



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/01/2016
Time: 01:00 PM
Location: 308
Committee: House Finance

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: HB 2204, HD1 RELATING TO EDUCATION.

Purpose of Bill: Repeals annual increment and longevity step salary increases for department of education teachers and educational officers and clarifies that such increases shall be determined through collective bargaining. (HB2204 HD1)

Department's Position:

The Department of Education ("Department") strongly supports HB 2204 H.D. 1 and its repeal of a statutory provision for annual increment and step salary increases for the Department's teachers and educational officers.

Wages, which include incremental and longevity steps and movements between steps within the salary range, are mandatory subjects of bargaining pursuant to the collective bargaining law contained in chapter 89, HRS. As a result, the statutory provision that would be repealed by this bill, section 302A-626, is obsolete, meaningless and confusing.

The statutory provision was initially enacted under a different section number in 1953, before public sector collective bargaining was established. At the time of its enactment, salary schedule increases were determined by statutes implemented via legislation. This continued throughout the next two decades, with the addition of the terms "increments" and "longevity steps" to the schedules.

Following the implementation of the collective bargaining law, and by amendment of chapter 89 in 1986, annual increments and longevity steps were made mandatory subjects of negotiation. Therefore, the questions of whether annual increments and/or longevity steps should be given, when given, and how much, if at all, are all subjects for collective bargaining.

As a result, the statutory provision is no longer applicable and should be repealed.

Any statutory provision that mandates the implementation of non-negotiated annual increments and/or longevity steps will have a significant, adverse financial impact on the State.

For the reasons summarized above, the Department strongly supports HB 2204 H.D. 1.

DAVID Y. IGE
GOVERNOR



JAMES K. NISHIMOTO
CHIEF NEGOTIATOR

**STATE OF HAWAII
OFFICE OF COLLECTIVE BARGAINING
EXECUTIVE OFFICE OF THE GOVERNOR**
235 S. BERETANIA STREET, SUITE 1201
HONOLULU, HAWAII 96813-2437

February 29, 2016

TESTIMONY TO THE
HOUSE COMMITTEE ON FINANCE
For Hearing on Tuesday, March 1, 2016
1:00 p.m., Conference Room 308

By

JAMES K. NISHIMOTO
OFFICE OF COLLECTIVE BARGAINING, CHIEF NEGOTIATOR

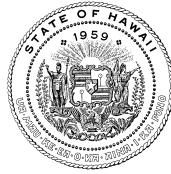
**House Bill No. 2204, H.D. 1
Relating to Education**

CHAIRPERSON LUKE, VICE CHAIR NISHIMOTO AND MEMBERS OF THE HOUSE
COMMITTEE ON FINANCE:

The Office of Collective Bargaining (OCB) **supports** H.B. No. 2204, H.D. 1, which would repeal §302A-626, Hawaii Revised Statutes (HRS). HRS §89-9, which sets forth the scope of collective bargaining negotiations, encompasses the provisions of §302A-626 and provides that the employer and the exclusive representative shall negotiate with respect to wages, hours, the amounts of contributions to the Hawaii employer-union health benefits trust fund, and other terms and conditions of employment. Repealing §302A-626 would therefore serve to conform with and be supportive of the intent of §89-9, Scope of negotiations.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2204, H.D. 1

March 1, 2016
1:00 p.m.

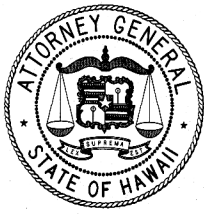
RELATING TO EDUCATION

This measure repeals annual increment and step salary increases for Department of Education teachers and educational officers.

The Department of Budget and Finance strongly supports this measure. Wages, which include incremental and longevity steps and movements between steps within the salary range, are mandatory subjects of bargaining pursuant to the collective bargaining law contained in Chapter 89, HRS. Consequently, the current statutory provision in Section 302A-626, HRS, are obsolete and should be repealed.

The statutory provision was initially enacted under a different section number in 1953 before public sector collective bargaining was established. At the time of its enactment, salary schedule increases were determined by statutes implemented via legislation. This continued throughout the next two decades, with the addition of the terms "increments" and "longevity steps" to the schedules.

Following the implementation of the collective bargaining law, and by amendment of Chapter 89 in 1986, annual increments and longevity steps were made mandatory subjects of negotiation. As a result, the current statutory provisions are no longer applicable.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-EIGHTH LEGISLATURE, 2016**

ON THE FOLLOWING MEASURE:

H.B. NO. 2204, H.D. 1, RELATING TO EDUCATION.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Tuesday, March 1, 2016

TIME: 1:00 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): Douglas S. Chin, Attorney General, or
Maria C. Cook, Deputy Attorney General

Chair Luke, and Members of the Committee:

The Department of the Attorney General supports H.B. No. 2204 and its repeal of section 302A-626, Hawaii Revised Statutes (HRS). Section 302A-626, HRS, is an automatic statutory entitlement to annual increments and longevity step movements for teachers and educational officers.

Section 302A-626, formerly section 297-34, was enacted in 1953, prior to the collective bargaining laws in public employment. Following the implementation of the collective bargaining laws, wages became a mandatory subject of negotiations under section 89-9(a), HRS. Pursuant to section 89-9(a), the term “wages” includes the number of incremental and longevity steps. As a result, section 302A-626 is no longer necessary in the State’s education laws and should be repealed.

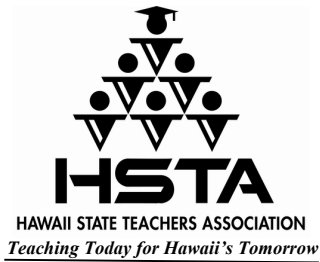
Historical background. Prior to passage of the collective bargaining law in 1970, statutes determined salary increases for public employees through the salary schedules. The Legislature regularly enacted new salary schedules that gave public employees incremental raises.

In 1953, the Legislature amended the education laws and enacted section 297-34 (currently section 302A-626) to allow for automatic annual increments for teachers and educational officers, and in 1962 the longevity step increases were added in the salary schedules. Similarly, section 77-12, HRS, was amended to allow annual increments and longevity steps to civil servants.

However, since 1970, wages have been determined through collective bargaining. In 1986, section 89-9 (a) and (d), HRS, was amended to include within subjects of negotiation the “number of incremental and longevity steps and movements between steps within the salary range.” The purpose of the amendment was “to assist the public employers in containing costs.” House Journal Conf. Com. Rep. No. 7-86, at 908 (1986); Senate Journal Conf. Com. Rep. No. 48-86, at 746 (1986). The legislative history shows that the Legislature intended increments and longevity step increases to be negotiated and not be automatic, and that such increases be included as part of the overall cost package that is subject to appropriation by the Legislature. Simultaneous to amending the collective bargaining law in 1986, the Legislature also repealed section 77-12, which is the statutory authority for automatic annual increments and longevity steps for civil service employees. However, section 297-34 (currently section 302A-626) was not repealed, which may have been a legislative oversight.

Section 302A-626, HRS, was rendered irrelevant by the collective bargaining laws. It also contradicts chapter 89 insofar as chapter 89 requires increments and step increases to be negotiated. Pursuant to section 89C-6, HRS, adjustments made in accordance with chapter 89 shall take precedence over all contrary legislation.

Accordingly, the Department supports H.B. No. 2204 and its repeal of section 302A-626.



LATE

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TESTIMONY BEFORE THE HOUSE COMMITTEE ON
FINANCE

RE: HB 2204, HD1 - RELATING TO EDUCATION.

TUESDAY, MARCH 1, 2016

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Luke and Members of the Committee:

The Hawaii State Teachers Association **opposes HB 2204, HD 1**, relating to education.

Since 1996, Hawaii state law has recognized that teachers deserve annual step raises. In 1996, the State Legislature passed Act 89, which comprehensively transformed the state's public education system. Among other changes, the bill stated that "teachers and educational officers who have completed a year's satisfactory service...shall be entitled to an annual increment." Yet, for too long, many of Hawai'i's educators have been paid far below their increment level, exacerbating recruitment and retention problems plaguing local schools.

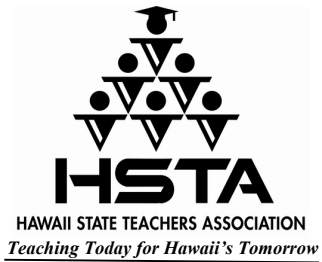
Approximately 10 percent of the state's teachers switch schools, relocate, or leave the profession each year, with only 50 to 60 percent of current teachers having worked at their school for five years or more. Chronic teacher turnover forces the department of education to rely on emergency hires and long-term substitute teachers to fill vacancies. Teacher turnover is especially high and impacting on hard-to-staff, largely rural or impoverished, schools, where as few as 56 percent of teachers have obtained full state certification and a minimum of a bachelor's degree, compared to 93 percent statewide. Recruitment and retention is additionally worsened by Hawai'i's high cost of living. According to a WalletHub study, the islands ranked fifty-first out of fifty states and the District of Columbia for starting and median teacher salary adjusted for cost of living.

To recruit and retain highly qualified teachers, we must pay teachers professionally. A good first step toward accomplishing that goal is “truing up” our state’s educators to be paid commensurate with the increment level at which they are currently classified. Veteran educators, such as those who have been teaching for longer than 10 years, are being paid as many as eight “steps” below their classification level, resulting in potential pay gaps of over \$10,000. HSTA has sought clarification from the Hawai‘i Labor Relations Board on this issue because, in our view, the failure to pay teachers commensurate with their classification status runs afoul of state law, specifically §302A-626. The executive and department of education have consistently failed to seek and provide funding for “trued up” steps, thereby violating state law. Notably, step increases are acquired when teachers complete a year’s worth of work or reclassify based on various pathways for professional development. Put simply, they are raises earned for work that has already been performed.

This cannot continue. Accordingly, rather than repeal §302A-626, we encourage you to replace the contents of this bill with language expressly clarifying that the payment of steps shall be mandatory annually for all teachers. We suggest using the following language to implement our requested amendment: “**302A-626 Salary increases; annual, longevity.** (a) Teachers and educational officers who have completed a year's [satisfactory] service and who have complied with the other requirements of sections 302A-602 [~~to 302A-639, and 302A-701,~~] and 302A-605 shall be [entitled] receive [to] an annual [increment] step increase. No teacher at the highest step within the teacher's classification shall be entitled to receive an annual step increase pursuant to this section.

(b) Teachers and educational officers who have served [~~satisfactorily~~] for three years in their maximum increment step or in any longevity step and who have complied with the other requirements of sections 302A-602 [~~to 302A-639, and 302A-701,~~] and 302A-605 shall receive longevity step increases; provided that the board may grant principals and vice-principals longevity step increases more frequently than once every three years pursuant to section 302A-625.” We note that our requested amendment does not interfere with collective bargaining because the *monetary amount* of step increases would remain subject to negotiation.

Alternatively, if this measure’s repeal of HRS §302A-626 is to move forward, we urge you insert an appropriation section into the bill providing funds to align teacher salaries with their current classification levels (steps). Such funding has



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never been provided by lawmakers and would be a boon to our state's hardworking educators, in some cases hiking pay by over \$10,000 annually.

If we expect teachers to elevate their professional practice, we must provide them with professional pay. The Hawaii State Teachers Association asks your committee to **oppose** the current version of this bill, therefore, and **pass either of our suggested amendments** instead, giving teachers the pay increases for which they've been waiting.