

February 23, 2023

The Honorable Troy Waymaster, Chairperson
House Committee on Appropriations
300 SW 10th Avenue, Room 112-N
Topeka, Kansas 66612

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2277 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2277 is respectfully submitted to your committee.

HB 2277 would amend the Employee Award and Recognition Program. The bill would remove the current limitation that bonuses must be discretionary as defined by rules of the Internal Revenue Service and to specifically allow for hiring, recruitment, and retention bonuses in addition to the current categories of bonuses allowed by statute. The bill would increase the maximum total gross value of awards that an employee could receive in a single fiscal year from \$3,500 to \$10,000. HB 2277 would specify that any monetary award or series of awards in excess of \$3,500 that is proposed for an employee in the classified service or an employee in the unclassified service whose salary is subject to approval in accordance with KSA 75-2935b, would be subject to approval by the Governor and would not be paid until approved by the Governor.

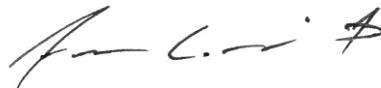
Under current law, the Secretary of Administration is required to adopt rules and regulations that provide oversight and administrative review of state agency award and reorganization programs. HB 2277 would no longer allow the Secretary to adopt rules and regulations; however, the bill would require the Secretary to provide oversight and administrative review of award and recognition programs for Executive Branch state agencies and appointed state councils and commissions.

The bill would require that annually, on August 1, each state agency that has awarded an employee with a monetary award would be required to submit a report to the Secretary on the number of monetary awards paid in each category of awards or bonuses and the total dollar amount of each award or bonus for the previous fiscal year. The Secretary would be required to submit

the information to the House Committee on Appropriations and the Senate Committee on Way and Means.

The Department of Administration states the bill would allow state agencies to provide bonuses in higher amounts and because of this, the Department estimates that the bill's enactment would result in more bonuses being provided and more funds being expended to pay for the bonuses. For FY 2024, the Department estimates state agencies would have to manage any additional bonuses within existing budget resources. According to the Department, some agencies may seek additional funding for bonuses in future fiscal years, especially if the agency has established a program providing hiring, recruitment, or retention bonuses. Any fiscal effect associated with HB 2277 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Tamara Emery, Department of Administration