

No. 1992-111

AN ACT

HB 1136

Establishing the Pennsylvania Quality Leadership Awards, the Pennsylvania Quality Leadership Awards Council, the Pennsylvania Quality Leadership Foundation and criteria and a selection process for the awards; and providing for presentation of the awards.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Short title.

This act shall be known and may be cited as the Pennsylvania Quality Improvement Act.

Section 2. Legislative findings and intent.

(a) Findings.—

(1) Strategic planning for quality and quality improvement programs, through a commitment to excellence in manufacturing and services, are becoming more and more essential to the well-being of this Commonwealth's economy and its ability to compete effectively in the national and international marketplace.

(2) The concept of quality improvement is directly applicable to large and small companies, to manufacturing and service industries and to the private and public sectors.

(3) American business and industry are beginning to understand that poor quality costs companies as much as 20% of sales revenues and that improved quality of goods and services goes hand-in-hand with improved productivity, lower costs and increased profitability.

(4) The public sector has been criticized for inefficiency in the administration of its services. Applying for these quality awards may prompt a reduction in these inefficiencies.

(5) The Federal Government, as well as several state governments, has developed quality award programs to give special recognition to those enterprises which have demonstrated excellence in quality and to encourage quality improvement.

(6) A quality award program of this kind in this Commonwealth would help improve quality and productivity by:

(i) helping to stimulate the public and private sectors in this Commonwealth to improve quality and productivity;

(ii) recognizing the achievements of those in the public and private sectors who improve the quality of their goods and services and provide an example to others;

(iii) establishing guidelines and criteria that can be used by business, industrial, government and other organizations in evaluating their own quality improvement efforts; and

(iv) providing specific guidance for other organizations in this Commonwealth that wish to learn how to manage for high quality by making available detailed information on how successful organizations were able to achieve eminence.

(b) Intent.—It is the intent of this act to provide for the establishment of a State quality improvement program under which:

(1) awards are given to qualifying companies, for-profit and not-for-profit organizations and government entities in this Commonwealth that practice effective quality management and, as a result, make significant improvements in the quality of their goods or services; and

(2) information is disseminated about successful strategies and programs.

Section 3. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

“Awards.” The Pennsylvania Quality Leadership Awards established under this act.

“Council.” The Pennsylvania Quality Leadership Awards Council established under this act.

“Foundation.” The Pennsylvania Quality Leadership Foundation established under this act.

Section 4. Establishment of the Pennsylvania Quality Leadership Awards.

There are hereby established:

(1) the Governor’s Quality Leadership Award, which recognizes the highest level of achievement in quality;

(2) the Keystone Quality Leadership Award, which recognizes the next highest level of achievement in quality; and

(3) the Kornerstone Quality Leadership Award, which recognizes a significant level of achievement in quality.

Section 5. Pennsylvania Quality Leadership Awards Council.

(a) Establishment.—There is hereby established the Pennsylvania Quality Leadership Awards Council. The council shall be a board of overseers and shall consist of the following members:

(1) The Lieutenant Governor.

(2) The Secretary of Commerce.

(3) The Secretary of Labor and Industry.

(4) A member appointed by the President pro tempore of the Senate.

(5) A member appointed by the Speaker of the House of Representatives.

(6) A representative from the Pennsylvania AFL-CIO.

(7) A representative from the Pennsylvania Chamber of Business and Industry.

(8) A representative from the Pennsylvania Association of Colleges and Universities.

(9) The Chairman of the Board of the Pennsylvania Quality Leadership Foundation.

(10) Not more than 11 chief executive officers or the highest ranking official of a Governor's Quality Award winning organization.

(b) Appointment.—The members provided for in subsection (a)(6), (7), (8) and (10) shall be appointed by the Governor.

(c) Organization.—The council shall elect from its own members a chairperson. The Chairperson of the Board of the Pennsylvania Quality Leadership Foundation shall not be eligible for this office.

(d) Terms.—Appointed members of the council shall serve at the pleasure of the Governor or other appointing authority except for the chief executive officers and highest ranking officials who shall be selected by their own members and serve a single term of three years.

(e) Powers and duties.—The council shall have the following powers and its duty shall be to:

- (1) approve guidelines and criteria for the awards;
- (2) approve and announce award recipients;
- (3) select a board of examiners;
- (4) appoint a panel of judges; and
- (5) suggest improvements in the form or coverage of the awards.

Section 6. Board of examiners; panel of judges.

(a) Board of examiners.—A board of examiners shall be selected annually by the council after submission and receipt of the requisite applications. The board of examiners shall consist of quality experts selected on the basis of expertise, experience and peer recognition. The board of examiners shall review the applications received from the submitting organizations. A site visit may be required to verify the level of quality claimed. The examination shall encompass all of the organization's current practice of quality management, as well as the organization's provision for quality management in its future goals.

(b) Panel of judges.—A panel of judges shall be appointed annually by the council from members of the board of examiners. The panel of judges shall review the findings and recommendations of the board of examiners at each stage of the evaluation process and recommend award recipients to the council for its approval.

Section 7. Establishment of the foundation.

(a) Establishment.—There is hereby established the Pennsylvania Quality Leadership Foundation, which shall be organized as a nonprofit organization pursuant to the provisions of section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.).

(b) Board of directors.—The foundation shall be managed by a board of directors consisting of the following members:

- (1) the President of the Pennsylvania Quality Leadership Foundation;
- (2) fifteen representatives from businesses;
- (3) three representatives from educational institutions; and
- (4) two representatives from economic development organizations.

(c) Organization.—The board of directors shall elect from its own membership a chairperson. The board of directors shall appoint the President of the Pennsylvania Quality Leadership Foundation. The President of the

Pennsylvania Quality Leadership Foundation shall not be eligible for this office.

(d) Terms.—Except for the president of the foundation, members may serve a maximum of two three-year terms.

(e) Powers and duties.—The foundation shall have the following powers and its duty shall be to:

(1) develop and recommend for approval by the council guidelines and criteria for the awards;

(2) solicit and receive funds from public and private sources for the purpose of financing the awards program;

(3) impose fees upon organizations applying for the awards;

(4) organize a marketing and publicity campaign for the awards program;

(5) provide information about the awards and the successful quality improvement strategies and programs of award-winning participants to all interested persons and organizations;

(6) support and promote training and education programs to enhance management and workforce attitudes toward and commitment to quality;

(7) promote and support any research program or other activity which will encourage and enhance quality achievement in this Commonwealth;

(8) ensure that all award applicants receive the complete results of their evaluations, as well as detailed explanations of all suggestions for improvements;

(9) recommend other appropriate changes to the council; and

(10) provide administrative evaluation support for the council.

(f) Confidentiality of applications.—Under no circumstances shall any person assigned to provide evaluation support for the council discuss and/or divulge any application receipt or processing prior to the announcement of award recipients by the council.

Section 8. Awards.

(a) Presentation of award.—The Governor shall annually present awards at such ceremonies as are deemed proper.

(b) Award categories.—Awards shall be made to both small and large qualifying organizations in each of the following categories:

(1) companies which primarily manufacture goods;

(2) companies which primarily provide services; and

(3) other organizations which the council shall recognize, including, but not limited to, government entities, educational institutions, nonprofit organizations and health care organizations.

(c) Limitation.—No organization shall be eligible to receive more than one Governor's Quality Leadership Award in a five-year period.

Section 9. Criteria for qualification.

An organization may qualify for an award only if it:

(1) submits the requisite application to the council;

(2) permits a rigorous evaluation of the way in which its operations have contributed to improvements in the quality of its goods or services, or both; and

(3) meets such other requirements that the council deems necessary.

Section 10. Report.

The foundation and the council shall prepare and submit to the Governor and the General Assembly, within three years after the effective date of this act, a report on the progress, findings and conclusions with respect to the activities conducted in accordance with this act, together with recommendations for modification thereof.

Section 11. Restriction on funds from Commonwealth.

Neither the council nor the foundation shall be eligible to apply for or receive funds from the Commonwealth whether by appropriation or grant after September 30, 1992.

Section 12. Effective date.

This act shall take effect immediately.

APPROVED—The 24th day of November, A. D. 1992.

ROBERT P. CASEY