

SENATE BILL NO. 233

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY SENATORS ELTON, Ellis

Introduced: 1/14/02

Referred: State Affairs, Health, Education and Social Services, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing a state employee incentive awards 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, but **"base**
7 **salary" does not include incentive cash awards under AS 39.51.111 and,**
8 for a member first hired on or after July 1, 1996, does not include remuneration
9 in excess of the limitations set out in 26 U.S.C. 401(a)(17);

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

13 * **Sec. 2.** AS 39.35.680 is amended to read:

14 (8) "compensation" means the remuneration earned by an employee
15 for personal services rendered to an employer, including employee contributions under

1 AS 39.35.160, cost-of-living differentials only as provided in AS 39.35.675, payments
 2 for leave that is actually used by the employee, the amount by which the employee's
 3 wages are reduced under AS 39.30.150(c), and any amount deferred under an
 4 employer-sponsored deferred compensation plan, but does not include retirement
 5 benefits, severance pay or other separation bonuses, welfare benefits, per diem,
 6 expense allowances, workers' compensation payments, or payments for leave not used
 7 by the employee whether those leave payments are scheduled payments, **incentive**
 8 **cash awards under AS 39.51.111**, lump-sum payments, donations, or cash-ins; for a
 9 member first hired on or after July 1, 1996, compensation does not include
 10 remuneration in excess of the limitations set out in 26 U.S.C. 401(a)(17) (Internal
 11 Revenue Code);

12 * **Sec. 3.** AS 39.51 is amended by adding new sections to read:

13 **Sec. 39.51.101. 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
 16 the honorary recognition of the employee if the employee has contributed to the
 17 efficiency, economy, or other improvement of state operations by a superior
 18 suggestion, invention, accomplishment, or other superior personal effort in connection
 19 with or related to the employee's official employment.

20 **Sec. 39.51.111. Payment of awards.** (a) A cash award under AS 39.51.101 -
 21 39.51.195 is in addition to the regular pay of the recipient. Acceptance of a cash
 22 award constitutes an agreement that the use by the state of an idea, method, or device
 23 for which the award is made does not form the basis of a further claim of any nature
 24 against the state by the employee.

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

30 (c) An employee may receive a cash award only if the board is satisfied that a
 31 net savings has been realized by the department or agency as a direct result of the

1 employee's concept or idea, and the proposal has been developed outside normal
2 working hours.

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

5 **Sec. 39.51.121. Amount of awards.** The board may not grant a cash award
6 under AS 39.51.101 - 39.51.195 that exceeds \$25,000. The amount of the award is
7 determined by multiplying each increment of the state's actual cost savings during the
8 first 12 months of implementation, as determined by the board, by the following
9 percentages and adding the results:

10 (1) five percent of the first \$10,000 in savings;

11 (2) four percent of the next \$20,000 in savings;

12 (3) three percent of the next \$30,000 in savings;

13 (4) two percent of the amount of savings that exceeds \$60,000.

14 **Sec. 39.51.131. Meritorious achievement.** When the commissioner of a
15 department or the executive head of an agency certifies to the board that an employee's
16 superior suggestion, invention, accomplishment, or other meritorious effort is highly
17 exceptional and unusually outstanding, but does not result in a direct savings to state
18 government, the board may approve an award consisting of a certificate of merit
19 issued by the Office of the Governor.

20 **Sec. 39.51.141. Limitation on awards.** The board may not make an award to
21 an employee

22 (1) for a suggestion that represents a part of the normal duties of the
23 employee;

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

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

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

29 **Sec. 39.51.151. Awards to former employees.** Notwithstanding the death or
30 separation from state service of the employee concerned, a department or agency may
31 pay or grant an award under AS 39.51.101 - 39.51.195 if the award is based on events

1 that happened while the employee was in the employ of the state, and after the
2 effective date of this Act.

3 **Sec. 39.51.161. Incentive Awards Board.** (a) The Incentive Awards Board
4 is established in the division of personnel in the Department of Administration.

5 (b) The board consists of the director of the division of personnel in the
6 Department of Administration, the director of the office of management and budget in
7 the Office of the Governor, and a public member from the private sector with
8 experience in accounting and management appointed by the governor who serves at
9 the pleasure of the governor. The board shall elect a chair.

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

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

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

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

19 **Sec. 39.51.171. Annual report.** The board shall submit a report regarding the
20 operation of the awards program to the governor and the legislature by January 15 of
21 each year. The report must include the name of each person who received an award,
22 the basis for making the award, and the amount of the award.

23 **Sec. 39.51.195. Definitions.** In AS 39.51.101 - 39.51.195,

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

25 (2) "employee" means a permanent, probationary, seasonal,
26 nonpermanent, temporary, or provisional employee of the executive branch of state
27 government whether in the classified, partially exempt, or exempt service, but does not
28 include a commissioner, deputy commissioner, assistant commissioner, director, or
29 deputy director.