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**The Twenty-Seventh Legislature, State of Hawaii
The Senate
Committee on Ways and Means**

**Testimony by
Hawaii Government Employees Association
March 28, 2014**

**H.B. 1966, H.D. 1, S.D. 1 – RELATING TO PUBLIC
EMPLOYEES**

The Hawaii Government Employees Association supports the purpose and intent of H.B. 1966, H.D. 1, S.D. 1. This legislation requires the State Auditor to review the current civil service exemption process and recommend procedures, guidelines and criteria to ensure that civil service exemption process is used appropriately and only in extraordinary circumstances.

According to information from DHRD as of December 2013, there are 1,525 exempt employees in HGEA bargaining units under the two largest exemptions contained in Section 76-16, HRS (Sections 76-16 (b) 12 and (b) 17), which refers to other statutes. There are approximately 100 individual statutory exemptions from civil service under Section 76-16 (b) (17), HRS. Some of these exemptions are mandatory while others are permissive.

Under all 27 exemptions listed in Section 76-16, HRS, there are 2,894 exempt employees within the state Executive Branch, according to the Report to the 2014 Legislature on Positions Exempted from Civil Service. We estimate that 8-9% of all state employees are exempt from civil service. In contrast, the State of California, limits exempt employees in Executive Branch departments to just one-half of one percent. Despite having more than 195,000 full time state employees, there are only about 1,000 exempt employees in California's executive branch. All twenty-seven (27) exemptions should be carefully examined to see if these exemptions are still warranted. These exemptions have major public policy implications and should not be left in place unexamined.

In essence, we have a two-tiered system of state employment, one for civil service employees and another for exempt employees despite the State Constitutional mandate for civil service in Article XVI, Section 2 and the statement of purpose in Section 76-1, HRS. This statement of purpose is reiterated in Section 76-16, HRS.

The number of voluntary conversions from exempt to civil service by DHRD and the various line departments has been small. Here are the numbers of conversions over the past several years: 24 – 2013, 50 – 2012, 20 – 2011 and 4 – 2010. The voluntary conversion process is not effective. Many exempt employees have been employed by the State of Hawaii for years and provide valuable service to their respective departments, yet they are not treated fairly by the employer.

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We suggest amending the bill to allow the State Auditor to work with the Hawaii Government Employees Association on this important project.

Finally, the state's civil service system must be modernized and become more adaptable to change by taking into account the state's demographics, the organization of work, and the conceptions of work and career on the part of employees. The lack of flexibility within the state's civil service system should not be used to justify exempting positions from civil service. State departments need the mechanisms and incentives of a high quality and motivated workforce for the future that is subject to Chapter 76, HRS.

We appreciate the opportunity to testify in support of H.B. 1966, H.D. 1, S.D. 1 with the suggested amendment.

Respectfully submitted,



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