

[Bonuses for Cost-Cutters Act of 2013 \(S. \)](#)

The Bonuses for Cost-Cutters Act of 2013 would give bonuses to civil servants for saving taxpayer money. Bonuses would be capped at one percent of savings achieved, or \$10,000, whichever is less. It builds upon existing federal employee cost savings suggestion programs that focus on waste fraud, and mismanagement, to also include surplus budget authority.

Background:

- Under current law, agencies are required to spend all of the money they are allocated, and have no incentive to identify potential savings.
- Instead, federal agencies with surplus funds must rush to spend the funds before the end of the fiscal year, sometimes on frivolous and unnecessary purchases.
- This bill would reverse the trend toward agency bloat—whereby agencies are appropriated more each year than the last and grow beyond the size they were intended to be.

How it would work:

- Under current law, an agency's Inspector General may create an employee suggestion program, to identify and reward employee disclosures of waste, fraud, and mismanagement.
- The Bonuses for Cost-Cutters Act would expand the program beyond waste and mismanagement to include unused budget authority or surplus funds.
- Agencies would be authorized to return that money to the Treasury, for deficit reduction purposes.
- The Inspector General may reward employees whose suggestions are adopted with a bonus capped at 1 percent of the savings realized, or \$10,000, whichever is less.
- For example: an employee that suggests eliminating publication of \$100,000 worth of printed materials would be eligible to receive a bonus of \$1,000 if the agency adopts the recommendation and returns the money to the Treasury.
- Agencies would be required to report on the savings identified through the program, so that Congress and other federal agencies can identify areas with the greatest potential savings and share in the success.

Examples of other employee suggestion programs:

- The Securities and Exchange Commission reported that in the first year of its cost savings disclosure program (FY 11), it received 48 employee suggestions, and adopted three, which are expected to save \$50,000 annually.
- The City of Phoenix, Arizona saved at least \$3.3 million from its suggestion program during FY11-12.
- Toyota relies heavily on its Creative Idea Suggestion System for innovation and process improvements. It has received over 40,000,000 employee suggestions since it was launched in 1951.

Praise for the Bonuses for Cost-Cutters Act:

- The National Taxpayers Union says the bill “would help to root out waste, ease the trend of unsustainable budget growth, and properly redesign the incentive structure that leads to unwise purchases.”
- Citizens Against Government Waste calls it a “common-sense framework to promote efficient and effective government spending.”

Please contact Michael Tyler in Senator Paul's office at 8-0112 with questions or to co-sponsor.