

**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  
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 ~~subsections (f) and (g).~~ No award paid 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 nondiscretionary and shall be in  
20 the amount of ~~2.5%~~10% of the ~~estimated~~ cost reduction, *accrued during*  
21 *the first 12 months after implementation of the suggestion, as*  
22 *documented to the division of the budget, up to a maximum of \$5,000.* ~~as~~  
23 ~~certified by the agency's chief fiscal officer and the agency appointing~~  
24 ~~authority up to a maximum of \$3,500.~~ Each employee making a  
25 suggestion for cost reduction shall also be paid an employee suggestion  
26 bonus in the amount of the difference between the amount of the  
27 innovation award received by the employee and 10% of the documented  
28 cost reduction during the first 12 months after implementation of the  
29 suggestion, ~~as documented to the division of the budget, up to a~~  
30 ~~maximum employee suggestion bonus of \$37,500.~~ *Multiple employees*  
31 *that make similar suggestions for cost reduction, as determined by the*  
32 *state agency, shall share the documented cost reduction in equal shares,*  
33 *up to a maximum of \$5,000.*

34 (C) The agency shall retain 10% of the documented cost reduction.  
35 Savings achieved through this cost reduction shall be placed in ~~the~~  
36 ~~Kansas savings incentive account or fund for a separate special revenue~~  
37 ~~fund or funds for such purpose to be administered by that state agency.~~  
38 The remaining balance of the savings achieved through this cost  
39 reduction shall revert to the state general fund.

40 (2) Each state agency shall submit each suggestion it receives,  
41 together with the state agency's estimated cost reduction, if any, and  
42 dispensation of the suggestion to the division of the budget. The director  
43 of the budget shall file copies with the director of the legislative research

1 department, who shall report annually on the information to members of  
2 the legislative budget committee.

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

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

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

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

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

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

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

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

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