II. *Award rules for Employee Suggestion Programs (i.e., Brainstorm Award)*

The rules governing awards are based on WAC [383-06-125](#), and are summarized below.

- A. Cash awards are ten percent of the actual net savings and/or revenue generated. Savings and/or revenue shall be calculated for one full year and should be for the first year of implementation.**
- B. Cash awards for suggestion teams must not exceed twenty-five percent of the actual net savings and/or revenue generated to be shared by the team in a manner approved by the agency head.**
- C. Awards must not exceed ten thousand dollars.**
- D. All suggestions that result in cost-avoidance, for which benefits to the state are intangible or for which savings cannot be calculated, must receive recognition. Internal recognition shall be given in accordance with RCW [41.60.150](#).**
- E. The DSHS Secretary, or designee, must approve all cash awards for Employee Suggestion Program teams.**
- F. Awards must not be given to an employee for a suggestion that is within the scope of that employees regularly scheduled responsibilities. (RCW [41.60.030](#), WAC [383-06-](#)**

080(2)(a).

III. Award rules for Teamwork Incentive Programs (TIP)

- A. The rules governing awards are based on WAC 383-07-125, and are summarized below.**
- B. Awards are based on a percentage of the savings and/or revenue determined by the team and agency management during the application process. The total team award must not exceed twenty-five percent of the actual net savings and/or net revenue generated to the state for the TIP project period.**
- C. Awards must not exceed ten thousand dollars.**
- D. No cash awards are given for team projects that do not produce actual cost savings or generate revenue to the state.**
- E. Per RCW 41.60.110, the calculations of net savings, revenue, or both are not final until approved by the DSHS Secretary, or designee, who may modify the calculations.**

IV. Processing Productivity Awards

- F. The DSHS payroll office must process all Productivity awards.**
- G. Productivity Board awards must not be processed by A-19. The DSHS Payroll Office must process awards authorized by the Productivity Board as part of the employee's salary and wages. Taxes must be taken on the award at the time the award is paid to the employee through the payroll system.**
- H. The DSHS payroll office must have a minimum of 14 calendar days to process this request.**
- I. Productivity Board awards must have account coding from the administration or program that is receiving the benefits from the suggestion being made (i.e. the award shall not be coded to the account coding used to process the employee's salary and wages unless the award benefits the employee's program). This must occur to ensure DSHS can support these expenditures as allowable federal costs.**

Procedures

- A. To report a Productivity Award, the administration authorizing payment sends:**
 - 1. A Productivity Award memorandum to the employee.
 - 2. DSHS Form 03-426A Productivity Award Payment, with a copy of the

Productivity award memorandum, with an original signature to the DSHS payroll office.

- B. The DSHS payroll office processes the award amount in HRMS as a wage type 1146, which generates a payment as part of the employee's wages and calculates the appropriate taxes. Awards coded to this wage type will be recorded under sub-object code NZ-SW91.**

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