

Offered: 5/3/89  
Referred: Rules

6-0662M

Original sponsors: Ulmer, Koponen,  
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1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 138 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a state employee incentive award  
7 system."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 39.51 is amended by adding new sections to read:

10 ARTICLE 2. INCENTIVE AWARD PROGRAM.

11 Sec. 39.51.110. INCENTIVE AWARDS. The Incentive Awards Board  
12 may authorize the commissioner of a department or the executive head  
13 of an agency other than a department to pay an employee a cash award  
14 and incur necessary expense for the honorary recognition of the em-  
15 ployee if the employee has contributed to the efficiency, economy, or  
16 other improvement of state operations by a superior suggestion, in-  
17 vention, accomplishment, or other superior personal effort in con-  
18 nection with or related to the employee's official employment.

19 Sec. 39.51.120. PAYMENT OF AWARDS. (a) A cash award under  
20 AS 39.51.110 - 39.51.200 is in addition to the regular pay of the  
21 recipient. Acceptance of a cash award constitutes an agreement that  
22 the use by the state of an idea, method, or device for which the award  
23 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  
26 for the honorary recognition of an employee from the appropriation  
27 available to the activity or activities primarily benefiting from the  
28 idea, method, or device that forms the basis for the award. The  
29 commissioner of the department or head of the agency shall recommend

1 to the board the amount to be paid by each activity for an award.

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

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

8 Sec. 39.51.130. AMOUNT OF AWARDS. The board may not grant a  
9 cash award under AS 39.51.110 - 39.51.200 that exceeds \$25,000. The  
10 amount of the award is determined by multiplying each increment of the  
11 state's actual cost savings during the first 12 months of implementa-  
12 tion, as determined by the board, by the following percentages and  
13 adding the results:

- 14 (1) five percent of the first \$10,000 in savings;  
15 (2) four percent of the next \$20,000 in savings;  
16 (3) three percent of the next \$30,000 in savings;  
17 (4) two percent of the amount of savings that exceeds  
18 \$60,000.

19 Sec. 39.51.140. MERITORIOUS ACHIEVEMENT. When the commissioner  
20 of a department or the executive head of an agency certifies to the  
21 board that an employee's superior suggestion, invention, accomplish-  
22 ment, or other meritorious effort is highly exceptional and unusually  
23 outstanding, but does not result in a direct savings to state govern-  
24 ment, the board may approve an award consisting of a certificate of  
25 merit issued by the Office of the Governor.

26 Sec. 39.51.150. LIMITATION ON AWARDS. The board may not make an  
27 award to an employee

- 28 (1) for a suggestion that represents a part of the normal  
29 duties of the employee;

- 1           (2) who has sole authority to implement the suggestion;  
2           (3) whose duties include research or planning, unless the  
3 subject matter of the suggestion is unrelated to the employee's normal  
4 work assignments; or  
5           (4) is developed by more than one person unless each person  
6 is an employee eligible for an award under this section.

7           Sec. 39.51.160. AWARDS TO FORMER EMPLOYEES. Notwithstanding the  
8 death or separation from state service of the employee concerned, a  
9 department or agency may pay or grant an award under AS 39.51.110 -  
10 39.51.200 if the award is based on events that happened while the  
11 employee was in the employ of the state, and after the effective date  
12 of this Act.

13           Sec. 39.51.170. INCENTIVE AWARDS BOARD. (a) The Incentive  
14 Awards Board is established in the division of personnel in the De-  
15 partment of Administration.

16           (b) The board consists of the director of the division of per-  
17 sonnel in the Department of Administration, the directors of the  
18 office of management and budget in the Office of the Governor, and a  
19 public member from the private sector with experience in accounting  
20 and management appointed by the governor. The board shall elect a  
21 chair.

22           (c) The board shall meet as necessary at a time and place deter-  
23 mined by the chair. The meetings are open to the public. A majority  
24 of the membership of the board constitutes a quorum. The board may  
25 not take action on a matter except by affirmative vote of a majority  
26 of the board members.

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

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

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

5 Sec. 39.51.180. ANNUAL REPORT. The board shall submit a report  
6 regarding the operation of the awards program to the governor and the  
7 legislature by January 15 of each year. The report must include the  
8 name of each person who received an award, the basis for making the  
9 award, and the amount of the award.

10 Sec. 39.51.200. DEFINITIONS. In AS 39.51.110 - 39.51.200

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

12 (2) "employee"

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

17 (B) but does not include a commissioner, deputy com-  
18 missioner, assistant commissioner, director, or deputy director.

19 \* Sec. 2. AS 39.35.680(8) is amended to read:

20 (8) "compensation" means the total remuneration earned by an  
21 employee for personal services rendered to an employer, including  
22 employee contributions under AS 39.35.160, cost-of-living differen-  
23 tials only as provided in AS 39.35.675, payments for leave that is  
24 actually used by the employee, the amount by which the employee's  
25 wages are reduced under AS 39.30.150(c), and any amount deferred under  
26 an employer-sponsored deferred compensation plan, but does not include  
27 retirement benefits, severance pay or other separation bonuses, wel-  
28 fare benefits, per diem, expense allowances, workers' compensation  
29 payments, incentive cash awards under AS 39.51.120, or payments for

1 leave not used by the employee whether those leave payments are sched-  
2 uled payments, lump-sum payments, donations, or cash-ins;

3 \* Sec. 3. Section 1 of this Act is repealed July 1, 1993.

4 \* Sec. 4. The directors of the office of management and budget in the  
5 Office of the Governor and of the division of personnel in the Department  
6 of Administration shall report to the legislature by January 15, 1994, on  
7 the state's experience with the incentive awards program. The report must  
8 include the name of each person who received an award during 1993, the  
9 basis for making the award, and the amount of the award.