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# A BILL FOR AN ACT

RELATING TO INCENTIVE PROGRAMS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that state employees  
2 present a wealth of untapped knowledge and expertise in their  
3 various areas of work.

4           The purpose of this Act is to:

5           (1) Affirm the State's commitment to providing efficient  
6 and effective services to the public by creating an  
7 incentive program within state government to encourage  
8 innovation and savings within each department; and

9           (2) Enhance the existing incentive program for state  
10 workers, which encourages, recognizes, and rewards the  
11 creativity of employees who contribute to the  
12 efficiency and quality of state government operations.

13           SECTION 2. Chapter 26, Hawaii Revised Statutes, is amended  
14 by adding a new section to be appropriately designated and to  
15 read as follows:

16           "§26-     Department incentives. (a) Except as otherwise  
17 provided by law, any executive department that implements cost-



1 saving practices to reduce the department's expenses shall be  
2 authorized to disburse the savings realized as follows:

3 (1) Fifty per cent of the realized savings shall lapse and  
4 be returned to the general fund in the manner  
5 prescribed in section 40-66; and

6 (2) Fifty per cent of the realized savings shall be  
7 returned to the department to be evenly distributed to  
8 its employees in amounts not less than \$1 and not more  
9 than \$1,000 per employee, in accordance with the  
10 department's public approval rating.

11 (b) The department of budget and finance shall select a  
12 private agency to conduct a biannual public opinion survey, in a  
13 manner to be determined by the private agency, to establish a  
14 public approval rating of all executive departments upon which  
15 the disbursement of realized savings would be based.

16 (c) As used in this section, "public approval" means the  
17 perception or opinion of the public regarding the efficiency and  
18 quality of service of a department."

19 SECTION 3. Chapter 78, Hawaii Revised Statutes, is amended  
20 by adding a new section to be appropriately designated and to  
21 read as follows:



1           "§78-        Department incentives. (a) The head of each  
2 department of the state government may pay cash awards to, and  
3 incur necessary expenses for the honorary recognition of,  
4 officers and employees of the government who by their  
5 suggestions, inventions, superior accomplishments, or other  
6 personal efforts, including length of service, contribute to the  
7 efficiency, economy, or other improvement of government  
8 operations or who perform special acts or services in the public  
9 interest in connection with or related to their official  
10 employment; provided that any officer or employee whose  
11 suggestion or invention results in direct cost-savings to a  
12 department shall be paid a cash award equal to ten per cent of  
13 the cost-savings generated during the first year in which the  
14 suggestion or invention is placed into operation. If more than  
15 one officer or employee is responsible for the suggestion or  
16 invention resulting in the cost-savings, each shall receive a  
17 pro rata share of the cash award. Any cash award received by an  
18 officer or employee pursuant to this section shall not be  
19 considered as compensation for the purposes of computing an  
20 officer or employee's average final compensation pursuant to  
21 chapter 88.



1           (b) Except as otherwise provided by law, all cost-savings  
2 resulting from a suggestion or invention of an officer or  
3 employee for which a cash award has been paid pursuant to  
4 subsection (a), less the amount of the cash award itself, shall  
5 be retained by the department of that officer or employee. Any  
6 funds retained by the department pursuant to this subsection  
7 shall not lapse until June 30 of the following fiscal year.

8           (c) Any funds retained by a department pursuant to  
9 subsection (b), may be used to supplement moneys appropriated  
10 for any of the department's programs; provided that the  
11 retention by the department of any of those funds shall not be  
12 used as the basis for reducing the department's future budget  
13 requests or allotments except at the department's request."

14           SECTION 4. The state auditor shall review the operations  
15 of each executive department to examine its efficiency and the  
16 quality of service provided to the public. The auditor shall  
17 submit a report to the legislature with findings and  
18 recommendations no later than twenty days prior to the convening  
19 of the 2014 regular session.

20           SECTION 5. There is appropriated out of the general  
21 revenues of the State of Hawaii the sum of \$           or so much  
22 thereof as may be necessary for fiscal year 2013-2014 and the



1 same sum or so much thereof as may be necessary for fiscal year  
2 2014-2015 to carry out the purposes of this Act.

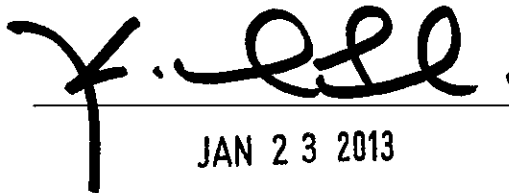
3 The sums appropriated shall be expended by the department  
4 of budget and finance for the purposes of this Act.

5 SECTION 6. New statutory material is underscored.

6 SECTION 7. This Act shall take effect on July 1, 2013.

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INTRODUCED BY:

  
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JAN 23 2013



# H.B. NO. 1075

**Report Title:**

State Government Employee Incentive Program; Cash Awards;  
Appropriation

**Description:**

Creates an incentive program to encourage innovation and savings by the executive departments. Establishes an incentive program to provide cash rewards to state employees whose suggestions or inventions result in cost-savings. Authorizes the department to retain cost-savings less the cash award amount. Requires the auditor to report on efficacy and quality of the department's service to the public. Appropriates funds.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

