

Honolulu, Hawaii

April 4, 2006

RE: H.C.R. No. 62

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.C.R. No. 62 entitled:

"HOUSE CONCURRENT RESOLUTION URGING THE UNITED STATES OFFICE OF PERSONNEL MANAGEMENT TO TREAT HAWAII FEDERAL EMPLOYEES WITH REGARD TO PAY AND RETIREMENT BENEFITS THE SAME AS FEDERAL EMPLOYEES WHO RESIDE IN THE FORTY-EIGHT CONTIGUOUS UNITED STATES,"

begs leave to report as follows:

The purpose of this measure is to urge the United States Office of Personnel Management to treat federal employees employed in Hawaii, with regard to pay and retirement benefits, in the same manner as it does federal employees in the forty-eight contiguous states.

The measure states that the Legislature supports congressional efforts to ensure that:

- (1) Federal employees in Hawaii will be treated fairly and equitably with respect to their pay and retirement benefits; and
- (2) The irrationally discriminatory pay practices of the United States government that penalize federal employees in Hawaii and Alaska solely because they do not reside in the forty-eight contiguous states will be abolished immediately.



Testimony in support of the measure was received from the Hawaii State AFL-CIO and twenty-eight private citizens. The State Department of Defense testified in opposition to the measure.

Your Committee finds that the cost of living in Hawaii ranks consistently among the highest in the nation. Although federal employees who reside in Hawaii do receive non-foreign area cost of living adjustments in their pay, the federal government fails to credit non-foreign area cost of living allowances to "basic pay" for retirement purposes of federal employees residing in Hawaii and Alaska.

Your Committee also finds that, with the exception of those residing in Hawaii and Alaska, federal employees throughout the United States receive locality pay in addition to their salaries in amounts varying between twelve per cent to twenty-eight per cent. Federal employees who reside in Hawaii and Alaska are denied these payments solely because they reside in these states, outside the contiguous United States.

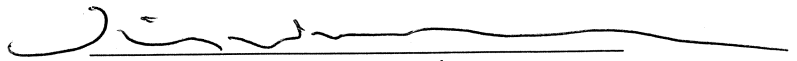
Your Committee further finds that locality pay received by federal employees is counted as "basic pay" for retirement purposes, resulting in federal employees in the contiguous United States receiving retirement pay in amounts between twelve per cent and twenty-eight per cent greater than federal employees who worked and resided in Hawaii and Alaska. This practice denies residents of Hawaii and Alaska substantial pay and benefits for no other reason than that their residence is outside the contiguous United States.

Your Committee declares that, with its recommendation to adopt this measure, it in no way endorses the diminishment, reduction, or abolishment of the existing federal cost of living allowance already provided to federal employees who are Hawaii residents, should the federal government extend locality pay benefits to Hawaii's federal employees. Your Committee believes that locality pay benefits should augment the existing federal cost of living allowances provided to federal employees who are Hawaii residents.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 62 and recommends its adoption.



Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



KIRK CALDWELL, Chair



