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**DEPT. COMM. NO. 259**

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**DEPARTMENT OF BUDGET AND FINANCE**  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
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January 11, 2019

The Honorable Ronald D. Kouchi  
President of the Senate  
Thirtieth State Legislature  
State Capitol  
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki  
Speaker of the House of Representatives  
Thirtieth State Legislature  
State Capitol  
Honolulu, Hawaii 96813

Dear Senate President Kouchi and Speaker Saiki:

For your information and consideration, I am transmitting a copy of the Report of Establishment of a Working Group to Identify Barriers to Improving the State's Hiring Processes (Senate Concurrent Resolution 22 SD1, 2018) as request by the Legislature.

In accordance with Section 93-16, HRS, this report may be viewed electronically at: <http://budget.hawaii.gov/budget/reports-to-the-legislature/>.

Should you have any questions about this report, please have your staff contact Mr. Ken Kitamura, Deputy Director of Finance, at 586-1516.

Sincerely,

RODERICK K. BECKER  
Director of Finance

Enclosure

c: Legislative Reference Bureau

ec: Governor's Office: [Gov.ReportsDistribution@hawaii.gov](mailto:Gov.ReportsDistribution@hawaii.gov)  
Lieutenant Governor's Office: [LtGov.ReportsDistribution@hawaii.gov](mailto:LtGov.ReportsDistribution@hawaii.gov)  
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# Report to the 30<sup>th</sup> Legislature State of Hawai'i

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RESPONSE TO SCR 22, SD1

REQUESTING THE ESTABLISHMENT OF A WORKING GROUP TO IDENTIFY  
BARRIERS TO IMPROVING THE STATE'S HIRING PROCESSES



# Working Group Members

DEPARTMENT OF BUDGET AND FINANCE (BUF)

DEPARTMENT OF HUMAN RESOURCE MANAGEMENT (HRD)

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS (LBR)

DEPARTMENT OF EDUCATION (DOE)

UNIVERSITY OF HAWAI'I SYSTEM (UOH)

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SOCIETY FOR HUMAN RESOURCE MANAGEMENT - HAWAI'I CHAPTER  
(SHRM)

HAWAI'I GOVERNMENT EMPLOYEES ASSOCIATION (HGEA)

# Premises of SCR 22

- HAWAI'I'S UNEMPLOYMENT RATE AT 2% IS LOWEST IN NATION
  - EXECUTIVE AGENCIES ARE EXPERIENCING DIFFICULTY ATTRACTING QUALIFIED APPLICANTS AND RETAINING EXPERIENCED EMPLOYEES
  - SHORTAGE OF EMPLOYEES IS PARTICULARLY SIGNIFICANT AT MID-MANAGEMENT LEVEL DUE TO NUMEROUS RETIREMENTS
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- REQUIRING EXECUTIVE AGENCIES TO FOLLOW HRD PROCEDURES HINDERS THEIR ABILITY TO QUICKLY FILL VACANT POSITIONS

# Q#1: Combine HRD & BUF?

Q: WHETHER COMBINING THE DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT WITH THE DEPARTMENT OF BUDGET AND FINANCE WOULD IMPROVE THE STATE'S HIRING PROCESSES AND PRODUCE

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COST SAVINGS?

# Q#1: Combine HRD & BUF?

THIS WORKING GROUP DOES NOT BELIEVE THE COMBINATION OF THE DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT AND THE DEPARTMENT OF BUDGET AND FINANCE WOULD IMPROVE THE STATE'S HIRING PROCESSES OR RESULT IN COST SAVINGS, PURSUANT TO CHAPTER 26, HAWAI'I REVISED STATUTES, THE TWO DEPARTMENTS HAVE SIGNIFICANTLY DIFFERENT FUNCTIONS THAT ARE AT TIMES INCONGRUENT WITH ONE ANOTHER:

- HRD MANAGES HUMAN RESOURCES BASED UPON DEMAND FOR SERVICES, WHILE B&F MANAGES FINANCIAL RESOURCES BASED UPON AVAILABLE REVENUES COMBINING THE DEPARTMENTS

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- COMBINING THE DEPARTMENTS WOULD INHERENTLY POSE INTERNAL CONFLICT BETWEEN AVAILABLE FINANCIAL RESOURCES AND DELIVERY, PARTICULARLY DURING TIMES OF FISCAL AUSTERITY.

# Q#1: Combine HRD & BUF?

## COLLECTIVE BARGAINING IN THE HAWAI'I STATE CONSTITUTION:

- HUMAN RESOURCE FUNCTIONS ARE INTENDED TO PROMOTE AND PROTECT THE MERIT PRINCIPLE OFFERED THROUGH COLLECTIVE BARGAINING
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- BUDGET DEVELOPMENT AND EXECUTION ARE PART OF POLICY AND POLITICAL PROCESS THAT CAN BE AT ODDS WITH COLLECTIVE BARGAINING

# Q#1: Combine HRD & BUF?

## REVIEW OF OTHER STATES' ADMINISTRATIVE ORGANIZATIONS:

- BUDGET FUNCTIONS ARE OFTEN ATTACHED TO THE GOVERNOR'S OFFICE DUE TO POLICY AND POLITICAL IMPLICATIONS;
- DEPARTMENTS OF ADMINISTRATION INCLUDE ACCOUNTING, FINANCE, AND HUMAN RESOURCE FUNCTIONS; -OR-

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- ACCOUNTING, BUDGETING AND FINANCE ARE ALIGNED



# Q#2: Allow Agency Direct Hiring?

Q: ANALYZE THE FEASIBILITY OF AUTHORIZING ANY  
EXECUTIVE AGENCY TO PROCEED WITH DIRECT HIRING FOR  

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ANY POSITIONS?

# Q#2: Allow Agency Direct Hiring?

HRD'S FUNCTION TO PROMOTE THE MERIT PRINCIPLE CANNOT BE DELEGATED, PURSUANT TO CIVIL SERVICE LAW, CHAPTER 76, HRS

REQUIRES "THE SELECTION OF PERSONS BASED ON THEIR FITNESS AND ABILITY FOR PUBLIC EMPLOYMENT AND THE RETENTION OF EMPLOYEES BASED ON THEIR DEMONSTRATED APPROPRIATE CONDUCT AND PRODUCTIVE PERFORMANCE."

"TO BUILD A CAREER SERVICE IN GOVERNMENT, FREE FROM COERCIVE POLITICAL INFLUENCES, TO RENDER IMPARTIAL SERVICE TO THE PUBLIC AT ALL TIME, ACCORDING TO THE DICTATES OF ETHICS AND MORALITY AND IN COMPLIANCE WITH ALL LAWS."

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"IMPARTIAL ... BY MEANS OF COMPETITIVE TESTS WHICH ARE FAIR, OBJECTIVE, AND PRACTICAL."

# Q#2: Allow Agency Direct Hiring?

- DIRECT HIRING IS NOT FEASIBLE FOR DEPARTMENTS THAT LACK INTERNAL RESOURCES TO PROPERLY SCREEN APPLICANTS IN A MANNER CONSISTENT WITH THE MERIT PRINCIPLE. CERTAIN CLASSES AND CATEGORIES OF POSITIONS EXTEND ACROSS VARIOUS DEPARTMENTS. MAINTAINING THE SCREENING FUNCTION WITH A CENTRALIZED DEPARTMENT SUCH AS HRD PROMOTES IMPARTIALITY AND REDUCES THE RISK OF POTENTIAL INCONSISTENCIES AMONGST THE VARIOUS DEPARTMENTS WITH RESPECT TO THE QUALIFICATION OF APPLICANTS DURING THE HIRING PROCESS.

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- HRD STAFF HAS DECREASED TURN-AROUND TIME TO PRODUCE VACANCY LISTS AND WILL EXPEDITE PROCESSING IF AGENCY REQUESTS SUCH

# Q#2: Allow Agency Direct Hiring?

EXISTING HRD HIRING PROCESS IS NOT BROKEN BUT CAN BE IMPROVED – EXAMPLES INCLUDE:

- ✓ BROAD BAND HIRING FOR HARD-TO-STAFF POSITION CLASSIFICATIONS

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- ✓ WIKI HIRING FOR LARGER DEPARTMENTS THAT CAN COMMIT INTERNAL RESOURCES TO APPROPRIATE SCREENING AND CIVIL SERVICE PROCESS

# Suggestions from SCR 22 Working Group

## DEPARTMENT OF EDUCATION

- FOCUS ON “TALENT MANAGEMENT” RECRUITMENT ALONG WITH PROGRAMS THAT WILL RETAIN NEW TEACHER RECRUITS
  - OPTIMIZE TECHNOLOGY IN RECRUITMENT TO FOCUS ON MILLENNIAL CANDIDATES
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## UNIVERSITY OF HAWAI‘I

- CROSS-TRAIN EMPLOYEES WHO ARE WILLING TO EXPAND THEIR SKILL SETS BEYOND THEIR FUNCTIONAL CLASSIFICATION
- USE TECHNOLOGY FOR INITIAL SCREENING AND INTERVIEW

# Suggestions from SCR 22 Working Group

## SHRM

- REVISE STATE RECRUITMENT PROCESSES TO APPEAL TO MILLENNIALS BY USING A MORE INTERACTIVE APPLICATION PROCESS TO TEST SKILLS APPROPRIATE TO POSITION
- TREAT RECRUITS AS “TALENT” AND APPEAL TO THEM AS INDIVIDUALS WHO DIVERSE SKILLS RATHER THAN AS PART OF A LARGER CLASSIFICATION

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## HGEA

- STATE SHOULD ADOPT MORE SUCCESSION PLANNING TO ALLOW PROMOTION OF EMPLOYEES FROM STAFF INTO MIDDLE AND UPPER MANAGEMENT
- OFFER DIFFERENTIAL TO EMPLOYEES WHO ARE WILLING TO MOVE INTO MANAGEMENT