

MEMORANDUM

TO: Government Operations and Fiscal Policy Committee
FROM: Justina J. Ferber,  Legislative Analyst
SUBJECT: **Briefing – Employee Gainsharing Program – Rewarding Excellence**

The following persons will be present for the worksession:

Joseph Adler, Director, OHR
Kaye Beckley, OHR, Manager, Business Operations and Performance

Employee Gainsharing Program – Rewarding Excellence

The County's gainsharing program, "Rewarding Excellence", began in 2009 and resulted in five successful proposals from front-line employees that are expected to save the County approximately \$850,000 annually. The program empowers employees to take additional responsibility for ensuring that taxpayer dollars are being spent efficiently. Other projects are in various stages of approval.

OHR has been invited to brief the committee on the Rewarding Excellence program. Council staff requested that OHR address the following issues in its briefing:

- Describe the gainsharing program – "Rewarding Excellence".
- Who participates and how are employees and department heads advised of the program?
- Rules of the program.
- Any limitations to the program?
- Results of the program and ongoing efforts of the gainsharing initiative.
- Cost of the program and where the funds are budgeted.
- Will there be any evaluation or analysis of the success of the program?
- Any issues which the Council should be aware.

Attached are briefing slides and other materials related to the program.

Attachments:

Gainsharing Program PowerPoint slides, ©1

Executive News Release – “Leggett Presents Bonuses to First Team of Gainsharing Employees”, ©4

Executive News Release – “County Gainsharing Program Featured in *Governing Magazine*”, ©6

Governing Magazine article “Gainsharing Falls Victim to Tight Times”, ©7

Overtimes article – “Scrap Metal Optimization” Team Completes First Year of Implementation”, ©9

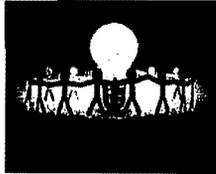
Rewarding Excellence/Gainsharing Program Joint Letter ,©10

Rewarding Excellence Process Chart, ©12

Rewarding Excellence Guidelines, ©14

Rewarding Excellence Team

Kaye Beckley, Business Operations & Performance Div Mgr
Melissa Boone-Miller, Rewarding Excellence Coordinator



What is Rewarding Excellence?

- Teams of Front-line Employees
 - New Innovative Ideas to Deliver County Services
 - More Productive Healthier Workplace
 - Bonus Award
 - Professional Development
-

How Did We Get Here? Union/County Collaboration

- Council April 2006
Management and Fiscal Policy (MFP) Sub-committee of the
Montgomery County Council
 - Management October 2006
Montgomery County Management Leadership Institute
 - Union July 2007
UFCW Local 1994 Labor Agreement:
 - Program Coordinator Hired March 2009
-

Goals

As a Result of the Teams
Effort

- Improve Efficiency
 - Increase Productivity
 - Reduce Costs
 - Streamline Operations
 - Enhance Customer Service
-

Need for Montgomery County

- Employee
Involvement



Program Ground Rules

- Award Based on Documented Savings
 - 50% for One Year; Appropriation Must Exist
 - Cap \$5,000
 - Voluntary
 - No Job Cuts-Only Eliminate Vacant Positions
 - Operating Budget Only
 - Job-Specific
-

Benefits

- Enhanced Involvement and Influence in Decision Making
 - Professional Development
 - Ownership
 - Managers & Employees Better Understanding
 - Organizational Agility
-

Who's on Design Team Employees Decide

- People Who are Trusted and Respected
 - People Who Get Things Done
 - People Who Will Keep Everyone Informed
 - People with a Positive Attitude
 - People with Whom you Can Live with Decision
 - People w/ Diverse Skills & Knowledge
-

Roles and Responsibilities

- Employees/Teams
 - Supervisors/Managers
 - Facilitators
 - Mentor/Coach
 - Technical Advisory Panel (RETAP)
 - Review Panel
 - CAO/Executive/Union
 - Program Coordinator
-

Design Team Proposal Process

- Form to Represent Their Division
 - Canvasses Front-Line for Ideas
 - Chooses the Best Ideas
 - Researches, Develops, and Presents Proposal (Includes Coworkers)
 - Keeps Division Informed
 - Leads Implementation w/ Coworkers
-

Training

- Facilitators
 - Managers/Front-line Supervisors
 - Department Employees
 - Design Teams
-

APPROVAL PROCESS

- Design Team Submits Proposal to Dept. Director
 - Dept. Director Forwards to Review Panel
 - Review Panel Submits Approved Proposals to CAO
 - CAO Approves/Disapproves
 - CAO Informs Union President Reasons for any Denial (In Writing)
-

Successes – Phase 1 - DOT

Traffic Engineering and Operations

- Scrap Metal Optimization Projected
 - Salvaged Scrap
 - Salvaged Aluminum
- Cost Recovery of Damaged Signal Equipment
 - Recovered Signal \$

Limitations of the Program

- Ability to Implement throughout the County
- Facilitators

Successes – Phase 1 DGS

DGS - Fleet Management Services

- "A Smarter Buying Plan"
 - Material Savings
- DGS - Facilities Management
- "Saving Energy Costs: Strathmore Music Hall"
 - Energy Savings
 - Water Savings

RESULTS of the PROGRAM

Phase I: Year One

- Increase in Participation from Departments, Team Members, and Facilitators
- Training Surveys
- Savings, Customer Service, Efficiency

Phase II: Recognition of Teams

- Recognition in Overtimes
- Presentation to Chief Administrative Officer
- Meeting with County Executive

Phase III: Spreading the Word

- Press Releases: Paperless Airplane
- Washington Post and Governing Article
- Increase in Inquiries from Other Jurisdictions
- LGPA

PHASE 2 - DEP

Watershed Management

- "Underground Storm Water Facility Maintenance Program Savings"
 - Contract Dollar Savings

Solid Waste Management

- "Excess Asset Reuse System"
 - Supply \$ Savings



MONTGOMERY COUNTY, MARYLAND

News Release

For Immediate Release: 9/11/2012

Leggett Presents Bonuses to First Team of Gainsharing/Rewarding Excellence Employees; Program Gives Front Line Employees Opportunity to Benefit from Cost Saving Ideas

Montgomery County Executive Isiah Leggett today congratulated the first team of front line employees to successfully develop and implement a cost savings program under the County's Rewarding Excellence Bonus Incentive Award Program, also known as gainsharing. Leggett presented a check for \$223 to 34 employees involved in implementing the program. Two other employees who joined the process in progress received prorated bonuses. The one-time bonuses are calculated using fifty percent of the actual cost savings realized in the first year of the project and dividing that amount equally among the implementation team members, with a limit of \$5,000 to any individual.

The Montgomery County Department of Transportation (MCDOT) Sign and Signal Shop staff developed and executed a program to recover costs from its scrap metal recycling operations by separating and selling the more valuable metals. The County generated additional revenue of \$16,047 in the first year of the program's operation.

"I want to thank the Sign and Signal Shop team for their dedication and hard work in developing a way to increase the County's revenue," said Leggett. "During these tight economic times, it's even more important that we encourage employees to find creative ways to reduce the cost of government. Empowering employees helps create more highly effective employees. The Rewarding Excellence program encourages staff to look for more efficient ways to do business, develops a sense of ownership and fosters an environment of trust and collaboration that helps achieve one of my administration's key goals – to make County government more responsive and accountable."

The Rewarding Excellence Program is a partnership between the County and the United Food and Commercial Workers (UFCW) Local 1994/MCGEO. The program encourages and promotes new, innovative ideas and concepts to enhance delivery of County services and products. The teams examine ways to improve efficiency, increase productivity, reduce costs, streamline operations and enhance customer satisfaction.

"I want to congratulate the union members and other employees who were involved in this project," said UFCW Local 1994/MCGEO President Gino Renne. "The proposals that they developed will enhance efficiency and reduce operational costs. This is an example of how collaboration between the union and the County can benefit our members and taxpayers."

Gainsharing concepts are generated by teams of eight to 12 people plus one or two facilitators who receive special training. The teams then meet regularly to brainstorm new, money-saving ideas, develop detailed proposals and then present them to senior management and union representatives for approval.

Montgomery County's gainsharing program, Rewarding Excellence, was featured in the August issue of *Governing* magazine. The *Governing* article by Katherine Barrett and Richard Greene focused on the benefits of Gainsharing during tight times when it is needed the most. Montgomery County has chosen to invest in its employees and encourage them

to develop creative ways to reduce costs by sharing the rewards.

Rewarding Excellence has so far resulted in five successful proposals that are expected to save the County approximately \$850,000 annually. Other projects are in various stages of approval. The Sign Shop's scrap metal program is the first to have completed their implementation period.

"Front-line employees are in a unique position to identify ways to work more efficiently and develop cost effective solutions," said Joe Adler, director, Montgomery County Office of Human Resources.

"People in our division occasionally see things that they think could be made more efficient or improved upon in their day-to-day work," said Joe Pospisil, team leader for the Sign and Signal Shop Gainsharing Team. "The Rewarding Excellence/Gainsharing Program gives us the opportunity to explore the ideas we have and find solutions -- where before we could only talk about them. You find out it can be a lot of work to improve processes or change habits, but in the end it's satisfying knowing you've helped out. And, the check will be nice too."

MCDOT's Sign Shop implementation team includes Greg Boyd, Ben Brown, Aweis Hassan, Ron Heffner, John Hockman, James Leach, Grover Miser, Rudy Ramirez, Terence Rhodes, Laundre Saunders and Felix Franco-Urbina. The Signal Shop implementation team includes Jake Adkins, Benji Allnut, Joe Cavanaugh, Norman Dodson, Robert Duvall, Robert Edmiston, Julio Garcia, Kerry Jones, Lee Kennedy, Robert Lozandier, Gary Morningstar, Eileen Normand, Pramod Patel, Robert Ricketts, Joseph St. Laurent, James Stevenson, Gregory Stilman, Greg Whitener, Bob Young, and Steve Young. The initial design team includes Sam Farhadi, Stella Igbinedion, Kutty Menon, and team leader Joe Pospisil. Marianne Stevenson was the Department of General Services liaison.

"I am very proud of our MCDOT employees, their creativity and willingness to go the extra mile to ensure that their operations are the best they can be," said MCDOT Director Art Holmes. "Changing the way things are done is not always easy. But it is those employees who do the job that know best where the opportunities lie to do things more efficiently."

More information about Montgomery County's Gainsharing/Rewarding Excellence program is available on the [County's website](#).

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Release ID: 12-254

Media Contact: Esther Bowring 240-777-6507

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MONTGOMERY COUNTY, MARYLAND

News Release

For Immediate Release: 8/15/2012

Montgomery County's Gainsharing Program Featured in Governing Magazine

Montgomery County's gainsharing program, Rewarding Excellence, was featured in this month's issue of *Governing* magazine. Begun in 2009, Rewarding Excellence has so far resulted in five successful proposals from front-line employees that are expected to save the County approximately \$850,000 annually. Other projects are in various stages of approval.

Gainsharing program ideas are generated by teams of eight to 12 people plus one or two facilitators who receive special training. The teams then meet regularly to brainstorm new, money-saving ideas, develop detailed proposals and then present them to senior management and union representatives for approval. Team members are rewarded for successful programs with one-time bonuses of up to \$5,000, depending on the amount of money the program saves.

"The gainsharing program not only saves the County money in the long term, but also empowers employees to take more responsibility for ensuring that taxpayer dollars are being spent in the most efficient way possible," said Joe Adler, director, Montgomery County Office of Human Resources. "Employees who take part in Rewarding Excellence develop a sense of ownership in their work, fostering an environment of trust and collaboration that results in highly effective employees."

Although the *Governing* article by Katherine Barrett and Richard Greene focused on problems gainsharing programs are having during tight times, Montgomery County's program actually began during the peak of its economic downturn to encourage teams to develop creative ways to reduce the cost of government.

"Front-line employees are in a unique position to identify ways to work more efficiently and develop cost effective solutions," said Adler. "We are partners with our talented workforce in finding ways to make a top-notch government even better."

View [Governing magazine's article](#) online.

More information about Montgomery County's gainsharing program is available on the [County's website](#).

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Gainsharing Falls Victim to Tight Times

The concept of sharing unspent dollars with other employees and agencies saves governments money but is often ignored when budgets are the smallest.

BY: Katherine Barrett & Richard Greene | August 2012

There's an interesting, if unhappy, phenomenon that seems to accompany tough economic times. Let's call it the "missing umbrella in the rain" syndrome. The general idea is that many of the most powerful management tools -- the ones that can be of great use when government revenues are down -- fall by the wayside in hard times.

This thinking was provoked when we started looking into the state of gainsharing for state and local governments, a program in which a central government permits savings on a particular project or effort to be shared with employees, teams or the agencies that were responsible for the unspent dollars. The approach can be used in a wide variety of ways, but at its heart, "it encourages organizations to work in teams," says Sally Selden, a professor at Lynchburg College. "Everybody benefits."

There were quite a few gainsharing efforts in the late '90s and the early years of this century. But a number of these programs have shut down since then -- some as a result of changes in administration, the extreme tightness of money or an unwillingness to see any savings flow to employees that could flow instead to the general fund.

It's that latter rationale that David Ammons, professor of public administration and government at the University of North Carolina at Chapel Hill, finds faulty. "The logic of gainsharing should be at least as compelling in tough times as in good times," he says. "Most gainsharing programs operate from new savings, so they require no special appropriation. Most share only a portion of the savings as employee bonuses, so there is still a net savings to the government."

Montgomery County, Md., officials began a gainsharing program in 2009 with support from the unions as well as the county council and county executive branch. It focuses on teams of front-line employees who are trained to look for ways their agency or program can save money. The teams, usually with eight to 12 members, are then guided to develop full-blown proposals that are well researched and can be implemented relatively quickly.

When they're successful, all the people involved are rewarded with bonuses, capped at \$5,000 apiece. Only programs with documented savings pay the bonus, which means the program pays for itself. Half of the savings are distributed to the team, so \$100,000 in savings would yield \$50,000 to be distributed in bonuses.

"It's not a quick process," says Kaye Beckley, business operations and performance manager for the Montgomery County's Office of Human Resources. "Bonuses are short term, but the changes in the organization are there for the long haul. That's the opportunity."

While many ideas are generated, only a few end up as full-blown proposals. Those have to go through an approval process. So far, about half a dozen proposals have made their way through the maze. The first was in the sign and signal shop of the Transportation Department. The idea focused on the department's scrap metal. In the past, the county paid a trash hauler \$430 to take away the scrap metal that came from sign production or discarded signs. Employees came up with the idea to sell the metal instead to a scrap metal dealer. By separating metals with resale potential from those that had no value, the sign and signal shop was able to generate \$1,819 from the salvager the first time it tried out the system. Once the program went into effect, documented savings were \$15,000, with \$7,500 to be divided among 65 employees.

Other ideas for gainsharing programs have cropped up in discussions of payment reform in health care. There, the goal is to change the incentive for physicians so that they move away from a system in which they earn more money by providing more services to one in which they earn bigger bucks through more efficient uses of resources and providing higher quality of care. Arizona, for example, is currently working with its managed care health plans to create a gainsharing model. The state is looking for new reimbursement policies in which health plans and physicians can receive incentives to reduce emergency room utilization and readmissions. How might they accomplish this? One suggested route: Physicians could be eligible for a portion of the gainshare savings if the extension of their office hours or the addition of same-day appointments results in decreased emergency room use for their patients.

Obviously, we see gainsharing -- if implemented effectively (a very big "if") -- as worthwhile. As such, we're disappointed to find that its use has been on the wane. At the same time, we recognize that there are potential pitfalls that need to be addressed before any state or locality undertakes a gainsharing program:

- Some gainsharing programs produce monthly reports that, among other things, show that some people are likely to earn a bonus based on gains the program is producing. However, in the last month or two, the reports may show the gains -- and therefore the bonuses -- disappearing, and that can be very demoralizing. Says Selden: "It's worse to create the expectation that you're going to reap a benefit and then have that dissipate."
- For gainsharing to work well, entities have to set up detailed processes and sometimes complex infrastructure. This can be expensive and time consuming.
- Entities that short-change training as the basis for gainsharing programs are unlikely to succeed.
- It is essential, even though it is very difficult, to get everyone -- top to bottom -- on board. That everybody, says Joseph Adler, director of the Office of Human Resources for Montgomery County, includes front-line employees, leadership, management and unions.
- At a time when employee compensation is being closely scrutinized, critics may rail at the idea that any more money should go into employees' pockets, particularly when services are being cut. Says the University of North Carolina's Ammons, "The whole idea goes down hard for critics who believe that governments already are entitled to their employees' best ideas and most diligent efforts, without paying more to get them."

This article was printed from: <http://www.governing.com/columns/smart-mgmt/col-gainsharing-falls-victim-to-tight-times.html>

“Scrap Metal Optimization” Team Completes First Year of Implementation— top



County Executive Isiah Leggett with Team Leader Joe Pospisil.

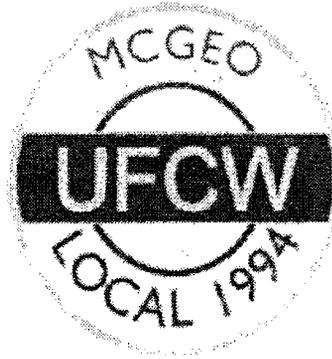
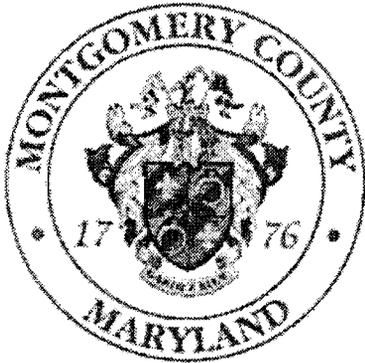
The “Scrap Metal Optimization” team of the Rewarding Excellence Program completed one full year of implementation.

Approximately \$16,000 was documented as additional costs recovered by the County through separating its scrap from aluminum and selling to a salvage company. With the savings shared between the 36 members of the implementation team and the County on a 50/50 basis in the first year, 34 team members received a check in the net amount of \$229 and two additional members received prorated checks based on time of service in the department during the implementation period.

County Executive Isiah Leggett personally congratulated each and every implementation team member by handing them their check.

“I want to thank the Sign and Signal Shop team for their dedication and hard work in developing a way to increase the County’s revenue,” said Leggett. “During these tight economic times, it is even more important that we encourage employees to find creative ways to reduce the cost of government. Empowering employees helps create more highly effective employees. The Rewarding Excellence program encourages staff to look for more efficient ways to do business, develops a sense of ownership and fosters an environment of trust and collaboration that helps achieve one of my administration’s key goals – to make County government more responsive and accountable.”

An article about gainsharing in the August 2012 edition of Governing magazine stated that many governments eliminate programs in tight times when they need them the most. Instead, Montgomery County has made every effort to support the Rewarding Excellence program not only by collaborating with the Union, but also partnering with its employees in finding ways to become more efficient.



Dear Colleague:

Montgomery County Government has partnered with the United Food and Commercial Workers (UFCW) Local 1994/Montgomery County Government Employees Organization (MCGEO) to implement the Rewarding Excellence/Gainsharing Program for its employees. The program rewards County employee teams for developing creative ways to reduce the cost of government.

“Front-line employees are in a unique position to be able to identify ways to work more efficiently and we believe they will have the best solutions to efficiently and effectively move Montgomery County forward,” said County Executive Isiah Leggett. “A cornerstone of my administration has been to bring everyone to the table and give them a voice in the outcome. This initiative does just that and I look forward to working with our talented workforce to find ways to make a top-notch government even better.”

The Rewarding Excellence Bonus Incentive Award Program is designed to encourage and promote new, innovative ideas, concepts and strategies for the cost-effective delivery of County services and products.

A review panel, consisting of four top-level representatives from Montgomery County Government and four top-level representatives from MCGEO will review all proposals and forward the approved proposals to the Chief Administrative Officer. To help employee teams enhance their proposals, a Rewarding Excellence Technical Advisory Panel has been created,

consisting of representatives from the following offices: Management and Budget, Finance, Procurement, Human Resources, County Stat and Local 1994.

“Local 1994 is pleased to be a partner with Montgomery County Government in achieving operational excellence. I’m confident that this program will help ensure that our members with their front-line expertise will be recognized and rewarded, resulting in a more efficient and cost-effective service delivery model,” says MCGEO President Gino Renne.

Some highlights of the program include:

- Teams of employees work together to submit ideas as opposed to individual employees;
- Local 1994 employees, General Salary Schedule employees and first-line supervisors are eligible to participate;
- Employee teams who implement recommendations that improve efficiency, increase productivity, reduce costs, streamline operations, enhance customer satisfaction, and create a healthier work place will be rewarded for their efforts with a modest bonus for team members;
- Employee teams will receive training in communication, problem solving and team building, and will be paired with employee facilitators trained extensively in communication and team building. All program participants will have the chance to develop competencies that will help them to grow professionally.

This initiative is currently in the process of being implemented. For more information, please refer to the Rewarding Excellence Guidelines on the Rewarding Excellence website by clicking on the Office of Human Resources/Resource Library/Performance Matters/Rewarding Excellence/Gainsharing or contact Melissa Boone-Miller, Rewarding Excellence Coordinator, at melissa.boone-miller@montgomerycountymd.gov.

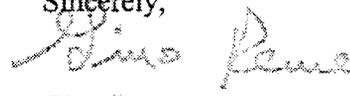
Sincerely,



Isiah Leggett

County Executive

Sincerely,

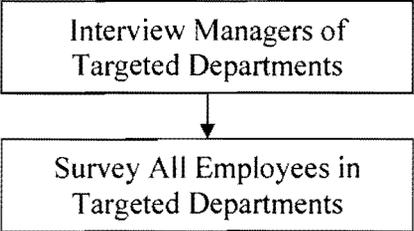


Gino Renne

President, UFCW Local 1994

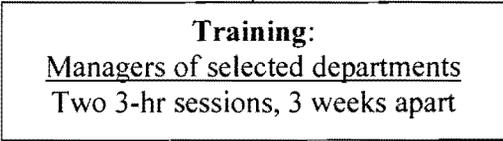
REWARDING EXCELLENCE PROCESS

**PHASE 1 –
Information
Gathering**



Departments Determined Ready for Rewarding Excellence/Gainsharing

PHASE 2 - Training



Select Facilitators to work with Design Teams (Facilitators should not be subject matter experts in the material they will be facilitating)

Hold Information meetings in departments to have Employees self-select Design Team(s) of 8-12 Members

Training:
Facilitators
3 days of mastery level skills inclusive of communication

Training:
Design Teams
2 days (1 With Facilitator)

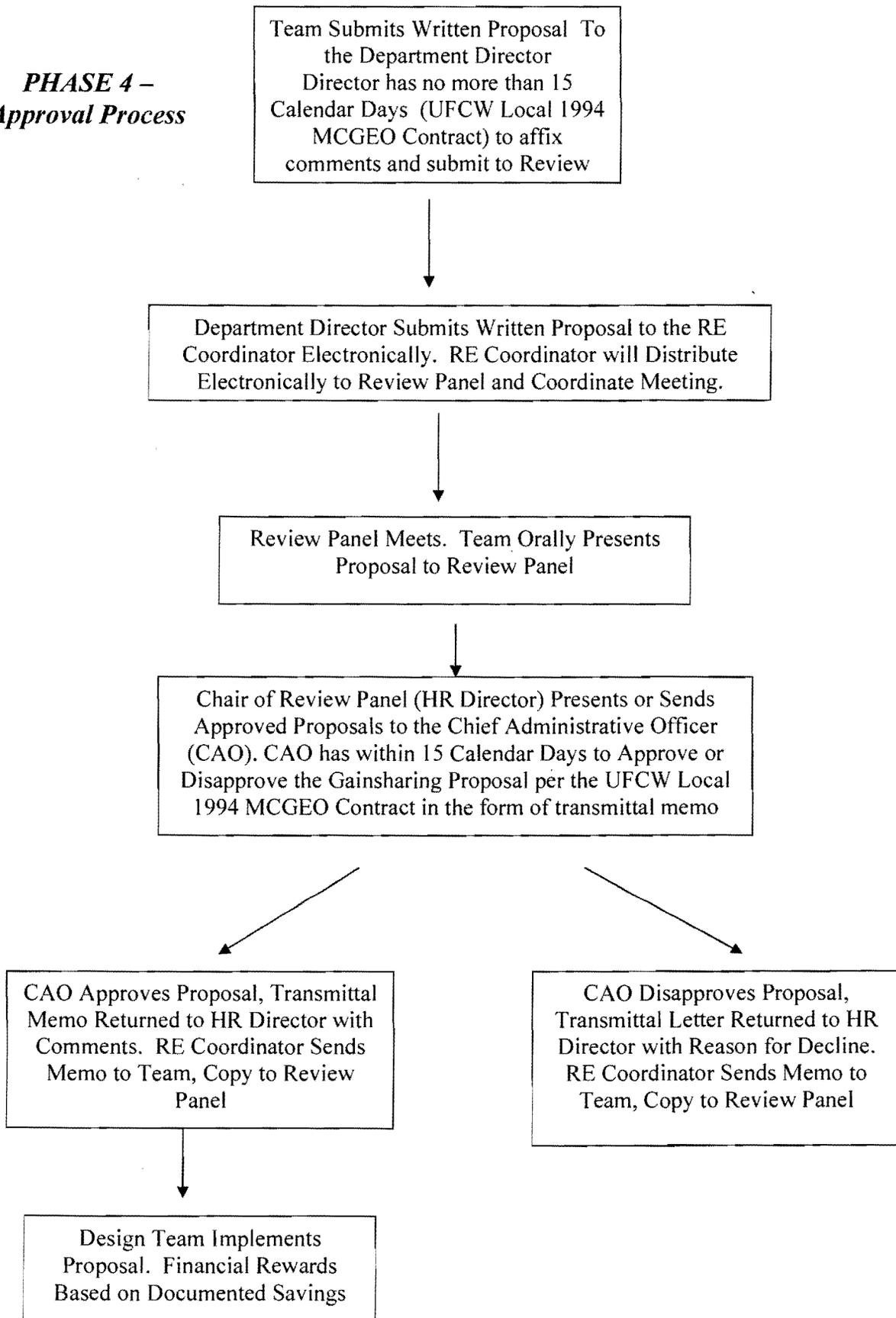
PHASE 3 – PROPOSAL DEVELOPMENT

Design Teams (working weekly with Facilitators) develop written proposals inclusive of County Executive's priority objectives show how proposal relates to County Executive Objectives

Mentor reviews draft proposal and provides guidance (Strongly Advise)

Design Team Meets with RETAP (Technical Advisory Group) (includes: Budget, Procurement, Union, HR)
Meeting Coordinated by RE Coordinator
Each Response Must be Completed within 15 Calendar Days per UFCW Local 1994 MCGEO Contract

***PHASE 4 –
Approval Process***



REWARDING EXCELLENCE PROGRAM GUIDELINES

Montgomery County Government

What is Rewarding Excellence?

The Rewarding Excellence Bonus Incentive Award Program is designed to encourage and promote new, innovative ideas, concepts and strategies for the cost effective delivery of County services and products. The program rewards general salary schedule employees and first-line supervisors – those supervisors who only supervise employees who do not supervise for implemented recommendations that improve efficiency, increase productivity, reduce costs, streamline operations, and enhance customer satisfaction. When cost savings are realized, employees receive a portion of the cost savings in the form of a bonus.

Citizens and stakeholders in local government will benefit from the Rewarding Excellence Gainsharing program as new ideas or ideas that have not been implemented in the past are implemented and allow Montgomery County Government (MCG) to continue to provide services in an efficient and cost-effective manner. Employee ideas may enable MCG to improve turn-around-times for continued delivery of services and/or may be able to improve the quality of services.

County Government will benefit by rewarding innovation with modest bonuses through a program whose costs are covered through actual measurable cost savings generated by implementation of recommended proposals. Ideas generated through the program may identify productivity improvements necessary for the continued delivery of necessary services at an improved-level of citizen satisfaction.

Employees will benefit from enhanced involvement and influence in making beneficial changes in the workplace leading to additional job satisfaction. This level of involvement by the employees will lead to continued and enhanced professional development and the potential for a nominal award from the Rewarding Excellence/Gainsharing program.

MCG Managers will benefit from the Rewarding Excellence/ Gainsharing program as employees are able to shift from reacting to proactive implementation thus leading to enhanced focused department performance. As employees and managers develop a better understanding of one another through this process, teamwork is improved as well as employee/employer partnerships.

Montgomery County Government will utilize the Rewarding Excellence Gainsharing process to multiply the effectiveness of managers by empowering employees to fully research, develop, and implement ideas and innovations. Under this program, the manager's role changes from decision maker to coach. The skills taught and developed through the experience of the program will enable employees to work smarter, not harder thereby strengthening their ability to do more with less. By multiplying the effectiveness of managers and employees, Montgomery County Government will be able to save taxpayer dollars, maintain services, and retain a highly performing and well qualified work force.

REWARDING EXCELLENCE PROGRAM GUIDELINES

Montgomery County Government

Program Authority

The authority for this program is the MCGEO Collective Bargaining Agreement (CBA) and Montgomery County Personnel Regulation (MCPR), Section 10-20.

Teams of Employees Submit Ideas

Teams of employees submit ideas as opposed to the individual employee. Montgomery County Government has other incentives/rewards for individual employees.

Management Ideas/Normal Duties and Responsibilities/Budget Process

Managers who have ideas regarding process improvements, efficiencies etc. should continue to work these ideas through their organization. Ideas from employees or first-line supervisors for Rewarding Excellence should be new or never implemented. The existence of this program should not preclude managers from implementing existing ideas in their departments.

Normal Duties and Responsibilities: The Rewarding Excellence Program is not intended to and must not replace the existing routine operating processes of County Government departments and offices including, but not limited to preparation of procurement documents and completion of routine and assigned tasks, engineering studies, operational analysis etc. Work directives from the Director or managers may not be assigned to Rewarding Excellence teams, as such, but must be completed in the normal course of business.

Budget Process: Proposals can not include departmental recommendations submitted to the Office of Management and Budget as part of a required budget reduction process or as part of the County's budget process.

Existing Initiatives: Savings identified and planned under existing County initiatives or strategic plans are excluded from consideration as Rewarding Excellence proposals such as savings identified as part of business process review and reengineering conducted under the Technology Modernization CIP project.

Who is Eligible?

Any MCGEO bargaining unit employee, general salary schedule employee, and first-line supervisor, including part time and seasonal employees, who receives a "Satisfactory" or better ratings in their most recent performance evaluation and maintains at least a "Satisfactory" performance level throughout the term of the project can participate in *Rewarding Excellence*.

Those in acting positions will be eligible as long as the acting employee's regular position is one of front-line employee or first-line supervisor.

REWARDING EXCELLENCE PROGRAM GUIDELINES ***Montgomery County Government***

Any MCGEO bargaining unit employee, general salary schedule employee, and first-line supervisor, may be added to the implementation team through the submission and approval of the proposal or who are in place at the time of proposal implementation with the design team consensus and submitted to the Rewarding Excellence Coordinator.

Employees who are part of a staff organization listed below or whose job duties according to their classification specification are to identify and implement efficiencies, productivity improvements, and cost savings, are not eligible for bonuses through this program. Additionally, any employee who is responsible for contract administration is not eligible to participate in a Rewarding Excellence Team.

Excluded Staff Organizations are as follows:

Office of Management and Budget
Offices of the County Executive
Office of Human Resources
Legislative and Judicial Branch Offices
Office of the County Attorney

Participation is Voluntary

If an employee chooses not to participate; they do not have to participate.

THE PROCESS

Department Selection

The Rewarding Excellence team will talk with the management in MCG and the Union to determine which departments would have the greatest potential for success with the Rewarding Excellence program. We will also conduct an environmental scan and conduct readiness surveys to determine the prospect for programmatic success in the targeted departments.

Department Readiness Surveys

The Rewarding Excellence team will conduct employee/management readiness surveys before beginning Gainsharing /Rewarding Excellence in a department. The purpose of the readiness survey is to ascertain employees' and the management team's readiness for Rewarding Excellence and the probability of a program success. This survey plays three important roles in the successful implementation of Rewarding Excellence. First, it identifies obstacles that employees believe exist in the department. Secondly, the survey begins the active involvement and inclusion of employees and managers in the process. The key to a successful Rewarding Excellence program is employee involvement and this involvement prepares the front-line employees for upcoming change. The third role is to develop base line data for each department's perceptions and beliefs. Surveying Managers and employees in the same time period will ensure that we can compare results gathered.

REWARDING EXCELLENCE PROGRAM GUIDELINES

Montgomery County Government

Employee readiness surveys will be conducted in person to avoid language and/or writing barriers, conducted on-line, and/or a combination of both methods. Employees will be gathered in groups to take a written survey. The Rewarding Excellence team will work with the Department selected to structure the groups to ensure that this survey is conducive to the work day. Surveys will be placed in a sealed envelope and sent to the consultant for evaluation. Data from these surveys will be tabulated into five categories: 1. inclusion and involvement; 2. leadership and control; 3. mixed leadership and standards; 4. standards; and 5. goals, objectives, and tasks.

Management Information and Training

Rewarding Excellence success is highly dependent on the commitment and understanding of the entire management team. This training is designed to familiarize managers with the collaborative nature of the Rewarding Excellence process and explain the role that each organizational member plays on the Rewarding Excellence team.

Management training is a program that includes all participating unit managers. To meet MCG's unique requirements we can divide the training into two three-hour sessions three weeks apart to allow for follow-up. The training goal is to build understanding and commitment in the early stages of the process. Training will include the following:

- Introduction and Overview
- Rewarding Excellence/Gainsharing Defined - History and Benefits
- How Will Rewarding Excellence/Gainsharing Affect Your Organization?
- Organizational Readiness
- The Bonus System Selected by MCG
- Roles of Manager, Team Leader, Team Member, Facilitator
- Leading Change
- Empowering for a Change
- Leading Participation and Involvement

Information Meetings – Problem Solving Design Teams Selection

Less than one-hour, large group information sessions are held by the Rewarding Excellence Coordinator for all front-line, supervisory, and management employees in the selected departments. These sessions may include up to one-hundred employees at a time and are held at the beginning or end of a shift during their normal work day. The timing of these sessions is conducive to maintaining a normal work day. The goal of these sessions is to emphasize Rewarding Excellence as a positive change and have the employee begin to think about Rewarding Excellence ideas. During these sessions, the following items will be covered with the Rewarding Excellence Coordinator and possibly Union Representation.:

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- The Definition and History of Rewarding Excellence (RE) – How did MCG come up with RE?
- Executive Commitment – Supported by the Chief Administrative Officer and Department Director
- The Rewarding Excellence Process
- Goals of the Program
- Select and Build Design Teams Based on the Responsibilities and Criteria listed below

Design Team Responsibilities

- Look out for Division
- Inform Division
- Gather Division Ideas
- Research
- Write Proposals
- Present Ideas
- Implement Proposals

Design Team Membership Criteria to Consider

- People who are Trusted and Respected.
- People who Get Things Done.
- People who will Keep Everyone Informed.
- People with a positive attitude.
- People with whom you can Live with Decision (consensus).
- People with Diverse Skills and Knowledge.

Select Design Teams

At the information session, the Rewarding Excellence Coordinator will help the participating unit form a problem-solving design team through brainstorming and consensus. See Consensus found on the website for a more thorough understanding of Consensus. Consensus means not everyone's first choice but everyone can live with the choice. Each work unit that participates in Rewarding Excellence will build a problem-solving design team of 8 – 12 employees that will represent the work unit. Team members will consist of front-line employees – anyone who is not a supervisor or manager - and possibly first-line supervisors.

Selecting and Assigning Facilitators

A highly effective method for strengthening design teams and ensuring productivity is to give each team a well trained facilitator. Facilitators help limit the organization's dependence on a consultant and foster organizational independence.

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The Rewarding Excellence Coordinator will insure that MCG has enough trained and confident facilitators to effectively move the participants through the Rewarding Excellence process so that the team can develop a proposal and implement ideas immediately after the proposal is approved. Facilitator's will receive training in communication skills, team building, consensus, structured problem solving, convergent and divergent problem solving tools and much more. Training is three days, one day per week over a three week period with assignments in between. Facilitators also attend 2-hr monthly follow-up sessions. To minimize the facilitator's time outside of their department, training with the design team is limited to the second day of training. The time commitment will average 1/day per month over the course of the year; however, more days may be needed in the beginning due to the learning curve and training/scheduling. The Rewarding Excellence Coordinator will monitor the facilitators' progress and hold follow-up training, support groups, and consultative coaching sessions. These sessions insure that the internal facilitators give their design teams consistent, high-quality training and team facilitation. Training is provided by the Rewarding Excellence Coordinator in conjunction with the Consultant who is skilled in Organization Development.

Facilitators are expected to remain with the program for a minimum of two years but are encouraged to remain as long as they are able. To insure that the facilitator and their management are able to commit to this opportunity, a Facilitator Contract is initiated between the Rewarding Excellence Coordinator, the manager of the potential facilitator, and the facilitator. The benefit to the facilitator is the continued professional development of team building, problem solving, and communications skills. Facilitators are not included in the distribution of any cost saving bonuses. The benefit to the department of the facilitator is having a skilled professional in the department who can effectively and efficiently lead or facilitate other meetings, build teams, and offer a variety of problem solving approaches.

Facilitator's are recruited from the departments involved in the program. Facilitator's are placed by the Rewarding Excellence Coordinator with teams where the facilitator has no technical expertise and where there is an appropriate fit. For example, a Facilities Maintenance Facilitator may work with a DOT team. This way the facilitator will focus only on his/her facilitation skills and not on the technical content subject matter. The characteristics of an effective facilitator are listed below as follows:

Characteristics of an Effective Facilitator

- Willingness to Take Risks
- Genuine Concern for the Growth of Others
- Commitment from Facilitator's Supervisor/Manager to Allow for Participation and Acceptance as part of the Employee's Role
- Constructive Approach to Problems
- Confidence
- Self-Control
- Excellent Listening Skills

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- Goal-Directed
- Positive Attitude

Facilitators' departments will benefit from the skills of their trained facilitator by frequently using the facilitator's skills to increase the efficiency and effectiveness of operational meetings and projects within their own departments. Facilitation is a great opportunity for professional development.

Hours of Work, Scheduling and Teams

Unless approved by the Department Director, there may not be more than two Rewarding Excellence teams in any department. In addition, employees on the teams may not spend more than two hours per week on team project without the approval of the Director. Upon initial implementation, time commitment may be greater than two hours/week but the total should be no more than an average of 2 hours/week. Scheduling of team meetings can not conflict with performing assigned work or participating in other activities, projects, or meetings required by the County Government. Further, participation in a Rewarding Excellence Team proposal may not cause regular work to be performed on overtime or employees participating in Rewarding Excellence teams may not earn overtime while attending Team meetings or performing other work related to team proposal. The use of overtime suggested in proposals may be justified on a short-term, no longer than one year, basis as long as a cost/benefit analysis is performed. Also, the savings should occur in the same fiscal year.

Teams Develop Written Proposals

In order to develop comprehensive proposals, the Rewarding Excellence teams are trained in team building, problem solving skills and proposal development. The teams are paired with a well-trained facilitator who will continue to assist them in applying skills learned. Teams will be guided to select a leader during the initial training. This is a tremendous professional development opportunity for all of the individuals on the team.

Teams will gather ideas from their work area peers and bring to their team meetings. Through consensus teams work on the best ideas and develop written proposals. The team's written proposals will be based on the Rewarding Excellence proposal guidelines and the sample proposal/application and will show how the proposal relates to the County Executive's priority objectives. Proposal Guidelines were developed with the MCG Office of Management and Budget, Finance, Procurement, County Stat, and the County Attorney's Office. Teams should refer to these guidelines in writing their proposals. There is also a Rewarding Excellence Application/Proposal Recommended Format and a Sample Proposal from the Department of Traffic Engineering and Operations "Scrap Metal Optimization" team that teams should refer to in writing their proposals.

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Department Mentors

It is recommended that before the team shares the proposal with the RETAP, the team share their proposal with the team mentor.

The team mentor's role is to guide and advise problem solving and idea development design teams while not actually controlling the team. Team members should regularly seek advice from their mentor about their ideas, solutions, organizational politics and their proposal. Mentors are an "on-call" resource for the team and do not need to attend team meetings. The team mentor is someone within the department, appointed by the Department Director and is outside of the team's direct reporting line. The mentor can give input, perspective and bridge communication gaps.

Each design team is comprised of front-line employees and front-line supervisors. The team has its own peer leader and a well trained, volunteer facilitator in addition to the mentor.

The Rewarding Excellence (RE) Coordinator is the mentor's backup and supplies the mentor with sample proposals, guidelines and any assistance he/she may need.

Mentors Responsibilities:

- Attend Rewarding Excellence/Gainsharing Management Training.
 - Demonstrate that with capable mentoring and adequate resources the team will succeed beyond expectations.
 - Negotiate with the management team when design team members have difficulty finding reasonable times or places to meet.
 - Strongly advise and question but do not demand that a team explore a different plan or idea when their current direction:
 - has a potentially low return in service improvement, efficiency or fiscal benefit,
 - will negatively affect morale as indicated by an established survey,
 - is considered politically inappropriate when it is outside the Department's Mission and County Executive's Priority Objectives,,
 - primarily lies outside of the team's own department (i.e. building maintenance wants to reduce police overtime.)
 - overlaps with an idea that the Department is currently working on through a strategic plan or planning process.
- NOTE:** On rare occasions teams may defy all advice and pursue a disappointing course. The RE coordinator will intervene.
- Encourage partnering with another Department if responsibilities cross Department's and the other Department is also participating in Gainsharing.

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- When necessary, explain the norms, cultural realities and processes of creating change in a large organization.
- Review any draft proposals for adequacy, organization, realism and grammar. Measurement of outcomes is a very high-priority consideration in MCG.
- Identify additional resources the team may need (i.e. an employee who works with PowerPoint or Excel.)
- If asked, critique the team's proposal presentation.
- Sign off on the proposal as the mentor before submitted to the Review Panel.

Time Required:

Estimated time required is one-hour per month. Teams usually consult their mentor when confronted with organizational issues and when they approach the proposal writing stage. Mentors should plan to work with their design teams for at least one year and longer if they choose. Mentors responses should be completed within 14 calendar days to insure the application/process occurs in a timely manner.

RETAP (Rewarding Excellence Technical Advisory Panel)

While employees/team members know how to do their job better than anyone else, they often do not understand the ramifications in the area of budget, legal, procurement etc. Prior to submitting a proposal/application to the Review Panel, an employee team must utilize the Rewarding Excellence Technical Advisory Panel (RETAP). Members will include key technical experts from the Office of Management and Budget, the Office of Procurement, the Office of the County Attorney (consultative basis only), County Stat, the Office of Human Resources, the Department of Finance and UFCW Local 1994 MCGEO.

The Rewarding Excellence Coordinator will set up the meeting with the RETAP upon being contacted by the leader that the team is ready. Prior to the work session date, the team should send copies of the team proposal to each member of the RETAP. These work sessions will allow the proposal team to ask questions of the technical panel, and receive assistance in finding and analyzing relevant data, and developing appropriate measures of success. If a question arises that needs to be addressed by one of the above members, the Rewarding Excellence Coordinator should be contacted to coordinate information sharing.

Proposals should be submitted to this panel and the Rewarding Excellence Coordinator based on an initial schedule. A RETAP Summary Template located on the Rewarding Excellence Website should be referred to for this Panel to submit their comments individually so the Review Panel can see the RETAP comments and how the team responded. This comment template will also include space for the team to comment on how they addressed the comments of the Panel or why they chose to ignore the RETAP's advice. Each RETAP Member response will be completed within 15 calendar days to

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insure the application process occurs in a timely manner per UFCW Local 1994 MCGEO Contract.

The Rewarding Excellence Technical Advisory Panel will not make value judgments on the merit of the proposals. The function of this panel will be to point out the technical pros and cons of the proposal, related strictly to performance outcomes, budgetary and procurement considerations. RETAP Members should ask enough questions pertaining to the team's proposal that by the time the Review Panel sees this proposal, the Review Panel could make a decision in that meeting.

The team modifies their proposal as needed based on the comments and suggestions from the RETAP. Comment sheets will follow the team proposal so that all reviewing can see the functional department's responses and how the team chose to respond to those responses.

The Approval Process

Team proposals that have been reviewed by a mentor and the RETAP should be submitted electronically to the Department Director for comments. A cover sheet found on the Rewarding Excellence website entitled "Director Letter" should be included on top of the proposal. The Department Director has no more than 15 calendar days per UFCW Local 1994 MCGEO contract to review the Rewarding Excellence proposal, add comments, and forward the document to the Rewarding Excellence Coordinator electronically so the proposal can be distributed to the Review Panel, optimally one week prior to scheduled meeting. to set up a meeting with the Review Panel. A total of 90 minutes will be allotted for this meeting per the Review Panel Ground Rules established

Each Review Panel Member is expected to attend all meetings; therefore, meetings will be scheduled in advance. If a Review Panel Member can not attend, comments should be sent to Rewarding Excellence Coordinator one day prior to scheduled meeting on the Review Panel Comments Template. The Chair will read the comments of the absent member at the scheduled meeting. Consensus will be reached by the attendees. If member can not attend meeting on site, member may attend by conference call. Rewarding Excellence Coordinator will obtain presentation materials and forward to missing member in advance of meeting. Presentation materials could include power point presentations, video etc. If Consensus is not reached, then a second meeting will be held. If consensus can not be reached at second meeting, then majority vote will be utilized. If Review Panel Members tie then proposal will be considered to be disapproved.

Team members will meet with the Review Panel to present their proposal. The Review Panel consists of four appointees by the Office of Human Resources Director (Appointees are to be made from the following departments: the Finance Department, the Office of Management and Budget, the Office of Human Resources, and the Office of Procurement) and four appointees by the UFCW Local 1994 MCGEO president. The team will have approximately 10 – 15 minutes to make their presentation. The Review Panel will then have 20 minutes to ask questions or offer comments on the team's presentation. The team

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will then leave and the panel will reach consensus on approving the proposal. The Director of Human Resources is the Chair of this Panel.

Through Consensus the Panel approves or disapproves the Rewarding Excellence/Gainsharing proposals. This panel may consult with the County Executive, the Chief Administrative Officer, County Attorney, Department Directors, Consultants or others in examining the proposal's feasibility, legality, projected cost savings, or in determining whether to implement the submitted proposal. Any proposal/application may be returned to the participants for clarification if there are questions or concerns.

The Director of Human Resources as the Chair of this Panel will meet with the CAO or send the approved proposal with a transmittal letter as cover within 2 Days to the CAO for review.

The Chief Administrative Office shall issue a decision to approve or disapprove the Review Panel approved gainsharing proposals within 15 calendar days per UFCW Local 1994 MCGEO Contract. The CAO will review the Gainsharing proposal, and return the transmittal memo indication "approved" or disapproved" and any comments to the Director of Human Resources, copy to the Rewarding Excellence Coordinator. The Rewarding Excellence Coordinator will send the team correspondence with notification and a copy will be sent to the Review Panel Members.

As the Design Team implements approved proposal, if County Council action is required to implement a proposal (e.g. legislative change, budgetary appropriation) and the Council fails to take the required action then the proposal is deemed "not approved".

No Appeals

Neither the Union nor a bargaining unit employee may grieve or appeal any decision by the Review Panel relating to the Rewarding Excellence Bonus Incentive Awards Program.

Proposal Scope, Measurement, Documentation Period, and Subsequent Proposals

Scenario One – The design team creates the scope of the proposal but once the Review Panel reviews the proposal, the Review Panel limits the scope of the team's proposal to a pilot or a prototype. The team will then measure and document savings during the proof of concept period and after the proof of concept period, the team has one year to submit the remaining scope of the proposal inclusive of the rationale for the expansion of the proposal scope. Both the original proposal and the additional proposal with expanded scope will fall under the UFCW Local 1994 MCGEO Contract Bargaining Agreement (CBA) of \$5,000 per proposal/idea per employee team member. If the team decides not to expand their proposal and decides that the payout should occur sooner based on the proof of concept period only, then the measurement period will begin upon the implementation of proof of concept and continue according to the Rewarding Excellence program guidelines of one year or at the designated time-frame listed in the proposal.

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Scenario Two – The design team limits the scope of their proposal based on a proof of concept design. The team will then measure and document savings during the proof of concept period and after the proof of concept period, the team has one year to submit the remaining scope of the proposal inclusive of the rationale for the expansion of the proposal scope. Both the original proposal and the additional proposal with expanded scope will fall under the UFCW Local 1994 MCGEO Contract Bargaining Agreement (CBA) of \$5,000 per proposal/idea per employee team member. If the team decides not to expand their proposal and decides that the payout should occur sooner based on the proof of concept period only, then the measurement period will begin upon the implementation of proof of concept and continue according to the Rewarding Excellence program guidelines of one year or at the designated time-frame listed in the proposal.

Scenario Three – The design team creates the scope of proposal with no mention of extending the concept outside of the nature in which the proposal was submitted. Measurement and documentation will begin upon implementation and continue according to the Rewarding Excellence program guidelines of one year or at the designated time-frame listed in the proposal.

Proposals Beyond Department Boundaries

Teams should work on suggestions/ideas that affect their work process in the area of improving efficiencies, increasing productivity, reducing costs, streamlining operations and enhancing customer service. If the team is working on a process change/enhancement and determines in the research stage that there is another Department who owns a piece of the process as it affects their budget, then the initiating team must collaborate and partner with the Department who co-owns the process if they choose to show savings or revenue enhancements in that department. If the owner of the process is not yet part of the Rewarding Excellence Program, then please call the Rewarding Excellence Coordinator

Addendum should include the following:

Addendum Submission Date: _____

I. Design Team and Proposal Information

- | | |
|--|--------------------------------|
| • Name of Design Team
Contact Info | Name of Design Team Leader and |
| • Name of Proposal | Date of Proposal Approval |
| • Time-Period of Proof of Concept (this may require explanation) | |
| • Results of Proof of Concept Period | |
| ○ Measurement | |
| ○ Savings | |

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II. Proposal Addendum Details

- What change/modification do you want to add to your proposal?
- What are the additional Potential savings that will result from the change/modification of your proposal?
- What cost center will the savings be created?
 - Measurement and Documentation Plan
- What additional/Potential costs will result based on the change/modification? Indicate which cost center will provide the additional costs?
- How does this addition affect your implementation time-frame?
- Will your implementation team change? If so, List below your implementation team members.

III. Addendum Approval Process

Approval Process will be as follows:

RETAP – N/A These members have already seen the proposal and evaluated the proposal

Director – 15 Days

Review Panel – Meeting so we can get a quick response

Measurement and Documentation Plan and Confirmation of Savings

See Process Chart

Measurement and Documentation Progress Reports will be Handled as follows:

Progress reports should be sent to the Rewarding Excellence Coordinator quarterly unless the savings are accumulated in a different manner, i.e. all at one time. Team leader will be responsible for ensuring that the spreadsheets are updated and sent to the Rewarding Excellence Coordinator on a quarterly basis (beginning after implementation). If there are significant variances in savings projected, please explain on the spreadsheets.

If there is a notable discrepancy or change in the methodology, The Rewarding Excellence Coordinator will inform all of the members of the Measurement and Documentation team inclusive of the Finance Representative, the Budget Representative, and the Division Financial Representative with a copy to the team leader.

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Department Balance of Savings will be handled as follows:

The balance should be returned to the source of appropriation (i.e. general fund, enterprise fund, internal service fund etc) and within the generating department.

How would this be accomplished?

After Review Panel reviews and reaches consensus to approve the team proposal, then the Director of the team submitting proposal would specify to the Director of the Office of Management and Budget his/her recommendation for how any additional departmental funds would be used.

Payout and Distribution

“The Payout and Distribution of Rewarding Excellence Bonus Incentive Awards will occur in the next full payroll period one (1) year after implementation of the project or the next full payroll period after cost savings are realized and confirmed by the Review Panel, whichever is sooner. The parties shall share equally in the total gain. Each employee on the team will receive fifty percent of the gain up to five-thousand dollars (\$5,000) per employee team member. Each team member shall receive the same amount.”

Anyone who is involved in the implementation of the proposal should be included in the proposal as part of the team and receive an equal share of the payout. All members should be listed in the proposal and on the spreadsheet entitled “Rewarding Excellence Bonus Checks” as part of the Measurement and Documentation of Savings Plan.

Savings must be demonstrated in full before any payout can be distributed. The demonstration of savings that begin in one fiscal year and carry over to the next fiscal year, will be paid to employees in accordance with paragraph one above under Payout and Distribution once the full savings are demonstrated. Savings will be documented and monitored via quarterly progress reports. Only significant deviations from the plan will be brought to the attention of the Financial and Budget Representatives who helped to create the plan. Confirmation of the documented savings will be acknowledged by signature of the department financial representative (one week maximum), the Department Director first (one week maximum), and the President of UFCW Local 1994/MCGEO President and the Montgomery County Office of Management and Budget Director concurrently (two weeks maximum). The Office of Management and Budget Representative assigned will review the documented information with the Office of Management and Budget Director.

Payouts for each employee will be distributed from the cost center in which the employee gets paid at the time of the bonus. If the savings created are not in the same budget or if the cost recovery is revenue enhancement in the general fund, the department’s budget may be over the planned amount. An example would be a proposal that creates savings in an NDA account that their division impacts, but the payroll is expensed from the general fund. A second example is that a proposal creates cost recovery for their division resulting in revenue accumulated in the “County” general fund, but the payroll is expensed from the particular division creating the impact. There will be no specific appropriation for the

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Gainsharing distribution. The fund balance would be increased and at the end of the year, the transactions would be identified to the Office of Management and Budget who prepares the appropriate resolution to Council. This would be a normal mode of operation for the end of year budget process.

Employee bonuses are taxed as supplemental wages as defined by the IRS at the current tax rate (25%) per IRS publication, Circular E.

Professional Development Fund

“Any remaining amount of that fifty percent of the total gain shall be used for a Professional Development Fund (eg training)”. Savings will need to be measured by May 30th of the current fiscal year so the savings can be calculated and the money can be spent in the same fiscal year. Employees must indicate what classes they are proposing to take. There may be specific departmental or technical training that may be taken. After savings are measured ensure that a purchase order is created by May 30th or purchasing year-end cut-off date for that fiscal year or classes are paid for by June 30th or purchasing year-end cut off date for that fiscal year. Time recorded for this professional development will be ADM/PIL if using MC Time.