Approved: 3/23/2011
Date

MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY COMMITTEE

The meeting was called to order by Chairman Mike Burgess at 3:30 p.m. on March 16, 2011 in Room 546-S of the Capitol.

All members were present except:
Representative Rocky Fund
Representative Charles Roth

Committee staff present:
Julian Efird, Legislative Research
Iraida Orr, Legislative Research
Katherine McBride, Revisor of Statutes
Renae Jefferies, Revisor of Statutes
Linda Herrick, Committee Assistant

Conferees appearing before the Committee:
Jane Carter, Executive Director, Kansas Organization of State Employees

Others attending:
(See list attached.)

Chair Burgess announced that we will delay action on **HB 2268 - Relating to the collection of licenses, fees, charges, taxes and exactions** until tomorrow.

The Chair opened discussion on **Substitute for HB 2221 -- Relating to the employee award program**. This bill has had a great amount of discussion on how best to provide a state employee incentive program for suggestions which are implemented on cost savings and efficiencies for the state.

The Chair called Jane Carter to provide additional information on what employee award programs other states have implemented (Attachment 1). She noted the State of Montana is the best example with their program that began in 1993. The program had greater success after it was advertised on bulletin boards, first page of state employee web site, etc. Each state agency administers its own incentive award program. Their program offers both monetary amounts and leave time. In 2009, one employee received $4,461 for actual savings of $44,614; and in 2010, nine employees received a total of $1,750 for their suggestions for cost savings of $4,800. A report detailed each innovation and award for the last two years. The overall winner for outstanding savings was recognized by the Governor and received a palladium metal worth $500.

Ms. Carter noted the Colorado plan was modeled after the US Air Force whereby employees receive 5% up to $5,000 of the realized savings. Agencies receive 25% up to $25,000 of the realized savings. The remaining amount goes to the state general fund. North Dakota is just developing its program and if approved, the employee would receive 20% of the first year's savings realized up to a maximum of $2,000. She added that 5% is the incentive in most states, and the most critical part of such a program is the advertising, which would be a small cost to the state. Chair Burgess talked with Peggy Davis, Department of Administration in Montana, who indicated the program, when advertised, was a great success. The next year they did not advertise and the number of suggestions dropped. The recognition is as important to employees as the cash payment. Chair Burgess thanked Ms. Carter for the information from other states. Iraida Orr, Legislative Research, also provided the Committee with information on other employee incentive programs (Attachment 2).

Katherine McBride then provided an explanation of the balloon amendment to this bill. A section of the bill was changed to address both monetary and non-monetary awards to explain that the latter may include but would not be limited to a medal, annual award luncheon, or public recognition by the Kansas House or Kansas Senate. The non-monetary award would not exceed $3,500. Monetary awards would be in the amount of 10% of the cost reduction of the implemented suggested savings up to a maximum of $5,000. Multiple employees would share up to a maximum of $5,000. The agency would receive 10% of the documented cost reduction and the balance would go to a separate special revenue fund or funds to be administered by that state agency. Each state agency would establish a state employee suggestion program, and the Secretary of Administration would adopt rules and regulations to provide oversight and administrative review of agency award and recognition programs.

Representative DeGraaf provided a proposed balloon amendment as well. A definition of “state agency” was added, which included the legislative and judicial branches. This amendment provides for the Secretary of Administration to establish the state employee suggestion program for cost reductions for all state agencies, but that suggestions would be submitted to the employee's respective state agency for consideration. A paragraph was added to cover multiple employees making similar suggestions.

The minutes of the House Government Efficiency Committee at 3:30 p.m. on March 16, 2011, in Room 546-S of the Capitol.

It was the desire of the committee that in the definition of "state agency," individuals on legislative committees and legislators were excluded. It was also determined that a definition of "state employee" was unnecessary. After this discussion, the Chair indicated he would entertain a motion on the bill. It was moved by Representative DeGraaf to accept the first balloon amendment presented, seconded by Representative Johnson, and the Committee unanimously voted to approve the amendment.

The Committee then addressed the balloon amendment presented by Representative DeGraaf. It was moved by Representative DeGraaf and seconded by Representative Hoffman to approve the entire balloon amendment except for a clarification of the Secretary of Administration and the multiple employee award. The Committee voted to approve the motion.

The Committee next discussed whether it was appropriate for the Secretary of Administration to oversee the state employee suggestion program for all state agencies. It was moved by Representative DeGraaf and seconded by Representative Howell to approve the balloon pertaining to the single employee incentive program administered by the Secretary of Administration. The Committee voted to pass the motion.

Representative DeGraaf noted that the next section of the balloon explained multiple employee awards up to a maximum of $5,000 per employee and that the head of the state agency shall make the final determination as to each employee's percentage contribution award. It was moved by Representative DeGraaf and seconded by Representative Howell to approve this section of the amendment. There was some discussion and it was the Committee's intent that there should be a cap on the maximum amount of the award and that overall it should not exceed 10% of the cost savings and not to exceed $5,000 per employee. The Committee voted to approve this section of the amendment.

There was a question about the expired employee incentive program and how much had been paid to employees. It was noted there were a total of 24 awards amounting to just under $24,000 over three fiscal years amounting to 10% of the total savings.

Discussion ensued about whether to exclude elected and appointed officials with some Committee members feeling this was unnecessary. It was moved by Representative Trimmer, seconded by Representative Ruiz, and the Committee approved the motion to exclude elected and appointed officials from the incentive program.

Representative Johnson moved for favorable passage of the bill as amended, seconded by Representative DeGraaf, and the Committee voted to approve the motion.

Committee members expressed a desire to see this amended bill as noted with the motions above.

The next meeting is scheduled for Thursday, March 17, 2011.

The meeting was adjourned at 4:45 p.m.