

March 14, 2016

The Honorable Julia Lynn, Chairperson
Senate Committee on Commerce
Statehouse, Room 445-S
Topeka, Kansas 66612

Dear Senator Lynn:

SUBJECT: Fiscal Note for SB 502 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 502 is respectfully submitted to your committee.

SB 502 would effectively implement Performance Review–Recommendation #2 from the *Kansas Statewide Efficiency Review* by Alvarez & Marsal.

The bill would require the Department of Administration to establish an annual ideas festival by state employees to find efficiency savings in state government. The festival would be in addition to the state employee award and recognition program. At the festival, there would be a Governor’s annual award for excellence in government as well as a runner up award. Employees may receive individual awards up to \$25,000. Additional awards may be provided; however, the total amount of awards given in a single fiscal year could not exceed \$40,000.

Any savings achieved from the implementation of any idea generated by the festival would be credited to the State General Fund. The Department of Administration would be required to annually submit the estimated amount of savings to the Legislature.

Awards provided to employees would be considered discretionary bonuses as defined under federal law and would be subject to taxes in accordance with federal internal revenue regulations. However, the bonuses would not be included as compensation for the purposes of calculating KPERS benefits.

The *Kansas Statewide Efficiency Review* did not attach any specific dollar amounts to set up the festivals and award program but the report assumes that the costs and administrative burden could be handled within current state resources.

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The Department of Administration indicates that SB 502 would have a fiscal effect in the form of staff time spent planning, establishing and publicizing the festivals; assisting the Governor's Office with the awards; and preparing and publishing reports on savings generated from ideas. However, the Department estimates that these activities could be performed with existing Department resources.

While not specifically mentioned in the bill, it is assumed that awards provided under SB 502 would be financed in a similar manner as the current employee award and recognition program. Any fiscal effect associated with SB 502 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Colleen Becker, Department of Administration