

HOUSE BILL NO. 460

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES ROBINSON, B.Davis, Elton, Kubina, Long, Davies

Introduced: 1/31/96

Referred: Labor and Commerce, State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing a state employee incentive award program."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * **Section 1.** AS 14.25.220(6) is amended to read:

4 (6) "base salary"

5 (A) means the total remuneration payable under contract for a
6 full year of membership service, including addenda to the contract;

7 (B) has the same meaning as "compensation" under
8 AS 39.35.680(8) when applied to a state legislator who elects membership
9 under AS 14.25.040(b);

10 (C) does not include incentive cash awards under
11 AS 39.51.121;

12 * **Sec. 2.** AS 39.51 is amended by adding new sections to read:

13 Sec. 39.51.111. INCENTIVE AWARDS. The Incentive Awards Board may
14 authorize the commissioner of a department or the executive head of an agency other
15 than a department to pay an employee a cash award and incur necessary expense for

1 the honorary recognition of the employee if the employee has contributed to the
2 efficiency, economy, or other improvement of state operations by a superior
3 suggestion, invention, accomplishment, or other superior personal effort in connection
4 with or related to the employee's official employment.

5 Sec. 39.51.121. PAYMENT OF AWARDS. (a) A cash award under
6 AS 39.51.111 - 39.51.201 is in addition to the regular pay of the recipient. Acceptance
7 of a cash award constitutes an agreement that the use by the state of an idea, method,
8 or device for which the award is made does not form the basis of a further claim of
9 any nature against the state by the employee.

10 (b) A department or agency may pay a cash award and the expense for the
11 honorary recognition of an employee from the appropriation available to the activity
12 or activities primarily benefiting from the idea, method, or device that forms the basis
13 for the award. The commissioner of the department or head of the agency shall
14 recommend to the board the amount to be paid by each activity for an award.

15 (c) An employee may receive a cash award only if the board is satisfied that
16 a net savings has been realized by the department or agency as a direct result of the
17 employee's concept or idea, and the proposal has been developed outside normal
18 working hours.

19 (d) The board may not grant an award to an employee whose idea or concept
20 requires a change in law before it may be implemented.

21 Sec. 39.51.131. AMOUNT OF AWARDS. The board may not grant a cash
22 award under AS 39.51.111 - 39.51.201 that exceeds \$25,000. The amount of the
23 award is determined by multiplying each increment of the state's actual cost savings
24 during the first 12 months of implementation, as determined by the board, by the
25 following percentages and adding the results:

- 26 (1) five percent of the first \$10,000 in savings;
- 27 (2) four percent of the next \$20,000 in savings;
- 28 (3) three percent of the next \$30,000 in savings;
- 29 (4) two percent of the amount of savings that exceeds \$60,000.

30 Sec. 39.51.141. MERITORIOUS ACHIEVEMENT. When the commissioner
31 of a department or the executive head of an agency certifies to the board that an

1 employee's superior suggestion, invention, accomplishment, or other meritorious effort
2 is highly exceptional and unusually outstanding, but does not result in a direct savings
3 to state government, the board may approve an award consisting of a certificate of
4 merit issued by the Office of the Governor.

5 Sec. 39.51.151. LIMITATION ON AWARDS. The board may not make an
6 award to an employee

7 (1) for a suggestion that represents a part of the normal duties of the
8 employee;

9 (2) who has sole authority to implement the suggestion;

10 (3) whose duties include research or planning, unless the subject matter
11 of the suggestion is unrelated to the employee's normal work assignments; or

12 (4) who is part of a group that developed the concept or idea unless
13 each person in the group is an employee eligible for an award under this section.

14 Sec. 39.51.161. AWARDS TO FORMER EMPLOYEES. Notwithstanding the
15 death or separation from state service of the employee concerned, a department or
16 agency may pay or grant an award under AS 39.51.111 - 39.51.201 if the award is
17 based on events that happened while the employee was in the employ of the state, and
18 after the effective date of this Act.

19 Sec. 39.51.171. INCENTIVE AWARDS BOARD. (a) The Incentive Awards
20 Board is established in the division of personnel in the Department of Administration.

21 (b) The board consists of the director of the division of personnel in the
22 Department of Administration, the director of the office of management and budget in
23 the Office of the Governor, and a public member from the private sector with
24 experience in accounting and management appointed by the governor. The board shall
25 elect a chair.

26 (c) The board shall meet as necessary at a time and place determined by the
27 chair. The meetings are open to the public. A majority of the membership of the
28 board constitutes a quorum. The board may not take action on a matter except by
29 affirmative vote of a majority of the board members.

30 (d) A member of the board may not act on a matter in which the relationship
31 of the member with another person creates a conflict of interest.

1 (e) A member of the board may not receive an award under this chapter.

2 (f) The board shall adopt regulations and conduct hearings under AS 44.62
3 (Administrative Procedure Act).

4 Sec. 39.51.181. ANNUAL REPORT. The board shall submit a report
5 regarding the operation of the awards program to the governor and the legislature by
6 January 15 of each year. The report must include the name of each person who
7 received an award, the basis for making the award, and the amount of the award.

8 Sec. 39.51.201. DEFINITIONS. In AS 39.51.111 - 39.51.201,

9 (1) "board" means the Incentive Awards Board;

10 (2) "employee"

11 (A) includes a permanent, probationary, seasonal, nonpermanent,
12 temporary, or provisional employee of the executive branch of state
13 government whether in the classified, partially exempt, or exempt service;

14 (B) does not include a commissioner, deputy commissioner,
15 assistant commissioner, director, or deputy director.

16 * Sec. 3. AS 39.35.680(8) is amended to read:

17 (8) "compensation" means the total remuneration earned by an
18 employee for personal services rendered to an employer, including employee
19 contributions under AS 39.35.160, cost-of-living differentials only as provided in
20 AS 39.35.675, payments for leave that is actually used by the employee, the amount
21 by which the employee's wages are reduced under AS 39.30.150(c), and any amount
22 deferred under an employer-sponsored deferred compensation plan, but does not
23 include retirement benefits, severance pay or other separation bonuses, welfare
24 benefits, per diem, expense allowances, workers' compensation payments, **incentive**
25 **cash awards under AS 39.51.121**, or payments for leave not used by the employee
26 whether those leave payments are scheduled payments, lump-sum payments, donations,
27 or cash-ins;