

SENATE BILL NO. 286—SENATOR RHODS

MARCH 21, 2011

JOINT SPONSOR: ASSEMBLYWOMAN SMITH

Referred to Committee on Legislative Operations and Elections

SUMMARY—Revises provisions governing the Merit Award Program. (BDR 31-980)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets [omitted material] is material to be omitted.

AN ACT relating to state employees; revising provisions governing the Merit Award Program; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

The Merit Award Program is established under existing law to provide awards to state employees who propose suggestions which would reduce or eliminate state expenditures or improve the operation of State Government. (NRS 285.030) The Program is administered by the Merit Award Board. Existing law limits the amount of an award to \$500, with a maximum amount of total annual awards limited to \$5,000. (NRS 285.070)

This bill revises the Merit Award Program. **Section 11** of this bill provides additional criteria for making a qualifying employee suggestion. **Section 12** of this bill requires the Board to annually report information concerning employee suggestions to the Budget Division of the Department of Administration and the Interim Finance Committee. **Section 13** of this bill: (1) authorizes the award of 10 percent of the savings resulting from the employee suggestion to the state employee or group of state employees who made the suggestion; (2) provides for the transfer of 50 percent of the savings to the State General Fund; and (3) authorizes the state agency that employs the state employee or group of state employees to retain the remaining 40 percent of the savings to use for one-time nonoperational expenses such as training and equipment. Awards that exceed \$5,000 require the approval of the Interim Finance Committee. Under **section 13**, awards are paid in two installments consisting of one payment after the end of the first fiscal year during which the employee suggestion was adopted and one payment after the end of the subsequent fiscal year.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 285 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 6, inclusive, of this act.

Sec. 2. *As used in this chapter, unless the context otherwise requires, the words and terms defined in NRS 285.010 and sections 3 to 6, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Board” means the Merit Award Board.*

Sec. 4. *“Employee suggestion” means a proposal by a state employee or group of state employees which would:*

1. Reduce, eliminate or avoid state expenditures, whether or not such money would be expended from the State General Fund; or

2. Improve the operation of the State Government.

Sec. 5. *“State agency” has the meaning ascribed to it in NRS 281.195, except that the term does not include a board which is exempt from the provisions of chapter 353 of NRS pursuant to NRS 353.005.*

Sec. 6. *“State employee” means any person employed by a state agency who is not the head of the state agency or a designee of the head of a state agency for the purposes of this chapter.*

Sec. 7. NRS 285.010 is hereby amended to read as follows:

285.010 ~~[As used in this chapter unless the context otherwise requires:~~

~~—1.] “Adoption” means the putting of an employee suggestion into effect.~~

~~[2. “Board” means the Merit Award Board.~~

~~—3. “Employee suggestion” means a proposal by a state employee which would:~~

~~—(a) Reduce or eliminate state expenditures; or~~

~~—(b) Improve the operation of State Government.~~

~~—4. “Merit award” means an award to a state employee for an adopted suggestion in the form of either the Governor’s certificate of commendation or a cash payment.~~

~~—5. “State employee” means any person employed by a state agency who is not the head of the department.]~~

Sec. 8. NRS 285.020 is hereby amended to read as follows:

285.020 1. There is hereby established a Merit Award Program for state employees.

2. The award ~~[shall]~~ **must** be designated as the ~~[Governor’s Award for Achievement of Excellence in State Service.]~~ **“Good Government, Great Employees” Award.**



1 **Sec. 9.** NRS 285.030 is hereby amended to read as follows:
2 285.030 1. The controlling authority of the Merit Award
3 Program is the Merit Award Board.

4 2. The Board must be composed of five members as follows:

5 (a) Two *persons who are* members of the ~~[State of Nevada~~
6 ~~Employees Association]~~ *American Federation of State, County*
7 *and Municipal Employees or its successor*, designated by the
8 executive committee of that ~~[association.]~~ *Federation or its*
9 *successor.*

10 (b) One member from the Budget Division of the Department of
11 Administration appointed by the Chief of the Budget Division.

12 (c) One member from the Department of Personnel appointed by
13 the Director of the Department.

14 (d) One member appointed by and representing the Governor.

15 3. The member from either the Budget Division of the
16 Department of Administration or from the Department of Personnel
17 must serve as the Secretary of the Board.

18 4. The Board shall adopt regulations for transacting its business
19 and carrying out the provisions of this chapter.

20 5. Within the limits of legislative appropriations, the Board
21 may expend up to \$1,000 per year on expenses relating to the
22 operation of the Board.

23 **Sec. 10.** NRS 285.040 is hereby amended to read as follows:

24 285.040 The Board shall investigate, review and evaluate the
25 merits of each ~~[recommendation]~~ proposed ~~[.]~~ *employee suggestion*
26 *in the manner set forth in NRS 285.060.*

27 **Sec. 11.** NRS 285.050 is hereby amended to read as follows:

28 285.050 1. ~~[Every]~~ *Except as otherwise provided in this*
29 *section, any* state employee ~~[is eligible to offer]~~ *or group of state*
30 *employees may make* an employee suggestion.

31 2. To be eligible for an award ~~[an]~~ *pursuant to NRS 285.070, a*
32 *state employee or group of state employees* must ~~[propose a change~~
33 ~~which is:]~~ *make a suggestion:*

34 (a) *Which is* not currently under active consideration by the
35 state agency affected ~~[.]~~ ;

36 (b) *For which the act of developing or proposing is not a*
37 *normal part of the job duties of the state employee, whether acting*
38 *individually or as a member of a group of state employees;*

39 (c) *Which is not within the state employee's authority or*
40 *responsibility to carry out or implement, whether acting*
41 *individually or as a member of a group of state employees;*

42 (d) *Which proposes to do more than merely suggest that an*
43 *existing policy or procedure be followed correctly;*

44 (e) *Which does not concern an individual grievance or*
45 *complaint;*



1 (f) Which would not reduce the quality or quantity of services
2 provided by the relevant state agency; and

3 (g) Which would not transfer costs from one state agency to
4 another state agency.

5 3. If duplicate *employee* suggestions are submitted, only the
6 *state employee or group of state employees who makes the first*
7 *employee* suggestion received is eligible for an award ~~[]~~ pursuant
8 to NRS 285.070.

9 4. Except as otherwise provided in this subsection, a state
10 employee, either individually or as a member of a group of state
11 employees, may not make more than two employee suggestions in
12 any calendar year. For any employee suggestion made by a state
13 employee, either individually or as a member of a group of state
14 employees, that is approved in a calendar year, the state employee
15 may make one additional employee suggestion during the calendar
16 year.

17 **Sec. 12.** NRS 285.060 is hereby amended to read as follows:

18 285.060 1. ~~[Employee suggestions shall be submitted]~~ An
19 employee suggestion must be made in writing to the Board.

20 2. The Board may, in consultation with the Budget Division
21 of the Department of Administration and the Interim Finance
22 Committee, establish such additional standards for the making and
23 submission of *employee* suggestions as it deems proper.

24 3. ~~[The]~~ Upon receiving an employee suggestion pursuant to
25 subsection 1, the Secretary of the Board shall ~~[receive, record]~~ :

26 (a) Record and acknowledge receipt of ~~[suggestions, and shall~~
27 ~~notify the suggestor]~~ the employee suggestion;

28 (b) Notify the state employee or each state employee of a group
29 of state employees who made the employee suggestion of any
30 undue delays in the consideration of the *employee* suggestion ~~[~~

31 ~~—4.— Suggestions shall be referred]~~; and

32 (c) Refer the employee suggestion at once to the head of the
33 state agency or agencies affected, or his or her designee, for
34 consideration.

35 4. Within 30 days after receiving an employee suggestion that
36 is referred pursuant to subsection 3, the head of the state agency,
37 or his or her designee, shall report ~~[its]~~ his or her findings and
38 recommendations to the Board. The ~~[agency]~~ report ~~[shall]~~ must
39 indicate:

40 (a) Whether ~~[a]~~ the employee suggestion has been adopted.

41 (b) If adopted ~~[, the]~~ :

42 (1) The day on which ~~[a]~~ the employee suggestion was
43 placed in effect.

44 ~~[(c) If adopted, any]~~



* S B 2 8 6 R 1 *

(2) *The actual or estimated reduction, elimination or avoidance of expenditures or **any** improvement in operations made possible by ~~[an employee's]~~ the employee suggestion.*

~~[(d)]~~ (3) *If the employee suggestion was made by a group of state employees, a recommendation of the distribution of any potential award made pursuant to NRS 285.070 to each state employee in the group. Such a distribution must be proportionate, fair and equitable based on the contributions by each state employee to the employee suggestion.*

(c) If rejected, the reasons for rejection.

(d) *If applicable, whether legislation will be required before the employee suggestion may be adopted.*

5. The Board shall ~~[review agency]~~ :

(a) *Review the findings and recommendations of the state agency* and may obtain additional information or take such other action as is necessary for prompt, thorough and impartial consideration of each *employee* suggestion.

~~[6.—The Board shall evaluate]~~

(b) *Evaluate* each *employee* suggestion, taking into consideration ~~[agency]~~ *any* action ~~[]~~ *by the state agency*, staff recommendations and the objectives of the Merit Award Program. ~~[For each suggestion eligible for an award the Board shall formulate an official recommendation covering the merit of the suggestion, and the amount of recommended award.]~~

(c) *Monitor the efficacy and progress of employee suggestions that have been adopted and placed into effect.*

(d) *Provide a report to the Budget Division of the Department of Administration and the Interim Finance Committee not later than 30 days after the end of each fiscal year summarizing, for that fiscal year:*

(1) *The employee suggestions that were rejected by state agencies.*

(2) *The employee suggestions that were adopted by state agencies and detailing any actual reduction, elimination or avoidance of expenditures or any improvement in operations made possible by the employee suggestion.*

(3) *Any legislation required to be enacted before an employee suggestion may be adopted.*

Sec. 13. NRS 285.070 is hereby amended to read as follows:

285.070 1. ~~[Insofar as it may be equitable and practicable, the amount of the cash award allowed for an employee's suggestion must be predicated upon the]~~ *Except as otherwise provided in this section, after reviewing and evaluating an employee suggestion, the Board, in consultation with the Budget Division of the Department of Administration, may make an award to the state*



1 *employee or to each state employee of a group of state employees*
2 *who made the employee suggestion.*

3 2. *If the amount of a proposed award will exceed \$5,000, the*
4 *award must be approved by the Interim Finance Committee. On a*
5 *quarterly basis, the Board shall transmit any proposed awards that*
6 *exceed \$5,000 to the Director of the Legislative Counsel Bureau*
7 *for transmittal to the Interim Finance Committee. In acting upon*
8 *such an award, the Interim Finance Committee shall consider,*
9 *among other things:*

10 (a) *The reduction, elimination or avoidance of expenditures or*
11 *any improvement in operations made possible by the employee*
12 *suggestion; and*

13 (b) *The intent of the Legislature in enacting this chapter.*

14 3. *An award made pursuant to this section may not exceed:*

15 (a) *Ten percent of the amount of any actual savings to the*
16 *State* ~~*[. No cash award may exceed \$500.*~~

17 ~~*— 2. — Cash payments]*~~, *as determined at the end of the second*
18 *fiscal year after the adoption of the employee suggestion; or*

19 (b) *A total of \$25,000,*
20 *↪ whichever is less, whether distributed to an individual employee*
21 *or to a group of state employees who made the employee*
22 *suggestion.*

23 4. *Any actual savings to the State resulting from the adoption*
24 *of an employee suggestion that remains after an award is made*
25 *pursuant to this section must be distributed as follows:*

26 (a) *Fifty percent must be transferred to the State General*
27 *Fund; and*

28 (b) *After a revision to the appropriate work program pursuant*
29 *to NRS 353.220, the remaining balance must be used by the state*
30 *agency that employs the state employee or the group of state*
31 *employees who made the employee suggestion for one-time,*
32 *nonoperational expenses which do not require ongoing*
33 *maintenance, including, without limitation, training and*
34 *equipment.*

35 5. *Awards to employees arising out of adopted employee*
36 *suggestions must, insofar as is practicable, be paid from money*
37 ~~*[appropriated by the Legislature for that purpose.*~~

38 ~~*— 3. — No more than \$5,000 each fiscal year may be distributed as*~~
39 ~~*cash payments to employees pursuant to NRS 285.010 to 285.070,*~~
40 ~~*inclusive.] other than money in the State General Fund.*~~

41 6. *The total amount of an award made pursuant to this*
42 *section must be paid in two equal installments. The first*
43 *installment must be paid not later than 30 days after the end of the*
44 *fiscal year during which the employee suggestion was adopted,*



1 *and the second installment must be paid not later than 30 days*
2 *after the end of the subsequent fiscal year.*

3 *7. A former state employee is eligible to receive an award*
4 *pursuant to this section if the person was a state employee at the*
5 *time he or she made an employee suggestion, or was a member of*
6 *a group of state employees who made an employee suggestion, that*
7 *is subsequently adopted.*

8 *8. An award may not be made for an employee suggestion*
9 *pursuant to this section until the State has realized a reduction,*
10 *elimination or avoidance of expenditures or any improvement in*
11 *operations as a result of the employee suggestion.*

12 **Sec. 13.5.** NRS 218E.405 is hereby amended to read as
13 follows:

14 218E.405 1. Except as otherwise provided in subsection 2,
15 the Interim Finance Committee may exercise the powers conferred
16 upon it by law only when the Legislature is not in regular or special
17 session.

18 2. During a regular or special session, the Interim Finance
19 Committee may also perform the duties imposed on it by subsection
20 5 of NRS 284.115, NRS 284.1729, **285.070**, subsection 2 of NRS
21 321.335, NRS 322.007, subsection 2 of NRS 323.020, NRS
22 323.050, subsection 1 of NRS 323.100, subsection 3 of
23 NRS 341.090, NRS 341.142, subsection 6 of NRS 341.145, NRS
24 353.220, 353.224, 353.2705 to 353.2771, inclusive, 353.288,
25 353.335, 353C.226, paragraph (b) of subsection 4 of NRS 407.0762,
26 NRS 428.375, 439.620, 439.630, 445B.830 and 538.650. In
27 performing those duties, the Senate Standing Committee on Finance
28 and the Assembly Standing Committee on Ways and Means may
29 meet separately and transmit the results of their respective votes to
30 the Chair of the Interim Finance Committee to determine the action
31 of the Interim Finance Committee as a whole.

32 3. The Chair of the Interim Finance Committee may appoint a
33 subcommittee consisting of six members of the Committee to
34 review and make recommendations to the Committee on matters of
35 the State Public Works Board that require prior approval of the
36 Interim Finance Committee pursuant to subsection 3 of NRS
37 341.090, NRS 341.142 and subsection 6 of NRS 341.145. If the
38 Chair appoints such a subcommittee:

39 (a) The Chair shall designate one of the members of the
40 subcommittee to serve as the chair of the subcommittee;

41 (b) The subcommittee shall meet throughout the year at the
42 times and places specified by the call of the chair of the
43 subcommittee; and



(c) The Director of the Legislative Counsel Bureau or the Director's designee shall act as the nonvoting recording secretary of the subcommittee.

Sec. 14. NRS 285.080 is hereby repealed.

Sec. 15. 1. The Fiscal Analysis Division of the Legislative Counsel Bureau shall, on or before October 1, 2011, and in consultation with the Budget Division of the Department of Administration, prepare the form to be used by a state employee or group of state employees in making an employee suggestion.

2. As used in this section:

(a) "Employee suggestion" has the meaning ascribed to it in section 4 of this act.

(b) "State employee" has the meaning ascribed to it in section 6 of this act.

Sec. 16. This act becomes effective upon passage and approval for the purpose of adopting the form described in section 15 of this act, and on October 1, 2011, for all other purposes.

TEXT OF REPEALED SECTION

285.080 Service award; conditions; regulations.

1. The Governor or head of a state agency may present service awards to state employees if:

(a) The cost of each award does not exceed the amount established by the State Board of Examiners; and

(b) The Office of the Governor or the agency has sufficient funds available for such awards.

2. The State Board of Examiners shall establish by regulation a maximum amount of money that the Governor or the head of a state agency may spend on a service award pursuant to this section.

3. As used in this section, "service award" means a suitable symbol, other than money, for faithful and exceptional public service.

