
HOUSE BILL No. 2328

By Representatives Sawyer, Kirk, McKinney, Peterson, B. Sharp,
Showalter and Wilson

2-12

10 AN ACT concerning the state employee suggestion program; relating to
11 the maximum employee suggestion bonus; amending K.S.A. 2002
12 Supp. 75-37,105 and repealing the existing section.
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14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 2002 Supp. 75-37,105 is hereby amended to read
16 as follows: 75-37,105. (a) (1) There is established an employee award and
17 recognition program for state employees. Under this program monetary
18 or non-monetary awards may be made to state employees. An appointing
19 authority may implement a program of award and recognition for classifi-
20 fied and unclassified employees or teams of employees for distinguished
21 accomplishment, meritorious service, innovations, Kansas quality man-
22 agement, volunteerism or length of service.

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

25 (b) The total gross value of awards to any employee of the state during
26 a single fiscal year shall not exceed \$3,500 except as provided in subsec-
27 tions (f) and (g). No award paid pursuant to this section during the fiscal
28 year shall be compensation, within the meaning of K.S.A. 74-4901 *et seq.*,
29 and amendments thereto, for any purpose under the Kansas public em-
30 ployees retirement system and shall not be subject to deductions for em-
31 ployee contributions thereunder. Each taxable award paid under this sec-
32 tion shall be a discretionary bonus, as defined by 29 C.F.R. 778, and shall
33 be in addition to the regular earnings to which that employee may be
34 entitled or for which the employee may become eligible. Monetary
35 awards are subject to taxes in accordance with federal internal revenue
36 code regulations. The value of non-monetary awards shall be reported by
37 state agencies in accordance with sections 74 and 132 of the federal in-
38 ternal revenue code and procedures prescribed by the director of ac-
39 counts and reports.

40 (c) The award and recognition program shall be paid from moneys
41 appropriated and available for operating expenditures of the state agency
42 or from other funding sources as appropriated. In the case of employee
43 suggestions, the award or recognition for each employee shall be paid or

1 provided by the state agency that benefited from and implemented the
2 suggestion.

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

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

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

16 (B) The employee making the suggestion shall be paid a one time
17 employee suggestion bonus of 10% of the documented cost reduction,
18 up to a maximum of ~~\$37,500~~ \$100,000. The bonus shall be paid solely
19 upon documented cost reductions in the first 12 months following the
20 implementation of the suggestion as documented to the division of the
21 budget.

22 (C) The agency shall retain 10% of the documented cost reduction.
23 Savings achieved through this cost reduction shall be placed in the Kansas
24 savings incentive account or fund for that agency. The remaining balance
25 of the savings achieved through this cost reduction shall revert to the state
26 general fund.

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

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

35 (A) Suggestions made under subsection (f) for which a 10% sugges-
36 tion bonus had not been awarded, or

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

38 (2) The director of personnel services shall establish guidelines and
39 limitations for bonus payments under the Kansas savings incentive
40 program.

41 (h) Awards and incentives and other recognition pursuant to this sec-
42 tion shall not be deemed in violation of K.S.A. 46-237a, and ~~any~~ amend-
43 ments thereto.

1 Sec. 2. K.S.A. 2002 Supp. 75-37,105 is hereby repealed.

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

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