

**HOUSE BILL No. 2277**

By Committee on Appropriations

2-2

1 AN ACT concerning state agencies; relating to the employee award and  
2 recognition program; authorizing hiring, recruitment and retention  
3 bonuses; increasing the limitation on such award or bonus to \$10,000;  
4 eliminating the secretary of administration's authority to adopt rules  
5 and regulations; requiring such secretary to submit an annual report to  
6 certain legislative committees concerning such awards and bonuses;  
7 amending K.S.A. 75-37,105 and repealing the existing section.  
8

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

10 Section 1. K.S.A. 75-37,105 is hereby amended to read as follows:  
11 75-37,105. (a) As used in this section;

12 (1) "Award" and "monetary award" shall include a bonus given to an  
13 employee pursuant to this section; and

14 (2) "state agency" ~~has the meaning ascribed thereto by means the~~  
15 ~~same as defined in K.S.A. 75-3701~~, and amendments thereto, and includes  
16 the governor's department, lieutenant governor, attorney general, secretary  
17 of state, state treasurer, commissioner of insurance, each agency of the  
18 executive branch, the legislature and each agency of the legislative branch,  
19 the judicial branch and each agency of the judicial branch and any  
20 appointed state council or state commission.

21 (b) ~~(1)~~ There is established an employee award and recognition  
22 program for state employees. Under this program monetary or non-  
23 monetary awards may be made to state employees. An appointing  
24 authority may implement a program of award and recognition for  
25 classified and unclassified employees or teams of employees. *Such*  
26 *program may include a hiring, recruitment and retention bonus, as well as*  
27 *awards* for distinguished accomplishment, meritorious service,  
28 innovations, Kansas quality management, volunteerism or length of  
29 service. Under this program monetary or non-monetary awards may be  
30 made to state employees. Non-monetary awards may include, but are not  
31 limited to, a medal, an annual award luncheon held by the employee's  
32 respective state agency or public recognition by the Kansas house of  
33 representatives or the Kansas senate.

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

36 (c) (1) The total gross value of awards to any employee of the state

1 during a single fiscal year shall not exceed ~~\$3,500 except as provided in~~  
2 ~~subsection (g) \$10,000.~~

3 (2) *Any monetary award or series of such awards in excess of \$3,500*  
4 *that is proposed for an employee in the classified service or an employee*  
5 *in the unclassified service whose salary is subject to approval in*  
6 *accordance with K.S.A. 75-2935b, and amendments thereto, shall be*  
7 *subject to approval by the governor and shall not be paid until approved*  
8 *by the governor, except as provided in subsection (g).*

9 (d) No award paid pursuant to this section during the fiscal year shall  
10 be compensation, within the meaning of K.S.A. 74-4901 et seq., and  
11 amendments thereto, for any purpose under the Kansas public employees  
12 retirement system and shall not be subject to deductions for employee  
13 contributions thereunder. Each taxable award paid under this section ~~shall~~  
14 ~~be a discretionary bonus, as defined by 29 C.F.R. § 778, and shall be in~~  
15 addition to the regular earnings to which that employee may be entitled or  
16 for which the employee may become eligible. Monetary awards are subject  
17 to taxes in accordance with federal internal revenue code regulations. The  
18 value of non-monetary awards shall be reported by state agencies in  
19 accordance with sections 74 and 132 of the federal internal revenue code  
20 and procedures prescribed by the director of accounts and reports.

21 ~~(d)~~(e) The award and recognition program shall be paid from moneys  
22 appropriated and available for operating expenditures of the state agency  
23 or from other funding sources as appropriated. In the case of employee  
24 suggestions, the award or recognition for each employee shall be paid or  
25 provided by the state agency that benefited from and implemented the  
26 suggestion.

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

29 (f) The secretary of administration shall ~~adopt rules and regulations~~  
30 ~~that provide oversight and administrative review of state agency award and~~  
31 ~~recognition programs for executive branch agencies and appointed state~~  
32 ~~councils and commissions. The secretary of administration shall adopt~~  
33 ~~rules and regulations to~~ Such oversight shall provide safeguards to  
34 preclude opportunities for abuse within the employee award and  
35 recognition program in each state agency and to programs and provide for  
36 consistency of such programs among such agencies, councils and  
37 commissions as well as ensure objective decision-making procedures in  
38 award and recognition determinations for all participating employees.

39 (g) (1) (A) The secretary of administration shall establish a state  
40 employee suggestion program through which state employees may submit  
41 suggestions for cost reductions to their respective state agency through  
42 increased efficiencies or other economies or savings in the operations of  
43 the state agency.

1 (B) Each employee making a suggestion for cost reduction shall be  
2 awarded a monetary or non-monetary employee award or awards for  
3 innovation pursuant to subsection (b) ~~of this section~~ upon adoption of the  
4 suggestion by the state agency. Monetary awards for innovation shall be  
5 nondiscretionary and shall be in the amount of 10% of the cost reduction,  
6 accrued during the first 12 months after implementation of the suggestion,  
7 as documented to the division of the budget, up to a maximum of \$5,000.  
8 Should multiple employees make similar suggestions for cost reduction, as  
9 determined by the state agency, each employee shall submit to the head of  
10 the state agency a list of each employee's percentage contribution to the  
11 suggestion for cost reduction. Upon adoption of the suggestion by the state  
12 agency, the head of the state agency shall make the final determination as  
13 to each employee's percentage contribution. Such multiple employees shall  
14 then share the documented cost reduction in such percentage shares as  
15 determined by the head of the state agency, up to a maximum of \$5,000  
16 per employee.

17 (C) The state agency shall retain 10% of the documented cost  
18 reduction. Savings achieved through this cost reduction shall be placed in  
19 a separate special revenue fund or funds for such purpose to be  
20 administered by that state agency. The remaining balance of the savings  
21 achieved through this cost 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 state  
29 agency's employee suggestion program pursuant to this subsection shall  
30 report all information related to the award to the secretary of  
31 administration.

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

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

40 (h) Awards and incentives and other recognition pursuant to this  
41 section shall not be deemed in violation of K.S.A. 46-237a, and  
42 amendments thereto.

43 (i) Any person elected ~~or appointed~~ to a state agency position shall

1 not be a recipient of a monetary award under this section.

2       (j) *Annually, on August 1, each state agency that has awarded an*  
3 *employee with a monetary award pursuant to this section shall submit to*  
4 *the secretary of administration a report on the number of monetary*  
5 *awards paid in each category of awards or bonuses and the total dollar*  
6 *amount of each such awards or bonus for the previous fiscal year. At the*  
7 *beginning of each regular session of the legislature, the secretary shall*  
8 *compile and report such information to the House of Representatives*  
9 *committee on appropriations and the Senate committee on ways and*  
10 *means.*

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

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