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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 and changes in health and retirement benefits provided  
14 under collective bargaining agreements to employees in  
15 the bargaining unit from which the employees are  
16 excluded;

17 [~~(5)~~] (6) For excluded employees other than those under  
18 [~~paragraph~~] paragraphs (4) and (5), adjustments  
19 [~~shall~~], to the extent practicable, shall uniformly  
20 apply to every excluded employee within a homogeneous  
21 grouping, such as, cabinet members or managerial  
22 employees, to ensure fairness. This does not preclude

1 variable adjustments based on performance or other job  
2 criteria and specific adjustments warranted based on  
3 the nature of work performed or working conditions;  
4 and

5 [~~(6)~~] (7) No adjustment shall be made in benefits provided  
6 under chapter 88 unless specifically authorized by  
7 that chapter, or with respect to any other matter that  
8 the legislature may specifically prohibit or limit by  
9 law."

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

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

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

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

1 provided under collective bargaining agreements for  
2 counterparts [~~and subordinates~~] within the employer's  
3 jurisdiction; [~~and~~]

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

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

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

19 SECTION 4. This Act shall take effect on July 1, 2050.

**Report Title:**

Public Employees; Adjustments

**Description:**

Requires that across-the-board wage increases or reductions and changes in health and retirement 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. (SD2)