

Honolulu, Hawaii

FEB 13 2019

RE: S.B. No. 503
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 503 entitled:

"A BILL FOR AN ACT RELATING TO SALARY OVERPAYMENTS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require each department to deduct the department's total salary overpayment from the department's budget request for the following fiscal biennium;
- (2) Require employees who exhaust their sick leave to be placed on a manual accounting system; and
- (3) Remove the two-year statute of limitations on the determination and notice of salary or wage overpayment.

Your Committee received testimony in support of this measure from the Department of Transportation and University of Hawai'i System. Your Committee received comments on this measure from the Department of Education, Department of Accounting and General Services, and State of Hawaii Employees' Retirement System.

Your Committee finds that salary overpayments have been an ongoing issue throughout many departments and agencies of the State with approximately half of all salary overpayments the



result of employees calling in sick without having sufficient sick leave accumulated. This measure requires each department to deduct salary overpayments from the department's budget request; requires employees who use their sick leave to be placed on a manual accounting system; and removes the two-year statute of limitations on the determination and notice of salary overpayment. Holding state departments and agencies accountable for salary overpayments will decrease overpayment waste and increase state efficiency.

Your Committee has amended this measure by:

- (1) Specifying that employees who exhaust their vacation leave must be placed on a manual accounting system;
- (2) Inserting an effective date of July 1, 2025, to encourage further discussion;
- (3) Making a technical, nonsubstantive amendment to correct an incorrect reference in the purpose section to conform to the substantive language of this measure; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 503, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 503, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,


LAURA H. THIELEN, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* <i>SB 503</i>	Committee Referral: <i>GVO, WAM</i>	Date: <i>11/31/2019</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
THIELEN, Laura H. (C)	✓			
INOUYE, Lorraine R. (VC)	✓			
BAKER, Rosalyn H.				✓
KANUHA, Dru Mamo	✓			
FEVELLA, Kurt	✓			
TOTAL	<i>4</i>			<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes