

DAVID Y. IGE  
GOVERNOR



RYKER WADA  
DIRECTOR

ANDREW T. GARRETT  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT**  
235 S. BERETANIA STREET  
HONOLULU, HAWAII 96813-2437

January 27, 2020

**TESTIMONY TO THE  
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT**

For Hearing on Tuesday, January 28, 2020  
9:00 a.m., Conference Room 309

BY

RYKER WADA  
DIRECTOR

**House Bill No. 1960**  
**Relating to Public Employee Compensation**

TO CHAIR JOHANSON, VICE CHAIR ELI, AND MEMBERS OF THE COMMITTEE:

The purpose of House Bill No. 1960 is to establish the public employees' compensation appeals board to hear appeals requesting the repricing of a class.

DHRD **opposes** this measure. Current statutes already provide two processes for the repricing of classes. First, HRS §89-9(f)(1) allows the exclusive representative to request the negotiation of repricing with the employer under the collective bargaining agreement. Second, if repricing has not been negotiated, HRS §89-9(f)(2) requires the employer to periodically review at least once every five years, the repricing of classes.

Act 253, SLH 2000 repealed HRS Chapter 77 eliminating a similar public employees' compensation appeals board to the proposed and amended HRS §89-9 to include the repricing of classes within an appropriate bargaining unit. Act 253, SLH 2000 reformed existing public employment laws and provided a comprehensive,

responsive body of law to bring about a more efficient and effective means of providing government services to the people of Hawaii consistent with two Hawaii State Constitutional mandates – that there be a civil service based on merit and that public employees have the right to bargain collectively.

Among the many changes enacted by Act 253, SLH 2000, the existing single statewide public employment system was replaced by nine jurisdictions, giving public employers more flexibility and greater autonomy to provide government services. HRS §76-1 requires each jurisdiction to establish and maintain a separately administered civil service system based on the merit principle, further providing in HRS §76-1(5) that equal pay for equal work shall apply between equal classes in the same bargaining unit among jurisdictions, unless agreed in accordance with Chapter 89 to negotiate the repricing of classes.

H.B. 1960, by establishing a public employees' compensation appeals board, takes us back in time and appears to undo parts of the civil service reform enacted by Act 253, SLH 2000. It is duplicative of the existing processes, will be time-consuming, and will require funds to implement. Given the foregoing, we recommend that H.B. 1960 be held.

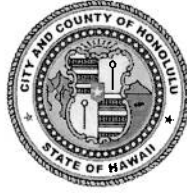
Thank you for the opportunity to provide testimony on this measure.

DEPARTMENT OF HUMAN RESOURCES

**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET 10<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
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KIRK CALDWELL  
MAYOR



CAROLEE C. KUBO  
DIRECTOR

NOEL T. ONO  
ASSISTANT DIRECTOR

January 28, 2020

The Honorable Aaron Ling Johanson, Chair  
The Honorable Stacelynn K.M. Eli, Vice Chair  
and Members of the Committee on Labor & Public Employment  
House of Representatives, Room 309  
State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Johanson, Vice Chair Eli, and Members of the Committee:

Subject: House Bill No.1960  
Relating to Public Employee Compensation

House Bill No. 1960 proposes the establishment of a Public Employees Compensation Appeals Board (PECAB) to hear appeals on the repricing of classes. The City and County of Honolulu Department of Human Resources (DHR) respectfully submits **comments** on this measure.

Through prior legislative action via Act 253, SLH 2000, several processes already exist within the Hawaii Revised Statutes (HRS) to address this matter, as outlined below:

First, Sections 76-14(a) and 76-14(a)(3), HRS, indicate that the Merit Appeals Board of each jurisdiction has the authority to hear and decide appeals on the initial pricing of classes. Based on this, a process already exists to address concerns over the pricing of a new class.

Second, Section 89-9(f)(1), HRS, states: “[a]t the request of the exclusive representative and at times allowed under the collective bargaining agreement, the employer shall negotiate the repricing of classes within the bargaining unit.” In addition

The Honorable Aaron Ling Johanson, Chair  
The Honorable Stacelynn K.M. Eli, Vice Chair  
and Members of the Committee  
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to the first item above, this language currently provides the exclusive representatives another opportunity to reprice classes they feel are not appropriately priced.

Lastly, Section 89-9(f)(2), HRS, states: “[i]f repricing has not been negotiated under paragraph (1), the employer of each jurisdiction shall ensure establishment of procedures to periodically review, at least once in five years..., the repricing of classes within the bargaining unit. The repricing of classes based on the results of the periodic review shall be at the discretion of the employer...” This provision requires that each jurisdiction review the pricing of their classes to determine if any errors were made in the initial pricing determination that would warrant additional consideration.

These existing processes ensure that the pricing of classes are reviewed on a regular basis and also provides the Union(s) with opportunities to address concerns regarding the pricing of classes through negotiations.

Notwithstanding the above, H.B. 1960 is of even more concern to DHR insofar as it would fail to ensure a civil service system based on the merit principle, as well as adherence to Chapter 76-1(5), HRS, which states “[e]qual pay for equal work shall apply between classes in the same bargaining unit among jurisdictions for those classes determined equal through systematic classification of positions based on objective criteria and adequate job evaluation, unless it has been agreed in accordance with Chapter 89 to negotiate the repricing of classes.”

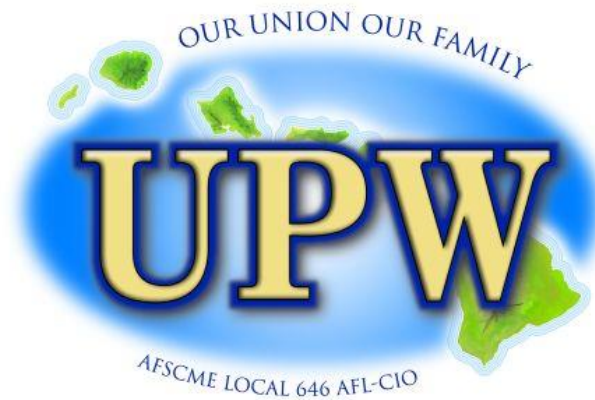
DHR strongly believes the existing processes provide fair and equitable opportunity for the appropriate pricing of classes. Given the foregoing, we respectfully ask that H.B. 1960 be deferred.

Thank you for the opportunity to provide comments on H.B. 1960.

Sincerely,



Carolee C. Kubo  
Director



**THE HAWAII STATE HOUSE OF REPRESENTATIVES**

The Thirtieth Legislature  
Regular Session of 2020

**COMMITTEE ON LABOR & PUBLIC EMPLOYMENT**

Representative Aaron Ling Johanson, Chair  
Representative Staceylynn K. M. Eli, Vice Chair

Date of Hearing: Tuesday, January 28, 2020  
Time of Hearing: 9:00 a.m.  
Place of Hearing: Conference Room 309  
State Capitol  
415 South Beretania Street

**TESTIMONY IN SUPPORT OF HB 1960 RELATING TO PUBLIC EMPLOYEE  
COMPENSATION**

By DAYTON M. NAKANELUA,  
State Director of the United Public Workers,  
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO. The UPW is the exclusive bargaining representative for approximately 13,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and four counties. The UPW also represents about 1,500 members in the private sector.

HB1960 establishes the public employee compensation appeals board to hear appeals requesting the repricing of a class. The bill also calls for an appropriation. We believe that this process will provide accountability and fairness in the deliberations. The UPW strongly supports this measure.

Thank you for the opportunity to submit this testimony.





## HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirtieth Legislature, State of Hawaii  
House of Representatives  
Committee on Labor and Public Employment

Testimony by  
Hawaii Government Employees Association

January 28, 2020

### H.B. 1960 – RELATING TO PUBLIC EMPLOYEE COMENSATION

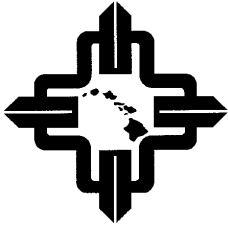
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 1960 which reestablishes the Public Employees' Compensation Appeals Board to adjudicate appeals regarding the repricing of classifications of employees.

The Public Employees' Compensation Appeals Board (PECAB) was originally established in 1961 by enactment of Act 188 with the intent to provide uniform policies and procedures for compensation to assure "equal pay for equal work" for government employees. Along with the sweeping reforms to civil service law in 2000, the statutory authority governing PECAB was repealed, making the reprice of classifications a negotiable item between unions and each jurisdiction. In the past twenty years since civil service reform, employees have sought to reprice their classifications with very limited success. Employers deny repricing requests and claim that upon their review, they have determined that all current position pricing is appropriate, however they do not proffer the basis of that determination. The current process is clearly lopsided and unfair: it fails to include any appeal mechanism or adjudication via impartial review and empowers the employer to arbitrarily rule against employees without recourse. This unbalance has adversely impacted governmental operations, as the high vacancy rates and use of long-term shortage differentials clearly refutes the employer's claim that all classifications are priced at market rates.

It is our hope that the reestablishment of PECAB will assist in properly pricing classes of employees and that paying a competitive salary will be one of many tools utilized in reducing the state's and counties' turnover and vacancy rates. This measure represents the beginning of the conversation and we look forward to working with all stakeholders to establish a fair process to reprice employees. Thank you for the opportunity to provide testimony in strong support of H.B. 1960.

Respectfully submitted,

Randy Perreira  
Executive Director



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N

*"Quality Healthcare For All"*

**LATE**

**House Committee on Labor & Public Employment**  
**Representative Aaron Ling Johanson, Chair**  
**Representative Stacelynn K.M. Eli, Vice Chair**

January 28, 2020  
Conference Room 309  
9:00 a.m.  
Hawaii State Capitol

**Testimony Opposing House Bill 1960 Relating to Public Employee Compensation. Establishes the public employees' compensation appeals board to hear appeals requesting the repricing of a class. Appropriates funds.**

Linda Rosen, M.D., M.P.H.  
Chief Executive Officer  
Hawaii Health Systems Corporation

CHAIR JOHANSON, VICE CHAIR ELI, AND MEMBERS OF THE HOUSE  
COMMITTEE ON LABOR & PUBLIC EMPLOYMENT:

House Bill No. 1960 establishes the public employees' compensation appeals board to hear appeals requesting the repricing of a class.

Hawaii Health Systems Corporation ("HHSC") **opposes** this bill and joins in the testimony submitted by the State of Hawaii Department of Human Resources Development ("DHRD") dated January 27, 2020.

Based upon the above, HHSC respectfully requests that this bill be held.

Thank you for the opportunity to testify on this measure.