

Session of 2011

Substitute for HOUSE BILL No. 2221

By Committee on Government Efficiency

2-23

1 AN ACT concerning state agencies; relating to the employee award
2 program; amending K.S.A. 2010 Supp. 75-37,105 and repealing the
3 existing section.
4

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

6 Section 1. K.S.A. 2010 Supp. 75-37,105 is hereby amended to read as
7 follows: 75-37,105. (a) **As used in this section, "state agency" has the**
8 **meaning ascribed thereto by K.S.A. 75-3701, and amendments**
9 **thereto, and includes the governor's department, lieutenant governor,**
10 **attorney general, secretary of state, state treasurer, commissioner of**
11 **insurance, each agency of the executive branch, the legislature and**
12 **each agency of the legislative branch, the judicial branch and each**
13 **agency of the judicial branch [and any appointed state council or state**
14 **commission].**

15 (b) (1) There is established an employee award and recognition
16 program for state employees. Under this program monetary or non-
17 monetary awards may be made to state employees. An appointing
18 authority may implement a program of award and recognition for
19 classified and unclassified employees or teams of employees for
20 distinguished accomplishment, meritorious service, innovations, Kansas
21 quality management, volunteerism or length of service. **Under this**
22 **program monetary or non-monetary awards may be made to state**
23 **employees. Non-monetary awards may include, but are not limited to,**
24 **a medal, an annual award luncheon held by the employee's respective**
25 **state agency or public recognition by the Kansas house of**
26 **representatives or the Kansas senate.**

27 (2) All awards and recognition provided under this section shall meet
28 the conditions for a discretionary bonus set out in 29 C.F.R. § 778.211.

29 (b) (c) The total gross value of awards to any employee of the state
30 during a single fiscal year shall not exceed \$3,500 except as provided in
31 ~~subsections~~ subsections (f) and (g). No award paid pursuant to this
32 section during the fiscal year shall be compensation, within the meaning of
33 K.S.A. 74-4901 et seq., and amendments thereto, for any purpose under
34 the Kansas public employees retirement system and shall not be subject to

1 deductions for employee contributions thereunder. Each taxable award
2 paid under this section shall be a discretionary bonus, as defined by 29
3 C.F.R. § 778, and shall be in addition to the regular earnings to which that
4 employee may be entitled or for which the employee may become eligible.
5 Monetary awards are subject to taxes in accordance with federal internal
6 revenue code regulations. The value of non-monetary awards shall be
7 reported by state agencies in accordance with sections 74 and 132 of the
8 federal internal revenue code and procedures prescribed by the director of
9 accounts and reports.

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

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

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

26 ~~(f)~~ ~~(1)~~ ~~(A)~~ ~~Each state agency~~ **(g)** **(1)** **(A)** **The secretary of**
27 **administration** shall establish a state employee suggestion program
28 through which state employees may submit suggestions for cost reductions
29 ~~in that to their respective state~~ agency through increased efficiencies or
30 other economies or savings in the operations of the state agency.

31 **(B)** Each employee making a suggestion for cost reduction shall be
32 ~~paid a monetary employee award~~ **awarded a monetary or non-monetary**
33 **employee award or awards** for innovation pursuant to subsection ~~(a)~~ **(b)**
34 of this section upon adoption of the suggestion by the **state** agency. ~~Such a~~
35 ~~monetary award~~ **Monetary awards** for innovation shall be
36 nondiscretionary and shall be in the amount of ~~2.5%~~ **10%** of the ~~estimated~~
37 ~~cost reduction, accrued during the first 12 months after implementation of~~
38 ~~the suggestion, as documented to the division of the budget, up to a~~
39 ~~maximum of \$5,000, as certified by the agency's chief fiscal officer and the~~
40 ~~agency appointing authority up to a maximum of \$3,500. Each employee~~
41 ~~making a suggestion for cost reduction shall also be paid an employee~~
42 ~~suggestion bonus in the amount of the difference between the amount of~~
43 ~~the innovation award received by the employee and 10% of the~~

1 documented cost reduction during the first 12 months after implementation
2 of the suggestion, as documented to the division of the budget, up to a
3 maximum employee suggestion bonus of \$37,500. Multiple employees
4 that make similar suggestions for cost reduction, as determined by the state
5 agency, shall share the documented cost reduction in equal shares, up to a
6 maximum of \$5,000. **Should multiple employees make similar**
7 **suggestions for cost reduction, as determined by the state agency, each**
8 **employee shall submit to the head of the state agency a list of each**
9 **employee's percentage contribution to the suggestion for cost**
10 **reduction. Upon adoption of the suggestion by the state agency, the**
11 **head of the state agency shall make the final determination as to each**
12 **employee's percentage contribution. Such multiple employees shall**
13 **then share the documented cost reduction in such percentage shares as**
14 **determined by the head of the state agency, up to a maximum of**
15 **\$5,000 per employee.**

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

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

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

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

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

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

42 ~~(A) Monetary innovation awards made under subsection (f), or~~

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

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

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

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

9 **(i) Any person elected or appointed to a state agency position**
10 **shall not be a recipient of a monetary or non-monetary award under**
11 **this section.**

12 Sec. 2. K.S.A. 2010 Supp. 75-37,105 is hereby repealed.

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

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