

From: Secretary Adam C. Proffitt, Department of Administration
To: House Committee on Appropriations
Date: February 27th, 2025
Subject: Testimony in support of HB 2237

Mr. Chairman and Members of the Committee,

I appreciate you allowing me to provide testimony on HB 2237. This bill would modernize the State's hiring practices and would make us more competitive in the job market for highly skilled and hard to recruit positions.

Other agencies have provided written testimony, and some will provide in-person testimony regarding how this legislation will impact their hiring. In my testimony, I will cover the technical aspects of this legislation.

Funding and Requirements

First, I want to make sure that agencies would need to offer bonuses from within existing resources, or by making an enhancement request.

This bill would amend K.S.A. 75-37,105 which establishes an employee award and recognition program for State employees. Barring authorization from another statute, this is the only means by which monetary and non-monetary awards may be provided to employees.

The statute specifically defines the categories for which such awards may be made, listing the following: *distinguished accomplishment, meritorious service, innovations, Kansas quality management, volunteerism or length of service.*

The statute further provides that the total gross value of awards to any employee during a single fiscal year cannot exceed \$3,500, unless the award is made as part of the employee suggestion program.

Recruitment and Retention

The statute also requires that all awards and recognition provided via the program must meet the conditions for a discretionary bonus set out in 29 C.F.R. § 778.211. Subsection (a) of the CFR states that a bonus is discretionary when:

"both the fact that the payment is to be made and the amount of the payment are determined at the sole discretion of the employer at or near the end of the period and not pursuant to any prior contract, agreement, or promise causing the employee to expect such payments regularly."

This restriction prohibits the State of Kansas from using recruitment or retention bonuses, which can be effective tools for recruiting candidates or keeping current employees and are utilized successfully by many other employers.

This bill removes that limitation, and specifically authorizes hiring, recruitment and retention bonuses in addition to the current categories of bonuses allowed by the statute. Several agencies have requested to establish

these types of bonus programs to help address their staffing issues, but the current language of the statute prohibits them from doing so. Based on these requests, the Department of Administration worked to introduce this legislation.

Increasing the Cap

In addition to the removal of that restriction, this bill would also increase the maximum cap of bonuses that an employee can receive within a fiscal year from the current limit of \$3,500 to \$10,000. A higher-level cap is necessary to allow for effective and meaningful recruiting and retention bonuses, but agencies under the Governor's jurisdiction would be required to obtain approval from the Governor for any bonus above the current maximum of \$3,500.

Annual Reports

The bill also requires each agency that has provided a monetary award to submit an annual report of such awards made during the previous fiscal year to the Secretary and the Secretary is then required to compile the information and provide a report to the Legislature every year. Along with the required approval for bonuses over \$3,500 and the oversight and guidance that the statute requires the Department of Administration to provide, this will establish statutory safeguards to prevent abuse or favoritism for bonuses provided to State of Kansas employees.

The Department of Administration is available to answer general questions about what is currently allowed and what the bill would allow, but several agencies would be more than willing to share with the Committee specifically how this bill will help them in their efforts to recruit, retain and reward good employees.