Senate Engrossed

FILED
JANICE K. BREWER
SECRETARY OF STATE

State of Arizona
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CHAPTER 170

SENATE BILL 1444

AN ACT

AMENDING SECTION 38-618, ARIZONA REVISED STATUTES; RELATING TO THE PERFORMANCE BASED INCENTIVES PROGRAM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 38-618, Arizona Revised Statutes, is amended to read:

38-618. Performance based incentives program

A. The director of the department of administration and the executive director of the Arizona board of regents may establish a performance based incentives program to promote efficiency and effectiveness in state government. The director of the department of administration shall identify state agencies and the executive director of the Arizona board of regents shall identify state universities in which to implement the program.

B. The director of the department of administration and the executive director of the Arizona board of regents shall cooperate with the directors of agencies and the presidents of the identified universities, respectively, to:

1. Develop a performance based appraisal system of state employee performance that is based on agency or university goals and objectives, as identified and approved by the agency's or university's employees, supervisors, director or president.

2. Authorize all agency directors and university presidents participating in the program to recognize the performance of state employees, who are under their authority, based on the outcome of the appraisal conducted pursuant to paragraph 1 of this subsection.

C. The director of the department of administration shall cooperate with the director of the department of public safety, the superintendent of public instruction and the superintendent of the state schools for the deaf and the blind to implement the performance based incentives program. The executive director of the Arizona board of regents shall cooperate with the president of each university under the jurisdiction of the Arizona board of regents to implement the performance based incentives program.

D. Notwithstanding section 35-174, subsection B, the director of the department of administration, the director of the department of public safety, the executive director of the Arizona board of regents, the superintendent of public instruction and the superintendent of the state schools for the deaf and the blind may authorize the expenditure of up to eighty per cent of excess vacancy savings to recognize employees of state agencies and state universities who are under their respective authority and who are participating in the performance based incentives program. In addition to excess vacancy savings, the participating agency or university may use monies appropriated from the state general fund or other sources, including federal enhanced funding an agency or university receives for quality initiatives. Federal enhanced monies do not revert to the state general fund but remain in a separate agency or university account at the end of the fiscal year for use by the agency or university in accordance with the terms and conditions imposed by the federal funding source. For the purposes of this subsection, "excess vacancy savings" means the same as "vacancy

saving" as defined in section 35-174, subsection A, except that excess vacancy savings are any vacancy savings that are over and above the amount eliminated from an agency's budget as the result of the applied vacancy factor reported in the annual appropriations report prepared by the joint legislative budget committee.

E. As provided for in subsection D of this section, any incentive or performance compensation using monies from excess vacancy savings or other fund sources including state general fund appropriations shall not be added to an agency's salary base.

F. Recognition of state employees may be in the form of increase in compensation for future services, but the increase may not exceed two hundred ~~fifty~~ SEVENTY-FIVE dollars per month per employee.

G. On or before December 1 of each even-numbered year:

1. The director of the department of administration, in cooperation with the director of the department of public safety, the superintendent of public instruction and the superintendent of the state schools for the deaf and the blind, shall provide the performance based incentives program oversight committee with a report on the implementation or progress of an approved program and the expenditures of each participating agency related to the program.

2. The executive director of the Arizona board of regents, in cooperation with the president of each university under the jurisdiction of the Arizona board of regents, shall provide the performance based incentives program oversight committee with a report on the implementation or progress of an approved program and the expenditures of each participating university related to the program.

H. An approved program shall notify the performance based incentives program oversight committee and, as applicable, the director of the department of administration or the executive director of the Arizona board of regents when it makes any substantive changes to the approved program.

APPROVED BY THE GOVERNOR MAY 1, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 1, 2007.