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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

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JOINT SPONSORS: SENATORS HAMMOND;  
BROWER AND GUSTAVSON

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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.

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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) This bill revises the Merit Award Program to limit its application to only a  
5 suggestion that would reduce, eliminate or avoid state expenditures.  
6 **Sections 1 and 8** of this bill require each state agency to provide to its  
7 employees information relating to the Merit Award Program.

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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  
6 report, the supervisory employee shall meet with the employee to  
7 ~~discuss~~ :  
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 ~~to~~ ; 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 ~~to~~  
19 ~~1. Reduce.~~ *reduce*, eliminate or avoid state expenditures,  
20 whether or not such money would be expended from the State  
21 General Fund. ~~to~~ or  
22 ~~2. Improve the operation of the State Government.~~  
23       **Sec. 3.** (Deleted by amendment.)  
24       **Sec. 4.** (Deleted by amendment.)  
25       **Sec. 5.** NRS 285.060 is hereby amended to read as follows:  
26       285.060 1. Upon receiving an employee suggestion pursuant  
27 to NRS 285.050, the Secretary of the Board shall:  
28       (a) Record and acknowledge receipt of the employee suggestion;  
29       (b) Notify the state employee or each state employee of a group  
30 of state employees who made the employee suggestion of any undue  
31 delays in the consideration of the employee suggestion; 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       2. Within 30 days after receiving an employee suggestion that  
36 is referred pursuant to subsection 1, the head of the state agency, or  
37 his or her designee, shall report his or her findings and  
38 recommendations to the Board. The report must indicate:  
39       (a) Whether the employee suggestion has been adopted.  
40       (b) If adopted:  
41       (1) The day on which the employee suggestion was placed in  
42 effect.



1 (2) The actual or estimated reduction, elimination or  
2 avoidance of expenditures ~~for any improvement in operations~~ made  
3 possible by the employee suggestion.

4 (3) If the employee suggestion was made by a group of state  
5 employees, a recommendation of the distribution of any potential  
6 award made pursuant to NRS 285.070 to each state employee in the  
7 group. Such a distribution must be proportionate, fair and equitable  
8 based on the contributions by each state employee to the employee  
9 suggestion.

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

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

13 3. The Board shall:

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

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

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

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

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

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

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

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

36 285.070 1. Except as otherwise provided in this section, after  
37 reviewing and evaluating an employee suggestion, the Board, in  
38 consultation with the Budget Division of the Department of  
39 Administration, may make an award to the state employee or to each  
40 state employee of a group of state employees who made the  
41 employee suggestion.

42 2. If the amount of a proposed award will exceed \$5,000, the  
43 award must be approved by the Interim Finance Committee. On a  
44 quarterly basis, the Board shall transmit any proposed awards that  
45 exceed \$5,000 to the Director of the Legislative Counsel Bureau for



1 transmittal to the Interim Finance Committee. In acting upon such  
2 an award, the Interim Finance Committee shall consider, among  
3 other things:

4 (a) The reduction, elimination or avoidance of expenditures ~~for~~  
5 ~~any improvement in operations~~ made possible by the employee  
6 suggestion; and

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

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

9 (a) Ten percent of the amount of any actual savings to the State,  
10 as determined at the end of the second fiscal year after the adoption  
11 of the employee suggestion; or

12 (b) A total of \$25,000,

13 ↪ whichever is less, whether distributed to an individual employee  
14 or to a group of state employees who made the employee  
15 suggestion.

16 4. Awards to employees arising out of adopted employee  
17 suggestions must, insofar as is practicable, be paid from money  
18 other than money in the State General Fund.

19 5. The total amount of an award made pursuant to this section  
20 must be paid in two equal installments. The first installment must be  
21 paid not later than 30 days after the end of the fiscal year during  
22 which the employee suggestion was adopted, and the second  
23 installment must be paid not later than 30 days after the end of the  
24 subsequent fiscal year.

25 6. A former state employee is eligible to receive an award  
26 pursuant to this section if the person was a state employee at the  
27 time he or she made an employee suggestion, or was a member of a  
28 group of state employees who made an employee suggestion, that is  
29 subsequently adopted.

30 7. An award may not be made for an employee suggestion  
31 pursuant to this section until the State has realized a reduction,  
32 elimination or avoidance of expenditures ~~for any improvement in~~  
33 ~~operations~~ as a result of the employee suggestion.

34 8. Any actual savings to the State resulting from the adoption  
35 of an employee suggestion that remains after an award is made  
36 pursuant to this section must be distributed as follows:

37 (a) Fifty percent must be transferred to the State General Fund;  
38 and

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

45 **Sec. 7.** (Deleted by amendment.)



- 1       **Sec. 8.** As soon as practicable on or after July 1, 2013, each  
2 state agency, as defined in NRS 285.016, shall:
- 3       1. When the next reprint of any manual or handbook that the  
4 state agency provides to employees is prepared, add a description of  
5 the Merit Award Program established by NRS 285.020 to the  
6 manual or handbook.
- 7       2. When any Internet website maintained by the state agency is  
8 updated, add to the website a description of the Merit Award  
9 Program that is readily available to employees of the state agency.
- 10       **Sec. 9.** (Deleted by amendment.)
- 11       **Sec. 10.** This act becomes effective on July 1, 2013.

