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# A BILL FOR AN ACT

RELATING TO PUBLIC EMPLOYEES.

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

1           SECTION 1. Section 89C-2, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "**§89C-2 Adjustments authorized; limitations, restrictions.**

4 Each appropriate authority may make adjustments for their  
5 respective excluded employees subject to the following  
6 guidelines and limitations:

7           (1) The compensation of excluded employees, whose pay is  
8 presently limited or fixed by legislative action, or  
9 prescribed by a salary commission, shall not be  
10 adjusted under this chapter and shall continue to be  
11 limited or fixed by the respective legislative body or  
12 salary commission;

13           (2) The compensation of excluded employees exempt from  
14 civil service coverage, whose pay is set at the  
15 discretion of the appointing authority, shall continue  
16 to be adjusted at the discretion of the appointing  
17 authority from funds allowed for this purpose;



- 1           (3) Any adjustment made for excluded civil service  
2           employees shall be consistent with the merit principle  
3           and shall not diminish any rights provided under  
4           chapter 76;
- 5           (4) For excluded employees under the same classification  
6           systems as employees within collective bargaining  
7           units, adjustments shall be not less than those  
8           provided under collective bargaining agreements for  
9           employees hired on a comparable basis;
- 10          (5) For excluded employees in the excluded managerial  
11          compensation plan, adjustments shall be at least equal  
12          to the across-the-board wage increases or reductions,  
13          step movement, and employer contributions for health  
14          benefits as provided under collective bargaining  
15          agreements to employees in the bargaining unit from  
16          which the employees are excluded;
- 17          ~~(5)~~ (6) For excluded employees other than those under  
18          ~~[paragraph]~~ paragraphs (4) and (5), adjustments shall,  
19          to the extent practicable, uniformly apply to every  
20          excluded employee within a homogeneous grouping, such  
21          as, cabinet members or managerial employees, to ensure  
22          fairness. This does not preclude variable adjustments



1 based on performance or other job criteria and  
2 specific adjustments warranted based on the nature of  
3 work performed or working conditions; and  
4 ~~[(6)]~~ (7) No adjustment shall be made in benefits provided  
5 under chapter 88 unless specifically authorized by  
6 that chapter, or with respect to any other matter that  
7 the legislature may specifically prohibit or limit by  
8 law."

9 SECTION 2. Section 89C-3, Hawaii Revised Statutes, is  
10 amended by amending subsection (b) to read as follows:

11 "(b) In formulating recommendations to the appropriate  
12 authority, the respective director shall:

13 (1) Establish procedures that allow excluded civil service  
14 employees and employee organizations representing them  
15 to provide input on adjustments that are relevant and  
16 important to them for the director's approval;

17 (2) Ensure that adjustments for excluded civil service  
18 employees under the same classification systems as  
19 employees within collective bargaining units result in  
20 compensation and benefit packages that are at least  
21 equal to the compensation and benefit packages  
22 provided under collective bargaining agreements for



1 counterparts [~~and subordinates~~] within the employer's  
2 jurisdiction; [~~and~~]

3 (3) Ensure that adjustments for excluded employees in the  
4 excluded managerial compensation plan result in  
5 compensation and benefit packages that are at least  
6 equal to the across-the-board wage increases or  
7 reductions, step movements, and employer contributions  
8 for health benefits as provided under collective  
9 bargaining agreements to employees in the bargaining  
10 unit from which the employees in the managerial  
11 compensation plan are excluded; and

12 [~~(3)~~] (4) Ensure that proposed adjustments are consistent  
13 with chapter 76 [~~and equivalent or not less than~~  
14 adjustments provided within the employer's  
15 jurisdiction]."

16 SECTION 3. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 4. This Act shall take effect upon its approval.



**Report Title:**

Public Employees; Adjustments

**Description:**

Requires that across-the-board wage increases or reductions, step movements, and employer contributions for health benefits for excluded employees in the excluded managerial compensation plan are at least equal to adjustments provided under collective bargaining to employees in the bargaining unit from which the employees in the managerial compensation plan are excluded.

(SB642 HD1)

