

HOUSE BILL No. 2369

AN ACT concerning the state employee suggestion program; relating to employee suggestion bonus awards; amending K.S.A. 2002 Supp. 75-37,105 and repealing the existing section.

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

Section 1. K.S.A. 2002 Supp. 75-37,105 is hereby amended to read as follows: 75-37,105. (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~~ *Each* employee making ~~the~~ *a* suggestion for cost reduction shall be paid ~~a one-time employee suggestion bonus~~ *a monetary employee award for innovation pursuant to subsection (a) of this section upon adoption of the suggestion by the agency. Such a monetary award for innovation shall be non-discretionary and shall be in the amount of 2.5% of the estimated cost reduction, as certified by the agency's chief fiscal officer and the agency appointing authority up to a maximum of \$3,500. Each employee making a suggestion for cost reduction shall also be paid an employee suggestion bonus in the amount of the difference between the amount of the innovation award received by the employee and 10% of the documented cost reduction during the first 12 months after implementation of the suggestion, as documented to the division of the budget, up to a maximum employee suggestion bonus 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~~ *Monetary innovation awards* 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.

(i) *The provisions of subsections (f) and (g) of this section shall expire on June 30, 2006.*

Sec. 2. K.S.A. 2002 Supp. 75-37,105 is hereby repealed.

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

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

HOUSE adopted
Conference Committee Report _____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

SENATE adopted
Conference Committee Report _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.