

Honolulu, Hawaii

April 7, 2006

RE: S.B. No. 3009
S.D. 2
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 3009, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CIVIL SERVICE EXEMPT EMPLOYEES,"

begs leave to report as follows:

The purpose of this bill is to ensure that a fair and equitable civil service system is used for a majority of employees in public service and conforms to the intent and purpose of Act 253, Session Laws of Hawaii 2000, better known as the "Civil Service Reform Act." Among other things, this bill:

- (1) Allows for the conversion of various exempt positions within state government to civil service positions;
- (2) Repeals the provision of Act 88, Session Laws of Hawaii 2001, allowing for civil service positions transferred from the now-defunct Public Employees Health Fund to the Hawaii Employer-Union Health Benefits Trust Fund to become exempt when the position is vacated;
- (3) Requires the Department of Human Resources Development (DHRD) and the Hawaii Government Employees Association (HGEA) to work collaboratively to establish a logical, workable, and fair process for converting exempt



positions in various departments to civil service positions;

- (4) Establishes parameters for criteria to formulate a logical, workable, and fair process for converting positions in various departments from exempt to civil service positions;
- (5) Allows an employee who occupies an exempt position for at least one year at the time it is replaced by a civil service position to have a one-time election to remain exempt from civil service, provided that once that position is vacated by the employee, the position shall be converted to civil service;
- (6) Requires that an employee who occupies an exempt position at the time it is replaced by a civil service position to be appointed to the civil service position that replaces the employee's exempt position if the employee has occupied the position for at least one year; and
- (7) Requires an employee's compensation to be determined according to the applicable collective bargaining agreement or supplemental agreement covering exempt employees without loss of seniority, prior service credit, accrued vacation, accrued sick leave, or other employee benefits, when an employee is appointed to a replacement civil service position.

HGEA and two concerned individuals testified in support of this bill. The Public Utilities Commission testified in opposition to this measure. DHRD, the Department of Commerce and Consumer Affairs, Department of Land and Natural Resources, and Hawaii Employer-Union Health Benefits Trust Fund submitted comments.

Your Committee finds that the conversion of positions exempt from civil service to civil service positions is a very complex issue that will take time and money. Your Committee notes the concerns raised by DHRD regarding the need for increased positions. Specifically, DHRD has requested that an additional Personnel Management Specialist V and an additional Personnel Technician VI be allocated to its Employee Classification and Compensation Division and that two additional Personnel Management Specialist V positions be allocated to its Employee Staffing



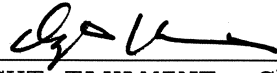
Division. Your Committee notes that DHRD has sustained staffing cuts over the past 15 years and that the allocations of these positions will be necessary for DHRD to fully effectuate the intent and purpose of this act.

Your Committee has amended this bill by:

- (1) Changing its effective date to July 1, 2020, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3009, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3009, S.D. 2, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,



DWIGHT TAKAMINE, Chair



State of Hawaii
House of Representatives
The Twenty-third Legislature

HSCR 1611-06

Record of Votes of the Committee on Finance

Bill/Resolution No.: SB 3009, SD2, HD1	Date: 4.3.06			
Committee Referral: LAB, FIN	<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.			
The recommendation is to: <input type="checkbox"/> Pass, unamended <input checked="" type="checkbox"/> Pass, with amendments <input type="checkbox"/> Hold <input type="checkbox"/> Recommit				
FIN Members	Ayes	Ayes (WR)	Nays	Excused
1. TAKAMINE, Dwight Y. (C)	✓			
2. KAWAKAMI, Bertha C. (VC)	✓			
3. CARROLL, Mele	✓			
4. CHONG, Pono	✓			
5. EVANS, Cindy	✓			
6. LEE, Marilyn B.	✓			
7. MAGAOAY, Michael Y.	✓			
8. NAKASONE, Bob	✓			
9. NISHIMOTO, Scott Y.	✓			
10. TANAKA, Kameo	✓			
11. TSUJI, Clift	✓			
12. WAKAI, Glenn	✓			
13. YAMANE, Ryan I.	✓			
14. YAMASHITA, Kyle T.	✓			
15. MEYER, Colleen Rose		✓		
16. MOSES, Mark S.		✓		
17. PINE, Kymberly		✓		
18. STEVENS, Anne V.		✓		
TOTAL	14	4		
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <div style="text-align: center; font-family: cursive; font-size: 24pt; margin-top: 10px;"> Bertha C. Kawakami </div>				
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