

SCR 192

REQUESTING THAT THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES, THE DEPARTMENT OF BUDGET AND FISCAL SERVICES OF THE CITY AND COUNTY OF HONOLULU, AND THE DEPARTMENTS OF FINANCE OF THE COUNTIES OF HAWAII, MAUI, AND KAUAI ELIMINATE THE PAYROLL LAG DELAYING THE DISBURSEMENT OF THE INITIAL PAYCHECK FOR ALL TEMPORARY AND EMERGENCY EMPLOYEES OF THE STATE AND COUNTIES RESPECTIVELY.

MAR 09 2018

SENATE CONCURRENT RESOLUTION

REQUESTING THAT THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES, THE DEPARTMENT OF BUDGET AND FISCAL SERVICES OF THE CITY AND COUNTY OF HONOLULU, AND THE DEPARTMENTS OF FINANCE OF THE COUNTIES OF HAWAII, MAUI, AND KAUAI ELIMINATE THE PAYROLL LAG DELAYING THE DISBURSEMENT OF THE INITIAL PAYCHECK FOR ALL TEMPORARY AND EMERGENCY EMPLOYEES OF THE STATE AND COUNTIES RESPECTIVELY.

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2 WHEREAS, the fair and proper treatment of all state and
3 county employees is essential for hiring a quality workforce
4 that can administer services to the public; and
5

6 WHEREAS, treating state and county employees fairly
7 includes not only paying those employees fair wages, but
8 ensuring that those employees are paid in a timely manner; and
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10 WHEREAS, under existing state and county policies and
11 procedures, newly hired employees are subject to a payroll lag
12 that delays receipt of their initial paychecks for a period of
13 time ranging in duration from two weeks to a month; and
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15 WHEREAS, the existing payroll lag creates an unnecessary
16 and undue hardship on newly hired employees; and
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18 WHEREAS, the existing payroll lag means that temporary and
19 emergency hires will complete a significant percentage of their
20 work period, and in some cases their entire work period, before
21 ever receiving a paycheck; and
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23 WHEREAS, temporary and emergency employees are particularly
24 vulnerable and sensitive to unnecessary delays in the receipt of
25 pay and should therefore not be subject to any such delays; and
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27 WHEREAS, while eliminating the payroll lag for temporary
28 and emergency employees may have some negative budget
29 implications for the State and counties, that is not sufficient



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1 reason to continue allowing an unreasonable delay in the
2 disbursement of wages to those employees; now, therefore,

3
4 BE IT RESOLVED by the Senate of the Twenty-ninth
5 Legislature of the State of Hawaii, Regular Session of 2018, the
6 House of Representatives concurring, that the Department of
7 Accounting and General Services, Department of Budget and Fiscal
8 Services for the City and County of Honolulu, and the
9 Departments of Finance for the Counties of Hawaii, Maui, and
10 Kauai are requested to eliminate the payroll lag delaying the
11 disbursement of the initial paycheck for all temporary and
12 emergency employees of the State and county respectively such
13 that those employees do not have to wait an additional pay
14 period to receive their first paycheck; and

15
16 BE IT FURTHER RESOLVED that certified copies of this
17 Concurrent Resolution be transmitted to State Comptroller,
18 Director of Budget and Fiscal Services of the City and County of
19 Honolulu, Director of Finance of the County of Hawaii, Director
20 of Finance of the County of Kauai, and Director of Finance of
21 the County of Maui.

22
23
24 OFFERED BY: *Cynthia R. Inoué*

Will you *Kal Rhoad* *for* *Debra* *for* *Clarence K. Iwihara*

John O'Rourke *William* *William* *Jim*

Mike Gifford *Paul E. ...* *Michelle Tidani*

David ... *ST ...*

BTSS *...*

NUM. M.

SCR 192

SD-

TESTIMONY



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY OF
RODERICK K. BECKER, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
ON
THURSDAY, APRIL 12, 2018
11:30 A.M.
CONFERENCE ROOM 309

S.C.R. 192

REQUESTING THAT THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES, THE DEPARTMENT OF BUDGET AND FISCAL SERVICES OF THE CITY AND COUNTY OF HONOLULU, AND THE DEPARTMENTS OF FINANCE OF THE COUNTIES OF HAWAII, MAUI, AND KAUAI ELIMINATE THE PAYROLL LAG DELAYING THE DISBURSEMENT OF THE INITIAL PAYCHECK FOR ALL TEMPORARY AND EMERGENCY EMPLOYEES OF THE STATE AND COUNTIES RESPECTIVELY.

Chair Johanson, Vice Chair Holt, and members of the Committee, thank you for the opportunity to testify on S.C.R. 192.

The Department of Accounting and General Services (DAGS) is opposed to this measure and offers the following comments for your consideration.

Hawaii Revised Statutes (HRS) Section 78-13 requires all officers and employees in public service be paid on after-the-fact payroll on a semi-monthly basis on the fifth and twentieth day of each month. The statute further allows for part-time, intermittent, or casual employees to be paid once a month. The existing statute must be amended in order to eliminate the current payroll lag.

DAGS is unable to calculate the actual cost of eliminating the payroll lag specifically for temporary and emergency employees since all agencies that employ temporary and emergency employees must provide us with their data. However, we expect the cost to be significant and

eliminating payroll lags would require additional general funds appropriations for each agency with temporary and emergency employees.

Other potential issues may arise where the ability to properly calculate payroll when the close of the pay period and the State pay days are extremely short may result in overpayments. Therefore, requiring the elimination of payroll lags could exacerbate the problem of salary overpayments.

Finally, the State is well underway with its payroll system modernization and eliminating the current payroll lag now would be disruptive and place additional risk on the project.

Thank you for the opportunity to testify on this matter.

SCR-192

Submitted on: 4/11/2018 9:09:28 AM

Testimony for LAB on 4/12/2018 11:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:

To the Honorable Aaron Ling Johanson, Chair; to the Honorable Daniel Holt, Vice Chair; and the Members of the Committee on Labor & Public Employment:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") on Legislative Priorities of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **SCR192** relating to eliminating payroll lag delaying the disbursement of the initial paycheck for all temporary and emergency employees of the State and county.

The OCC on Legislative Priorities is in favor of **SCR192** and strongly supports its passage.

SCR192 is in accord with the Democratic Platform as it requests the Department of Accounting and General Services, Department of Budget and Fiscal Services for the City and County of Honolulu, and the Departments of Finance for the Counties of Hawaii, Maui, and Kauai to eliminate payroll lag delaying the disbursement of the initial paycheck for all temporary and emergency employees of the State and county respectively such that those employees do not have to wait an additional pay period to receive their first paycheck.

The Platform of the DPH provides that: "As the party of working men and women in Hawai'i, we work to protect labor rights and social security; to ensure fair labor practices, a living wage for all workers, equal pay for equal work and fair taxation; we encourage legislation to raise the minimum wage and paid family and sick leave; to protect employees' rights to organize and bargain collectively with their employers; to oppose the outsourcing of Hawaii's jobs; to promote employment opportunities and sustainable growth; to assist the economically disadvantaged and advocate for sound trade and economic policies; and build our workforce for jobs in emerging technologies, in green industries, in renovation, and in green construction, so that their jobs are not dependent on ever-expanding real estate development." (Platform of DPH, P.3, Lines 122-129 (2016)).

Given that **SCR192** requests the Department of Accounting and General Services, Department of Budget and Fiscal Services for the City and County of Honolulu, and the Departments of Finance for the Counties of Hawaii, Maui, and Kauai to eliminate payroll lag delaying the disbursement of the initial paycheck for all temporary and emergency employees of the State and county respectively such that those employees do not have to wait an additional pay period to receive their first paycheck, it is the position of the OCC on Legislative Priorities to strongly support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC on Legislative Priorities

Email: legislativepriorities@gmail.com, Text/tel.: (808) 258-8889

SCR 192

SD-

LATE

TESTIMONY



LATE

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

Date: 04/12/2018
Time: 11:30 AM
Location: 309
Committee: House Labor & Public
Employment

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Resolution: SCR 192 REQUESTING THAT THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES, THE DEPARTMENT OF BUDGET AND FISCAL SERVICES OF THE CITY AND COUNTY OF HONOLULU, AND THE DEPARTMENTS OF FINANCE OF THE COUNTIES OF HAWAII, MAUI, AND KAUAI ELIMINATE THE PAYROLL LAG DELAYING THE DISBURSEMENT OF THE INITIAL PAYCHECK FOR ALL TEMPORARY AND EMERGENCY EMPLOYEES OF THE STATE AND COUNTIES RESPECTIVELY.

**Purpose of
Resolution:**

Department's Position:

The Department of Education (Department) is opposed to SCR 192, and offers the following comments.

Summary:

Casual hires would be negatively impacted by possible overpayments and have greater difficulty in reconciling and determining which days worked were paid each pay date if the "payroll lag" is eliminated.

Furthermore, should this resolution be effectuated, impact to the Department's operation would not be limited to newly hired casual employees, but apply to all 19,000 casual hires of the Department as all substitute teachers are terminated and re-hired each school year and all casual hires must be re-certified/hired in the Casual Personnel System each fiscal year.

Detailed Explanation:

Hawaii Revised Statutes (HRS) Section 78-13 states that "... substitute teachers, part-time hourly rated teachers of adult and evening classes, and other part-time, intermittent, or casual employees may be paid once a month ..."

The above group of employees (casual hires/hourly employees) is currently paid twice a month, one (1) pay period and five (5) business days after the pay period worked, on the fifth (5th) or twentieth (20th) of the next month (e.g., worked performed from April 1st - 15th is paid on May 5th). Any payment to casual hires that is delayed beyond this timeframe (payroll cycle) is the result of untimely processing of new casual hires and/or missed DAGS central payroll deadlines.

As a matter of clarification, the payroll cycle described above is known as:

- (1) **"After-the-Fact"** payroll by the state payroll personnel.
- (2) **"Non-salaried"** payroll for casual hires (and salaried employees hired on or after July 1, 1998, except those belonging to bargaining units 5 and 7), as described in HRS 78-13 (e).
- (3) **"Payroll lag"** as described in this measure.

Clarification was added due to the use of different naming conventions for the same payroll cycle.

Casual hires are paid for "actual time worked" during the pay period whether via timesheet, or interface from the Department's casual hire or substitute-teacher systems. To calculate payroll for this group of employees and avoid overpayments, the pay period must be completed/closed to:

- (1) Accurately determine the actual time worked, and
- (2) Calculate the correct amount of pay owed to these employees.

Due to the stringent and tight DAGS central payroll deadlines, eliminating the "payroll lag" for casual hires as proposed in this measure would require the use of one (1) of the following procedures:

- (1) Predicted pay (projecting pay and paying casual hires for time **NOT** worked in the pay period) risking overpayment and requiring reconciliation of predicted pay to actual time worked. Casual hires do not have paid leave, and as a whole do not have a set work schedule making predicted pay speculative and high risk.
- (2) Payment of actual time worked (**NO** predicted pay) for only days worked prior to the DAGS payroll deadline, resulting in a short number of paid days in the current pay date and a "catch-up" of unpaid days actual time worked in the next pay period for all subsequent pay periods.

Example - For actual time worked from 04/01/2018- 04/15/2018 by a casual hire, five (5) working days (from 04/02/2018 - 04/06/2018) would be paid on the 04/20/2018 pay date. The remaining five (5) days of actual time worked from 04/09/2018 - 04/13/2018 would be paid on the 05/04/2018 pay date together with the first five (5) working days of the next pay period (the number of working days paid would vary based on the number workdays in the pay period and holidays as this would cause the DAGS central payroll deadlines to change).

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.