



EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

Testimony of
Linda L. Smith
Senior Policy Advisor to the Governor

Before the
HOUSE COMMITTEE ON FINANCE

Thursday, March 25, 2010, 2:00 PM
State Capitol, Room 308

AGENDA #4: SB 2434 SD1 HD1 RELATING TO SALARIES

Chair Oshiro, Vice Chair Lee, and members of the Committee:

The Administration is **opposed** to the provisions in SB 2434 SD1 HD1 which changes the salary cap for the superintendent of education from \$150,000 per year to 150% of the highest salary for a principal based on the salary schedule included in the most recent collective bargaining agreement. The new salary cap would be \$244,000 per year, which is a salary increase of approximately \$94,000. We take no position on the provision that amends the salary cap for the state librarian.

The Administration believes that the superintendent, as the chief executive of the Department of Education, plays an important role in State government. For this reason, Governor Lingle proposed a bill, S.B. 2705, to transfer the duties currently delegated to the Board of Education to the DOE superintendent. Under this proposal, the Superintendent would be nominated by and, with the consent of the Senate, appointed by the Governor. The Superintendent's salary would be determined by the State Salary Commission. These processes are currently applied to the directors of all other cabinet level executive departments.

It is also important to consider that the directors of other state departments are run by skilled and experienced individuals who frequently come from the private sector and take a pay reduction because they are willing to be a public servant and work toward bettering local government. Our department directors willingly take these difficult and demanding jobs to improve our State, rather than for the compensation that may be associated with the position.

While the importance of the work of the superintendent should not be diminished, the Administration believes that the Legislature needs to focus on improving Hawaii's public schools by enacting key changes to its governance structure, as we have suggested in Administration-sponsored bills S.B. 2705 and 2706.

Thank you for the opportunity to testify on this measure.

Date of Hearing: Thursday, March 25, 2010

Committee: House Committee on Finance

Person Testifying: Garrett Toguchi, Chairperson, Board of Education

Title of Bill: S.B. No. 2434, S.D. 1, H.D. 1, Relating to Salaries

Purpose of Bill: Allows the Board of Education to set the superintendent's salary at a rate no greater than 150 percent of the highest salary for a principal based on the salary schedule included in the most recent collective bargaining agreement, and to set the state librarian's salary at a rate no greater than 150 percent of the highest-paid librarian in the Department of Education.

Board's Position: Chairperson Oshiro, Vice Chairperson Lee, and members of the House Committee on Finance, thank you for the opportunity to testify on S.B. No. 2434, H.D. 1.

The Board of Education (Board) prefers S.B. No. 2434, as introduced in its original form, because S.B. No. 2434 authorizes the Board with full flexibility and latitude to establish the salaries of the superintendent of education, deputy superintendent, assistant superintendents, complex area superintendents, and state librarian, by repealing the statutory salary caps on these positions. Instead, S.B. No. 2434, H.D. 1 amends the statutory salary caps of the positions stated above.

As the appointing body of the superintendent and state librarian, it is the Board's position that it be given full flexibility and authority to establish salaries that are commensurate with various factors, including the scope and responsibilities of these individual positions, and the experience and skills that individuals bring to these positions. The salaries of these positions must be competitive to attract and retain highly qualified and effective individuals to lead our public school and public library systems.

Regarding the provisions in S.B. No. 2434, H.D. 1, we would like to offer the following comments:

- (1) The salary of the highest salary step and salary range of a principal under the prevailing HGEA BU 6 contract is \$162,419. Under the provisions of S.B. No. 2434, H.D. 1, this would result in raising the current salary cap of the superintendent from \$150,000 to approximately \$244,000, a salary cap increase of approximately \$94,000.
- (2) Under the provisions of S.B. No. 2434, H.D. 1, the rate of the salary caps of the following positions would remain at its current rate set in statute, i.e., not to exceed 80 percent of the superintendent's salary. Therefore, under S.B. No. 2434, H.D. 1, the salary caps of the deputy superintendent,

the assistant superintendents, and the complex area superintendents would be capped at approximately \$195,000, a salary cap increase of approximately \$75,000.

- (3) Under the provisions of S.B. No. 2434, H.D. 1, if the 150 percent provision for the state librarian were tied to the highest-paid librarian in the DOE, the salary cap of the state librarian would be about the same as it is currently.

In short, the Board notes that the provisions under S.B. No. 2434, H.D. 1 would raise the salary caps of the superintendent, deputy superintendent, assistant superintendents, and complex area superintendents, thereby providing greater flexibility to the Board in setting these salaries; however, the salary cap of the state librarian would remain about the same as it is currently.

The Board believes that the breadth of responsibilities, complexities of these jobs, and the importance of the superintendent's and state librarian's positions are reflected in that the superintendent oversees a statewide public school system of 258 public schools, 15 complex areas, and 172,327 students; and the state librarian oversees a statewide public library system of 51 public libraries on Hawaii, Kauai, Lanai, Maui, Molokai, and Oahu.

While the salaries of other state positions have increased, the salaries of the superintendent and state librarian, as well as the DOE leadership salaries that are tied to the superintendent's salary cap, have not increased in nearly a decade. There are four principals whose salaries are higher than the superintendent's \$150,000 salary cap. About 100 principals earn from \$121,000 to \$149,000, and are within 80 percent of the superintendent's salary, and about the same number of principals are paid more than the deputy superintendent. A far greater number of principals earn more than complex area superintendents. It is clear that the salaries of the DOE's top leadership are not commensurate with their scope and breadth of responsibilities.

The Board firmly believes that the salaries of the superintendent and state librarian positions should reflect the importance of their positions, the breadth and scope of their work, and the worth that must be demonstrated to draw a high caliber of individuals to the positions.

The Board is currently developing a search process to hire a permanent superintendent of education. The Board believes that giving the Board full authority and flexibility to determine the

salaries of the superintendent will enable the Board to attract and recruit a greater number of applicants to lead our public education system, and allow Board members to select from a range of individuals with multiple talents, and leadership, academic, and professional experiences. The flexibility of the Board to establish competitive and fair salaries for these positions, along with performance measurements, will ensure accountability and feedback to these individuals.

Thank you very much for the opportunity to testify on this measure.



STATE OF HAWAII
HAWAII STATE PUBLIC LIBRARY SYSTEM
OFFICE OF THE STATE LIBRARIAN
44 MERCHANT STREET
HONOLULU, HAWAII 96813

**House Committee on Finance
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SB 2434, SD1, HD1 – Relating to Salaries

The Hawaii State Public Library System (HSPLS) is in support of SB 2434, SD1, HD1 which will adjust the salary caps of the Superintendent of Education and the State Librarian, with the following recommendations.

In section 3.b., the bill as currently written states that the "salary of the state librarian shall be set by the board of education at a rate no greater than one hundred fifty per cent of the salary of the highest-paid librarian in the department of education." It is important to note that the highest paid employee in the Hawaii State Public Library System, is not necessarily a *librarian*, and in fact usually is not a librarian. In addition, for the State Librarian this calculation should be based on employees in the *Hawaii State Public Library System*, not the department of education, as the bill currently states.

We request that the Bill's wording in 3.b. be changed to "The salary of the state librarian shall be set by the board of education at a rate no greater than one hundred fifty per cent of the salary of the highest-paid employee in the Hawaii State Public Library System."

Finally, it would be more reasonable to base the salary cap for both the Superintendent of Education and the State Librarian on the highest rate of the

collective bargaining schedule for the next highest paid position in the Department of Education for the Superintendent and in the Hawaii State Public Library System for the State Librarian.

Rather than basing these salaries on the highest paid *individual*, it would be more appropriate to set the salary of the Superintendent and State Librarian to a *percentage higher* than the *highest salary step and salary range* in accordance with the next highest paid position.

Thank you for the opportunity to testify on SB 2434, SD1, HD1.