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February 25, 2009

TESTIMONY TO THE
HOUSE COMMITTEE ON FINANCE
For Hearing on Thursday, February 26, 2009
10:00 a.m., Conference Room 308

BY

MARIE C. LADERTA, DIRECTOR

**House Bill No. 1536, H.D. 1
Relating to Salaries**

TO CHAIRPERSON MARCUS OSHIRO AND MEMBERS OF THE COMMITTEE:

The purpose of House Bill No. 1536 is to freeze the salaries of certain members of the executive, legislative and judicial branches of state government in recognition of the current fiscal situation and to lead by example in showing the people of Hawaii that public officials are doing their share to conserve public resources.

The Department of Human Resources Development **strongly supports** this bill.

As a result of the economic crisis permeating throughout the country and the world, Hawaii residents are experiencing layoffs, furloughs and other cutbacks. Currently, salary increases for certain members of the executive, legislative and judicial branches are scheduled to occur, as required by law, despite budget shortfalls confronting the State and economic hardships facing residents and taxpayers. These salary increases for the fiscal biennium 2009-2011 are estimated to cost over \$4,000,000.

We respectfully request passage of this important measure; however, we recommend the following revisions:

1. Conform the deferral period to the appropriate salary schedules.
2. Preclude retroactive pay.

Thank you for the opportunity to provide testimony on House Bill 1536, H.D. 1.

Attached are the suggested amendments.

RECOMMENDED ADMENDMENTS

SECTION 2. (a) Notwithstanding any law to the contrary, the annual salaries for the governor, the lieutenant governor, the justices and judges of all state courts, the administrative director of the State or an equivalent position, and the department heads or executive officers and the deputies or assistants to the department heads or executive officers of the departments of:

- (1) Accounting and general services;
- (2) Agriculture;
- (3) The attorney general;
- (4) Budget and finance;
- (5) Business, economic development, and tourism;
- (6) Commerce and consumer affairs;
- (7) Defense;
- (8) Hawaiian home lands;
- (9) Health;
- (10) Human resources development;
- (11) Human services;
- (12) Labor and industrial relations;
- (13) Land and natural resources;
- (14) Public safety;
- (15) Taxation; and
- (16) Transportation,

shall until [~~December 31, 2011~~] June 30, 2011, remain the same as they were on [~~January 1, 2009~~] July 1, 2008; provided that salary increases scheduled to occur after June 30, 2011 shall become effective.

(b) Notwithstanding any law to the contrary, the annual salary of members of the legislature shall until December 31, 2011, remain the same as it was on January 1, 2009; provided that salary increases scheduled to occur after December 31, 2011 shall become effective.

(c) This section shall not be enforced to the extent that it is preempted by federal law.

SECTION 3. This Act shall take effect on June 30, 2009 [~~and shall be repealed on December 31, 2011; provided that on January 1, 2012, the salary increases approved prior to the enactment of this Act shall be restored~~].