

SENATE BILL No. 429

AN ACT relating to state employees; establishing an employee award and recognition program; state employee suggestion program; prohibiting certain reimbursement; amending K.S.A. 75-37,115 and repealing the existing section; also repealing K.S.A. 75-37,106 through 75-37,110, inclusive.

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

New Section 1. (a) Notwithstanding any other provision of law, no state officer or employee shall be reimbursed for actual and necessary expenses incurred in the performance of such officer's or employee's duties from a governmental entity if such officer or employee is receiving a per diem subsistence allowance or any other type of reimbursement from another governmental entity for the reimbursement of expenses incurred in the performance of such officer's or employee's duties.

(b) As used in this section, "governmental entity" means an executive, legislative or judicial agency, department, board, commission, authority, institution or instrumentality of the federal government or of a state or of a county, municipality or other political subdivision of a state.

New Sec. 2. (a) (1) There is established an employee award and recognition program for state employees. Under this program monetary or non-monetary 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 for distinguished accomplishment, meritorious service, innovations, Kansas quality management, volunteerism or length of service.

(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.

(b) 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 subsections (f) and (g). 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 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.

(c) 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.

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

(e) The secretary of administration shall adopt rules and regulations that provide oversight and administrative review of agency award and recognition programs. The secretary of administration shall adopt rules and regulations to provide safeguards to preclude opportunities for abuse within the employee award and recognition program in each state agency and to ensure objective decision-making procedures in award and recognition determinations for all participating employees.

(f) (1) (A) Each state agency shall establish a state employee suggestion program through which state employees may submit suggestions for cost reductions in that agency through increased efficiencies or other economies or savings in the operations of the state agency.

(B) The employee making the suggestion shall be paid a one time employee suggestion bonus of 10% of the documented cost reduction, up to a maximum of \$37,500. The bonus shall be paid solely upon documented cost reductions in the first 12 months following the implementation of the suggestion as documented to the division of the budget.

(C) The agency shall retain 10% of the documented cost reduction. Savings achieved through this cost reduction shall be placed in the Kansas savings incentive account or fund for that 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 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.

(g) (1) Salary bonus payments under the Kansas savings incentive program shall be made only for the following conditions:

(A) Suggestions made under subsection (f) for which a 10% suggestion bonus had not been awarded, or

(B) for awards and recognition provided pursuant to subsection (a).

(2) The director of personnel services shall establish guidelines and limitations for bonus payments under the Kansas savings incentive program.

(h) Awards and incentives and other recognition pursuant to this section shall not be deemed in violation of K.S.A. 46-237a, and any amendments thereto.

Sec. 3. K.S.A. 75-37,115 is hereby amended to read as follows: 75-37,115. (a) There is hereby established the Kansas quality program within the department of administration for the purposes of providing procedures and incentives for the enhancement of quality in the business of state government. The secretary of administration shall administer the program and shall promote and assist the creation and development of Kansas quality teams in each state agency. The secretary of administration shall develop and coordinate appropriate training programs for state officers and employees in total quality management principles, which may include presentations by existing total quality management programs in firms and other organizations operating in Kansas.

(b) (1) The Kansas quality program shall be based on the principles of total quality management. The program shall provide opportunities for involvement of as many officers and employees of each state agency in Kansas quality teams as practicable to examine and improve the operations and activities of the state agency, except that no Kansas quality team shall be composed of more than 40 members unless specifically authorized by the secretary of administration. The Kansas quality program shall provide opportunities for individual quality improvement activities and recognition where such activities are determined to be more efficient and effective than establishing a Kansas quality team.

(2) In accordance with this section and with policies, procedures and guidelines prescribed by rules and regulations adopted by the secretary of administration, each state agency shall prepare a quality improvement plan containing proposed activities and quality goals for the state agency during a specified fiscal year or a portion thereof. Each quality improvement plan shall include comprehensive goals and specific goals for individual achievement or team achievement, shall be based on performance standards and other objective measures and shall be submitted for review and approval by the secretary of administration. All performance standards and other objective measures shall be stated in terms of quantitative measures in accordance with rules and regulations adopted by the secretary of administration under this section.

(c) ~~To encourage participation and reward successful results under the Kansas quality program, the members of each Kansas quality team and each individual participating in activities under an approved quality improvement plan shall be eligible to receive a quality award in the form of a single bonus payment or other approved non-cash award or benefit in accordance with this section and the rules and regulations adopted by the secretary of administration. The activities of each Kansas quality team under an approved quality plan and the objective measures of the success of such activities in terms of enhanced quality of the state agency, or part thereof, to which the approved plan applies, shall be the basis for determining eligibility for a quality award and the amount or type of any such award. The secretary of administration shall develop criteria and guidelines for evaluating the results of activities under approved quality improvement plans, which shall include consideration of changes in the demand for services, the amount and kind of duties and responsibilities~~

~~delegated to the state agency, the mission of the state agency and any other appropriate matters. A quality award may be based on actual reduced costs for the operations of a state agency for the specified fiscal year and may also be based on producing a higher level of services or improved services for the public with no increase in operating costs of the state agency, or on a combination of any such circumstances which constitute enhanced quality. In the case of a quality award based on producing the same amount of services or more for the public with no reduction in such cost, the aggregate amount or value of the awards for a team pursuant to a plan shall not be more than the amount equal to 1.5% of the amount determined by the secretary of administration to be the amount of budgeted operating expenditures of the state agency, over the appropriate period, for the employees of the state agency constituting the team. In any case, a quality award for an individual shall not be an amount or have a value which is more than the amount equal to 10% of the annual compensation of the member from employment with the state agency.~~

~~(d) The quality award for each person for whom a quality award has been approved pursuant to this section shall be paid or provided by the state agency which benefited from the activities of the team or individual under the quality improvement plan from any moneys appropriated and available for operating expenditures of the state agency. All quality awards shall be paid during the fiscal year following the fiscal year for which the award was approved under this section from any appropriations for such following fiscal year that are available therefor and prior to December 31 of that fiscal year.~~

~~(e) No quality payment to any person pursuant to this section 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 quality award which is a bonus payment shall be a bonus, as defined by 29 C.F.R. 778, and shall be in addition to the regular earnings to which an officer or employee may be entitled or for which such officer or employee may become eligible.~~

~~(f) The secretary of administration shall adopt rules and regulations for the administration and implementation of the Kansas quality program.~~

~~(g) (d) As used in this section, "state agency" has the meaning ascribed thereto by K.S.A. 75-3701, and amendments thereto.~~

Sec. 4. K.S.A. 75-37,106 through 75-37,110, inclusive, and 75-37,115 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the SENATE, and passed that body

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SENATE adopted  
Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

Passed the HOUSE  
as amended \_\_\_\_\_

HOUSE adopted  
Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*