

JAN 26 2009

A BILL FOR AN ACT

RELATING TO PUBLIC EMPLOYMENT.

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

1 SECTION 1. The widespread impact of the 2008 global
2 financial crisis has forced the State to confront a projected
3 budget shortfall of unprecedented proportion. Based on current
4 estimates, and if the State takes no action to reduce
5 expenditures, this deficit is projected to increase to
6 \$1,760,000,000 by fiscal year 2010-2011. In order to reduce the
7 deficit, state agencies have already made deep cuts in their
8 discretionary budgets and are evaluating all options to further
9 reduce their expenditures.

10 Employee furloughs could be one means of addressing the
11 budget deficit with the least amount of disruption to public
12 services. In addition, employee furloughs are a workable and
13 immediate alternative to employee layoffs. However, as
14 employees will sustain reductions in salary caused by the
15 furloughs, it is important to ensure that the rights,
16 privileges, and benefits accruing to such employees are not
17 altered or otherwise affected by any furlough program.

1 Accordingly, it is the purpose of this Act to preserve
2 certain employee rights, privileges, and benefits when an
3 employee is furloughed, and reaffirm the inherent and explicit
4 authority of the governor to institute furloughs.

5 SECTION 2. Definitions. For the purposes of this Act:

6 "Department" means any department, board, commission, or
7 agency, or other body of the state executive branch, including
8 the department of education and the University of Hawaii.

9 "Employee" means an employee or officer of a department.

10 "Furlough" means the placement of an employee temporarily
11 and involuntarily in a nonpay and nonduty status.

12 SECTION 3. Any furlough of an employee during fiscal years
13 2008-2009 through 2010-2013 shall not cause or be deemed to
14 cause:

- 15 (1) A break in the employee's employment;
- 16 (2) A decrease in the employer's contribution to the
17 Hawaii employer-union health benefits trust fund;
- 18 (3) A change in the amount of vacation or sick leave
19 earned by the employee;
- 20 (4) A decrease in the employee's time in service for
21 purposes of the employee's pension, retirement, and
22 deferred compensation plans; and

S.B. NO. 924

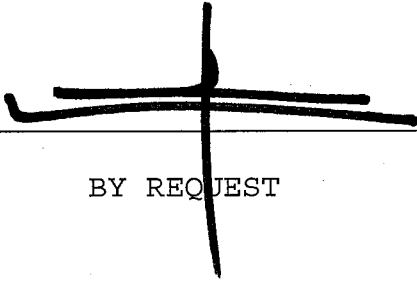
1 (5) Any change on any right, privilege, or benefit that
2 the employee is entitled to or would have been
3 entitled to by law but for the furlough.

4 SECTION 4. Notwithstanding any other law to the contrary,
5 the governor's inherent and explicit authority to institute
6 furlough is hereby reaffirmed.

7 SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY:


BY REQUEST

Report Title:

Public Employment; Furloughs

Description:

Protects the rights of public employees by preserving health, retirement, leave, and other benefits if furloughs are implemented in fiscal years 2009 to 2013.

SB 924

JUSTIFICATION SHEET

DEPARTMENT: Human Resources Development

TITLE: A BILL FOR AN ACT RELATING TO PUBLIC EMPLOYMENT.

PURPOSE: The purpose of this bill is to preserve certain employee rights, privileges, and benefits when an employee of the state executive branch, including the Department of Education and the University of Hawaii is furloughed. This bill also reaffirms the inherent and explicit authority of the Governor to institute furloughs.

MEANS: Enacting a session law.

JUSTIFICATION: Due to the effects of the global financial crisis, the State faces a projected budget deficit of \$1,760,000,000 by fiscal year 2010-2011. As the State undertakes efforts to address the projected deficit, employee furloughs may be explored as an option since furloughs will cause the least amount of disruption to public services and can potentially postpone or avert layoffs. Should furloughs be instituted by the Governor, this bill is necessary to ensure that employees' rights, privileges, and benefits are not inadvertently adversely impacted.

This bill is based on Act 283, Session Laws of Hawaii 1996, wherein the Legislature preserved certain employee rights, privileges, and benefits for employees who may have been furloughed during fiscal year 1996-1997 due to a severe budget shortfall.

Impact on the public: None.

Impact on the department and other agencies: None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: None.

OTHER AFFECTED
AGENCIES: All state executive branch agencies,
including the Department of Education and
the University of Hawaii.

EFFECTIVE DATE: Upon approval.