

SUBJECT: Increasing achievement and service award cap for state agency employees

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 8 ayes — Swinford, Miller, B. Cook, Farrar, Gattis, J. Keffer,
Martinez Fischer, Wong

0 nays

1 absent — Villarreal

WITNESSES: None

BACKGROUND: Government Code, sec. 2113.201 allows state agencies to use appropriated monies to purchase awards of no more than \$50 for an employee in recognition of professional achievement or outstanding service. This provision was codified during the 76th Legislature by SB 177 by Ratliff. Prior to 1999, agencies were authorized to provide these awards through a rider in Art. 9 the general appropriations act. The 69th Legislature in 1985 increased the award cap from \$25 to \$75. The 73rd Legislature reduced the award cap to \$50 in 1993.

DIGEST: HB 912 would raise the cap on employee awards from \$50 to \$100 per employee.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

SUPPORTERS SAY: Raising the cap on employee awards would enable state agencies to purchase appropriate and meaningful awards for employees who have provided long or outstanding service to the state. Despite inflation, the amount of these awards has not changed since 1993, when the award amount cap was reduced. Consequently, agencies currently struggle to find suitable awards within the cap, particularly for highly tenured employees taking retirement. Increasing the cap would restore the value of these awards and provide agencies with a flexible means to reward their

employees, many of whom have made considerable sacrifice to work for the state.

Employee awards provide agencies with a low cost way to express their appreciation of the exceptional service an employee has given to the state. These programs do not cost the state any additional money, since they are paid for out of already appropriated funds. They are relatively inexpensive; in fiscal 2004, 117 agencies used these awards at an average per-agency cost of just \$9,803. These awards also may increase employee productivity and loyalty by creating a positive work environment, reinforcing desired behaviors, and increasing morale.

**OPPONENTS
SAY:**

While employee recognition is important, taxpayer money should be used for government services, not award programs costing the state more than \$1 million annually. If state employees are undercompensated, that should be addressed through more permanent solutions, such as increased pay and benefits.