

ASSEMBLY BILL NO. 321—ASSEMBLYMEN PAUL ANDERSON,
HARDY, HICKEY, HAMBRICK; CARRILLO, DUNCAN,
ELLISON, FIORE, GRADY, HEALEY, KIRNER, LIVERMORE,
MUNFORD, OSCARSON, SPRINKLE, STEWART, WHEELER
AND WOODBURY

MARCH 18, 2013

JOINT SPONSORS: SENATORS HAMMOND;
BROWER AND GUSTAVSON

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing the Merit Award
Program for state employees. (BDR 23-760)

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:

- 1 Existing law establishes the Merit Award Program to provide awards to state
- 2 employees who propose suggestions that would reduce, eliminate or avoid state
- 3 expenditures or improve the operation of State Government. (NRS 285.014,
- 4 285.020) **Section 2** of this bill revises the definition of “employee suggestion” to
- 5 limit its application to only a suggestion that would reduce, eliminate or avoid state
- 6 expenditures. The Merit Award Board administers the Program. (NRS 285.030)
- 7 **Section 3** of this bill revises the membership of the Board and requires the
- 8 Governor to appoint the members of the Board from among the directors of the
- 9 departments of the Executive Department of the State Government.
- 10 Existing law provides that to be eligible for an award, an employee or a group
- 11 of employees must make a suggestion that meets certain criteria. (NRS 285.050)
- 12 **Section 4** of this bill provides certain additional criteria for a qualified employee
- 13 suggestion.
- 14 Under existing law, the Board is required to consider certain factors when
- 15 evaluating each employee suggestion. (NRS 285.040, 285.060) **Section 5** of this
- 16 bill requires the Board to determine whether an employee suggestion is desirable
- 17 and feasible before referring the suggestion to a state agency.



18 Existing law limits the amount of an award to \$25,000 or 10 percent of any
19 actual savings to the State. (NRS 285.070) **Section 6** of this bill limits the amount
20 of an award to \$3,500 or 20 percent of actual savings and requires that the award
21 relate directly to the reduction, elimination or avoidance of expenditures realized as
22 a result of the employee suggestion.

23 **Sections 1 and 8** of this bill require each state agency to provide to its
24 employees information relating to the Merit Award Program.

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

1 **Section 1.** NRS 284.337 is hereby amended to read as follows:
2 284.337 An employee whose duties include the supervision of
3 an employee who holds a position in the classified service shall:

4 1. For filing at the times specified in NRS 284.340, prepare
5 reports on the performance of that employee. In preparing a report,
6 the supervisory employee shall meet with the employee to ~~{discuss}~~
7 :

- 8 (a) *Discuss* goals and objectives ~~{to evaluate}~~ ;
- 9 (b) *Evaluate* the employee’s improvement in performance and
10 personal development ~~{and to discuss}~~ ;
- 11 (c) *Discuss* the report ~~{}~~ ; and
- 12 (d) *Provide to the employee information relating to the Merit*
13 *Award Program established by NRS 285.020.*

14 2. Provide the employee with a copy of the report.
15 3. Transmit the report to the appointing authority.

16 **Sec. 2.** NRS 285.014 is hereby amended to read as follows:

17 285.014 “Employee suggestion” means a proposal by a state
18 employee or group of state employees which would ~~{}~~
19 ~~1. Reduce,} reduce,~~ eliminate or avoid state expenditures,
20 whether or not such money would be expended from the State
21 General Fund. ~~{or}~~
22 ~~2. Improve the operation of the State Government.}~~

23 **Sec. 3.** NRS 285.030 is hereby amended to read as follows:

24 285.030 1. The controlling authority of the Merit Award
25 Program is the Merit Award Board.

26 2. The Board ~~{must be composed}~~ *consists* of five members ~~{as~~
27 ~~follows:~~

28 ~~—(a) Two persons who are members of the American Federation~~
29 ~~of State, County and Municipal Employees or its successor,~~
30 ~~designated by the executive committee of that Federation or its~~
31 ~~successor.~~

32 ~~—(b) One member from the Budget Division of the Department of~~
33 ~~Administration appointed by the Chief of the Budget Division.~~



1 ~~—(c) One member from the Division of Human Resource~~
2 ~~Management of the Department of Administration appointed by the~~
3 ~~Administrator of the Division.~~

4 ~~—(d) One member appointed by and representing the Governor.]~~
5 ~~appointed by the Governor from among the directors of the~~
6 ~~departments of the Executive Department of the State~~
7 ~~Government. Each member of the Board serves a term of 4 years.~~
8 ~~A member of the Board may be reappointed.~~

9 3. ~~[The member from either the Budget Division or the~~
10 ~~Division of Human Resource Management of the Department of~~
11 ~~Administration must serve as the Secretary of the Board.~~

12 ~~—4.]~~ The Board shall adopt regulations for transacting its
13 business and carrying out the provisions of this chapter.

14 ~~[5.]~~ 4. Within the limits of legislative appropriations, the
15 Board may expend up to \$1,000 per year on expenses relating to the
16 operation of the Board.

17 **Sec. 4.** NRS 285.050 is hereby amended to read as follows:

18 285.050 1. Except as otherwise provided in this section, any
19 state employee or group of state employees may make an employee
20 suggestion. An employee suggestion must be made in writing to the
21 Board.

22 2. To be eligible for an award pursuant to NRS 285.070, a state
23 employee or group of state employees must make a suggestion:

24 (a) *Which does not duplicate or closely resemble a suggestion*
25 *that has been previously submitted and rejected;*

26 (b) Which is not currently under active consideration by the
27 state agency affected;

28 ~~[(b)]~~ (c) For which the act of developing or proposing is not a
29 normal part of the job duties of the state employee, whether acting
30 individually or as a member of a group of state employees;

31 ~~[(e)]~~ (d) Which is not within the state employee's authority or
32 responsibility to carry out or implement, whether acting individually
33 or as a member of a group of state employees;

34 ~~[(d)]~~ (e) Which proposes to do more than merely suggest that an
35 existing policy or procedure be followed correctly;

36 ~~[(e)]~~ (f) Which does not concern an individual grievance or
37 complaint;

38 ~~[(f)]~~ (g) Which would not reduce the quality or quantity of
39 services provided by the relevant state agency; and

40 ~~[(g)]~~ (h) Which would not transfer costs from one state agency
41 to another state agency.

42 3. If duplicate employee suggestions are submitted, only the
43 state employee or group of state employees who makes the first
44 employee suggestion received is eligible for an award pursuant to
45 NRS 285.070.



1 4. ~~{Except as otherwise provided in this subsection, a state~~
2 ~~employee, either individually or as a member of a group of state~~
3 ~~employees, may not make more than two employee suggestions in~~
4 ~~any calendar year. For any employee suggestion made by a state~~
5 ~~employee, either individually or as a member of a group of state~~
6 ~~employees, that is approved in a calendar year, the state employee~~
7 ~~may make one additional employee suggestion during the calendar~~
8 ~~year.~~

9 ~~—5.}~~ The Board may, in consultation with the Budget Division of
10 the Department of Administration and the Interim Finance
11 Committee, establish such additional standards for the making and
12 submission of employee suggestions as it deems proper.

13 **Sec. 5.** NRS 285.060 is hereby amended to read as follows:

14 285.060 1. Upon receiving an employee suggestion pursuant
15 to NRS 285.050, the ~~{Secretary of the}~~ Board shall:

16 (a) Record and acknowledge receipt of the employee suggestion;
17 (b) Notify the state employee or each state employee of a group
18 of state employees who made the employee suggestion of any undue
19 delays in the consideration of the employee suggestion; and

20 (c) ~~{Refer}~~ *If the Board determines that the employee*
21 *suggestion is desirable and feasible, refer* the employee suggestion
22 ~~{at once}~~ to the head of the state agency or agencies affected, or his
23 or her designee, for consideration.

24 2. Within 30 days after receiving an employee suggestion that
25 is referred pursuant to subsection 1, the head of the state agency, or
26 his or her designee, shall report his or her findings and
27 recommendations to the Board. The report must indicate:

28 (a) Whether the employee suggestion has been adopted.

29 (b) If adopted:

30 (1) The day on which the employee suggestion was placed in
31 effect.

32 (2) The actual or estimated reduction, elimination or
33 avoidance of expenditures ~~{or any improvement in operations}~~ made
34 possible by the employee suggestion.

35 (3) If the employee suggestion was made by a group of state
36 employees, a recommendation of the distribution of any potential
37 award made pursuant to NRS 285.070 to each state employee in the
38 group. Such a distribution must be proportionate, fair and equitable
39 based on the contributions by each state employee to the employee
40 suggestion.

41 (c) If rejected, the reasons for rejection.

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

44 3. The Board shall:



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

5 (b) Evaluate each employee suggestion, taking into
6 consideration any action by the state agency, staff recommendations
7 and the objectives of the Merit Award Program.

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

10 (d) *If the Board determines that an employee suggestion which*
11 *has been adopted and placed into effect by a state agency is*
12 *applicable to another state agency, refer the employee suggestion*
13 *to the other state agency.*

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

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

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

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

26 **Sec. 6.** NRS 285.070 is hereby amended to read as follows:

27 285.070 1. Except as otherwise provided in this section, after
28 reviewing and evaluating an employee suggestion, the Board, in
29 consultation with the Budget Division of the Department of
30 Administration, may make an award to the state employee or to each
31 state employee of a group of state employees who made the
32 employee suggestion.

33 2. ~~If the amount of a proposed award will exceed \$5,000, the~~
34 ~~award must be approved by the Interim Finance Committee. On a~~
35 ~~quarterly basis, the Board shall transmit any proposed awards that~~
36 ~~exceed \$5,000 to the Director of the Legislative Counsel Bureau for~~
37 ~~transmittal to the Interim Finance Committee. In acting upon such~~
38 ~~an award, the Interim Finance Committee shall consider, among~~
39 ~~other things:~~

40 ~~—(a) The reduction, elimination or avoidance of expenditures or~~
41 ~~any improvement in operations made possible by the employee~~
42 ~~suggestion; and~~

43 ~~—(b) The intent of the Legislature in enacting this chapter.~~



1 ~~—3.1~~ An award made pursuant to this section *must relate directly*
2 *to the reduction, elimination or avoidance of expenditures realized*
3 *as a result of the employee suggestion and* may not exceed:

4 (a) ~~{Ten}~~ *Twenty* percent of the amount of ~~{any}~~ *the* actual
5 savings to the State, as determined at the end of the second fiscal
6 year after the adoption of the employee suggestion; or

7 (b) A total of ~~{\$25,000,}~~ *\$3,500,*

8 *↪* whichever is less, whether distributed to an individual employee
9 or to a group of state employees who made the employee
10 suggestion.

11 ~~{4.}~~ *3.* Awards to employees arising out of adopted employee
12 suggestions must, insofar as is practicable, be paid from money
13 other than money in the State General Fund.

14 ~~{5. — The total amount of an award made pursuant to this section~~
15 ~~must be paid in two equal installments. The first installment must be~~
16 ~~paid not later than 30 days after the end of the fiscal year during~~
17 ~~which the employee suggestion was adopted, and the second~~
18 ~~installment must be paid not later than 30 days after the end of the~~
19 ~~subsequent fiscal year.~~

20 ~~—6.}~~ *4.* A former state employee is eligible to receive an award
21 pursuant to this section if the person was a state employee at the
22 time he or she made an employee suggestion, or was a member of a
23 group of state employees who made an employee suggestion, that is
24 subsequently adopted.

25 ~~{7.}~~ *5.* An award may not be made for an employee suggestion
26 pursuant to this section until the State has realized a reduction,
27 elimination or avoidance of expenditures ~~{or any improvement in~~
28 ~~operations}~~ as a result of the employee suggestion.

29 ~~{8.}~~ *6.* Any actual savings to the State resulting from the
30 adoption of an employee suggestion that remains after an award is
31 made pursuant to this section must be distributed as follows:

32 (a) Fifty percent must be transferred to the State General Fund;
33 and

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

40 **Sec. 7.** NRS 218E.405 is hereby amended to read as follows:

41 218E.405 1. Except as otherwise provided in subsection 2,
42 the Interim Finance Committee may exercise the powers conferred
43 upon it by law only when the Legislature is not in a regular or
44 special session.



1 2. During a regular or special session, the Interim Finance
2 Committee may also perform the duties imposed on it by subsection
3 5 of NRS 284.115, NRS 284.1729, ~~285.070,~~ subsection 2 of NRS
4 321.335, NRS 322.007, subsection 2 of NRS 323.020, NRS
5 323.050, subsection 1 of NRS 323.100, subsection 3 of
6 NRS 341.126, NRS 341.142, paragraph (f) of subsection 1 of NRS
7 341.145, NRS 353.220, 353.224, 353.2705 to 353.2771, inclusive,
8 353.288, 353.335, 353C.226, paragraph (b) of subsection 4 of NRS
9 407.0762, NRS 428.375, 439.4905, 439.620, 439.630, 445B.830
10 and 538.650. In performing those duties, the Senate Standing
11 Committee on Finance and the Assembly Standing Committee on
12 Ways and Means may meet separately and transmit the results of
13 their respective votes to the Chair of the Interim Finance Committee
14 to determine the action of the Interim Finance Committee as a
15 whole.

16 3. The Chair of the Interim Finance Committee may appoint a
17 subcommittee consisting of six members of the Committee to
18 review and make recommendations to the Committee on matters of
19 the State Public Works Division of the Department of
20 Administration that require prior approval of the Interim Finance
21 Committee pursuant to subsection 3 of NRS 341.126, NRS 341.142
22 and paragraph (f) of subsection 1 of NRS 341.145. If the Chair
23 appoints such a subcommittee:

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

26 (b) The subcommittee shall meet throughout the year at the
27 times and places specified by the call of the chair of the
28 subcommittee; and

29 (c) The Director or the Director's designee shall act as the
30 nonvoting recording secretary of the subcommittee.

31 **Sec. 8.** As soon as practicable on or after July 1, 2013, each
32 state agency, as defined in NRS 285.016, shall:

33 1. When the next reprint of any manual or handbook that the
34 state agency provides to employees is prepared, add a description of
35 the Merit Award Program established by NRS 285.020 to the
36 manual or handbook.

37 2. When any Internet website maintained by the state agency is
38 updated, add to the website a description of the Merit Award
39 Program that is readily available to employees of the state agency.

40 **Sec. 9.** 1. The term of any member of the Merit Award
41 Board serving on July 1, 2013, expires on that date.

42 2. Notwithstanding the provisions of NRS 285.030, as
43 amended by section 3 of this act, as soon as practicable on or after
44 July 1, 2013, the Governor shall appoint to the Merit Award Board:

45 (a) Two members to initial terms that expire on June 30, 2015.



1 (b) Three members to initial terms that expire on June 30, 2017.
2 **Sec. 10.** This act becomes effective on July 1, 2013.

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