Session of 2025

HOUSE BILL No. 2237

By Committee on Appropriations

Requested by Representative Francis on behalf of the Department of Administration

2-4

AN ACT concerning state agencies; relating to the employee award and recognition program; authorizing hiring, recruitment and retention bonuses; increasing the limitation on such award or bonus to $10,000; eliminating the secretary of administration's authority to adopt rules and regulations; requiring such secretary to submit an annual report to certain legislative committees concerning such awards and bonuses; amending K.S.A. 75-37,105 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 75-37,105 is hereby amended to read as follows: 75-37,105. (a) As used in this section~~,~~*:*

(1) "Award" and "monetary award" include a bonus given to an employee pursuant to this section; and

(2) "state agency" ~~has the meaning ascribed thereto by~~ *means the same as defined in* K.S.A. 75-3701, and amendments thereto, and includes the governor's department, lieutenant governor, attorney general, secretary of state, state treasurer, commissioner of insurance, each agency of the executive branch, the legislature and each agency of the legislative branch, the judicial branch and each agency of the judicial branch and any appointed state council or state commission.

(b) ~~(1)~~ There is established an employee award and recognition program for state employees. Under this program*,* monetary or ~~non-monetary~~ *nonmonetary* awards may be made to state employees. An appointing authority may implement a program of award and recognition for classified and unclassified employees or teams of employees*. Such program may include a hiring, recruitment and retention bonus, as well as awards* for distinguished accomplishment, meritorious service, innovations, Kansas quality management, volunteerism or length of service. Under this program*,* monetary or ~~non-monetary~~ *nonmonetary* awards may be made to state employees. ~~Non-monetary~~ *Nonmonetary* awards may include, but ~~are~~ not *be* limited to, a medal, an annual award luncheon held by the employee's respective state agency or public recognition by the Kansas house of representatives or the Kansas senate.

~~(2) All awards and recognition provided under this section shall meet~~

~~the conditions for a discretionary bonus set out in 29 C.F.R. § 778.211.~~

(c) *(1)* The total gross value of awards to any employee of the state during a single fiscal year shall not exceed ~~$3,500 except as provided in subsection (g)~~ *$10,000*.

(2) Any monetary award or series of such awards in excess of $3,500 that is proposed for an employee in the classified service or an employee in the unclassified service whose salary is subject to approval in accordance with K.S.A. 75-2935b, and amendments thereto, shall be subject to approval by the governor and shall not be paid until approved by the governor, except as provided in subsection (g).

(d) No award paid pursuant to this section during the fiscal year shall be compensation, within the meaning of K.S.A. 74-4901 et seq., and amendments thereto, for any purpose under the Kansas public employees retirement system and shall not be subject to deductions for employee contributions thereunder. Each taxable award paid under this section ~~shall be a discretionary bonus, as defined by 29 C.F.R. § 778, and~~ shall be in addition to the regular earnings to which that employee may be entitled or for which the employee may become eligible. Monetary awards are subject to taxes in accordance with federal internal revenue code regulations. The value of ~~non-monetary~~ *nonmonetary* awards shall be reported by state agencies in accordance with sections 74 and 132 of the federal internal revenue code and procedures prescribed by the director of accounts and reports.

~~(d)~~*(e)* The award and recognition program shall be paid from moneys appropriated and available for operating expenditures of the state agency or from other funding sources as appropriated. In the case of employee suggestions, the award or recognition for each employee shall be paid or provided by the state agency that benefited from and implemented the suggestion.

~~(e) The regulations of the employee award board adopted pursuant to K.S.A. 75-37,108, and amendments thereto, are hereby revoked.~~

(f) The secretary of administration shall ~~adopt rules and regulations that~~ provide oversight and administrative review of ~~state agency~~ award and recognition programs *for executive branch agencies and appointed state councils and commissions*. ~~The secretary of administration shall adopt rules and regulations to~~ *Such oversight shall* provide safeguards to preclude opportunities for abuse within the employee award and recognition ~~program in each state agency and to~~ *programs and provide for consistency of such programs among such agencies, councils and commissions as well as* ensure objective decision-making procedures in award and recognition determinations for all participating employees.

(g) (1) (A) The secretary of administration shall establish a state employee suggestion program through which state employees may submit

suggestions for cost reductions to their respective state agency through increased efficiencies or other economies or savings in the operations of the state agency.

(B) Each employee making a suggestion for cost reduction shall be awarded a monetary or ~~non-monetary~~ *nonmonetary* employee award or awards for innovation pursuant to subsection (b)~~ of this section~~ upon adoption of the suggestion by the state agency. Monetary awards for innovation shall be nondiscretionary and shall be in the amount of 10% of the cost reduction, accrued during the first 12 months after implementation of the suggestion, as documented to the division of the budget, up to a maximum of $5,000. Should multiple employees make similar suggestions for cost reduction, as determined by the state agency, each employee shall submit to the head of the state agency a list of each employee's percentage contribution to the suggestion for cost reduction. Upon adoption of the suggestion by the state agency, the head of the state agency shall make the final determination as to each employee's percentage contribution. Such multiple employees shall then share the documented cost reduction in such percentage shares as determined by the head of the state agency, up to a maximum of $5,000 per employee.

(C) The state agency shall retain 10% of the documented cost reduction. Savings achieved through this cost reduction shall be placed in a separate special revenue fund or funds for such purpose to be administered by that state agency. The remaining balance of the savings achieved through this cost reduction shall revert to the state general fund.

(2) Each state agency shall submit each suggestion~~ it~~ *that such agency* receives, together with the state agency's estimated cost reduction, if any, and dispensation of the suggestion to the division of the budget. The director of the budget shall file copies with the director of the legislative research department, who shall report annually on the information to members of the legislative budget committee.

(3) Each state agency that has awarded an employee under the state agency's employee suggestion program pursuant to this subsection shall report all information related to the award to the secretary of administration.

(4) At the beginning of each regular session of the legislature, the secretary of administration shall provide all information received by state agencies pursuant to subsection (g)(3) to the appropriate committees of the legislature.

(5) The secretary of administration shall provide all information regarding the state employee suggestion program to all state agencies by a pamphlet, brochure or by publication on the official website of the department of administration.

(h) Awards and incentives and other recognition pursuant to this

section shall not be deemed in violation of K.S.A. 46-237a, and amendments thereto.

(i) Any person elected ~~or appointed~~ to a state agency position shall not be a recipient of a monetary award under this section.

(j) Annually, on August 1, each state agency that has awarded an employee with a monetary award pursuant to this section shall submit to the secretary of administration a report on the number of monetary awards paid in each category of awards or bonuses and the total dollar amount of each such award or bonus for the previous fiscal year. At the beginning of each regular session of the legislature, the secretary shall compile and report such information to the house of representatives committee on appropriations and the senate committee on ways and means.

Sec. 2. K.S.A. 75-37,105 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.