

HOUSE BILL No. 2221

By Committee on Government Efficiency

2-8

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
7 as follows: 75-37,105. (a) (1) There is established an employee award and
8 recognition program for state employees. Under this program monetary
9 or non-monetary awards may be made to state employees. An appointing
10 authority may implement a program of award and recognition for
11 classified and unclassified employees or teams of employees for
12 distinguished accomplishment, meritorious service, innovations, Kansas
13 quality management, volunteerism or length of service.

14 (2) All awards and recognition provided under this section shall
15 meet the conditions for a discretionary bonus set out in 29 C.F.R. §
16 778.211.

17 (b) The total gross value of awards to any employee of the state
18 during a single fiscal year shall not exceed \$3,500 except as provided in
19 ~~subsection (f) and (g).~~ No award pursuant to this section
20 during the fiscal year shall be compensation, within the meaning of
21 K.S.A. 74-4901 et seq., and amendments thereto, for any purpose under
22 the Kansas public employees retirement system and shall not be subject
23 to deductions for employee contributions thereunder. Each taxable award
24 paid under this section shall be a discretionary bonus, as defined by 29
25 C.F.R. § 778, and shall be in addition to the regular earnings to which that
26 employee may be entitled or for which the employee may become
27 eligible. Monetary awards are subject to taxes in accordance with federal
28 internal revenue code regulations. The value of non-monetary awards
29 shall be reported by state agencies in accordance with sections 74 and
30 132 of the federal internal revenue code and procedures prescribed by the
31 director of accounts and reports.

32 (c) The award and recognition program shall be paid from moneys
33 appropriated and available for operating expenditures of the state agency
34 or from other funding sources as appropriated. In the case of employee
35 suggestions, the award or recognition for each employee shall be paid or
36 provided by the state agency that benefited from and implemented the

1 suggestion.

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

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

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

16 ~~(B) Each employee making a suggestion for cost reduction shall be~~
17 ~~paid a monetary employee award for innovation pursuant to subsection~~
18 ~~(a) of this section upon adoption of the suggestion by the agency. Such a~~
19 ~~monetary award for innovation shall be non-discretionary and shall be in~~
20 ~~the amount of 2.5% of the estimated cost reduction, as certified by the~~
21 ~~agency's chief fiscal officer and the agency appointing authority up to a~~
22 ~~maximum of \$3,500. Each employee making a suggestion for cost~~
23 ~~reduction shall also be paid an employee suggestion bonus in the amount~~
24 ~~of the difference between the amount of the innovation award received by~~
25 ~~the employee and 10% of the documented cost reduction during the first~~
26 ~~12 months after implementation of the suggestion, as documented to the~~
27 ~~division of the budget, up to a maximum employee suggestion bonus of~~
28 ~~\$37,500.~~

29 ~~(C) The agency shall retain 10% of the documented cost reduction.~~
30 ~~Savings achieved through this cost reduction shall be placed in the~~
31 ~~Kansas savings incentive account or fund for that agency. The remaining~~
32 ~~balance of the savings achieved through this cost reduction shall revert to~~
33 ~~the state general fund.~~

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

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

9 (B) *Each employee making a suggestion for cost reduction shall be*
10 *paid a monetary employee award for innovation pursuant to subsection*
11 *(a) upon adoption of the suggestion by the state agency. Such a monetary*
12 *award shall be non-discretionary and shall be in the amount of 2.5% of*
13 *the estimated cost reduction, as certified by the state agency's chief fiscal*
14 *officer and the state agency appointing authority up to a maximum of*
15 *\$3,500. Each employee making a suggestion for cost reduction shall also*
16 *be paid an employee suggestion bonus in the amount of the difference*
17 *between the amount of the award received by the employee and 10% of*
18 *the documented cost reduction during the first 12 months after*
19 *implementation of the suggestion, as documented to the division of the*
20 *budget, up to a maximum employee suggestion bonus of \$37,500.*

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

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

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

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

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

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