

House Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 47

HOUSE BILL 2032

AN ACT

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

4 38-618. Performance based incentives program

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

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

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

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

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

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

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

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

10 F. Recognition of state employees may be in the form of increase in
11 compensation for future services, but the increase may not exceed two hundred
12 FIFTY dollars per month per employee.

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

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

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

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

APPROVED BY THE GOVERNOR APRIL 7, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 7, 2004.

Passed the House January 22, 2004,

Passed the Senate March 31, 2004,

by the following vote: 57 Ayes,
0 Nays, 3 Not Voting

by the following vote: 29 Ayes,
0 Nays, 6 Not Voting

Jake Flake
Speaker of the House

Ken Bennett
President of the Senate

Norman L. Moore
Chief Clerk of the House

Cherrin B. Bunting
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
1st day of April, 2004,

at 1:40 o'clock P. M.

Umder Ibarra
Secretary to the Governor

Approved this 7 day of

April, 2004,

at 9:25 o'clock A. M.

JA Royce
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 7 day of April, 2004,

at 12:18 o'clock P. M.

Janice K. Brewer
Secretary of State