

February 16, 2011

The Honorable Mike Burgess, Chairperson  
House Committee on Government Efficiency  
Statehouse, Room 151-S  
Topeka, Kansas 66612

Dear Representative Burgess:

**SUBJECT:** Fiscal Note for HB 2221 by House Committee on Government Efficiency

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2221 is respectfully submitted to your committee.

HB 2221 would establish a state employee suggestion program. Under this program, employees may submit suggestions for cost reductions for an agency. Upon adoption of the suggestion by an agency, the employee who made the suggestion would receive a monetary award in the amount of 2.5 percent of the estimated cost reduction, as certified by the agency's chief fiscal officer and appointing authority, up to a maximum of \$3,500. After 12 months from the time the suggestion is implemented, the employee who made the suggestion would receive an employee suggestion bonus in the amount of 10.0 percent of the cost reduction of the suggestion, less the amount of the monetary award the employee received earlier, up to a maximum of \$37,500. The state agency would retain 10.0 percent of the documented cost reduction, which would be placed in a separate special revenue fund. All remaining cost savings would revert to the State General Fund.

Each agency would be required to provide information on each suggestion to the Division of the Budget. The Director of the Budget would be required to give copies of the suggestions to the Director of the Legislative Research Department. The Director of Legislative Research would be required to make an annual report of this information to the members of the Legislative Budget Committee.

Estimated State Fiscal Effect				
	FY 2011 SGF	FY 2011 All Funds	FY 2012 SGF	FY 2012 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$3,000	\$3,000
FTE Pos.	--	--	--	--

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According to the Department of Administration, enactment of HB 2221 would require modifications to the state's payroll system, also known as SHaRP. Programming costs associated with these changes are estimated to be approximately \$3,000, all from the State General Fund. In addition, the bill would allow state employees to receive incentive and bonus payments, based on estimates of the suggested cost saving measures. Although additional payments would be made to state employees, suggestions given by employees would theoretically reduce state expenditures. However, the amount of savings generated because of the program could vary significantly, depending on the type and number of suggestions given. Any fiscal effect associated with HB 2221 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", written in a cursive style.

Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Pat Higgins, Administration