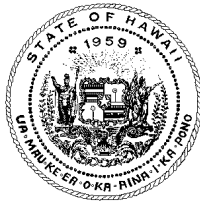


JOSH GREEN, M.D.  
GOVERNOR



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII  
**DEPARTMENT OF PUBLIC SAFETY**  
*Ka 'Oihana Ho'opalekana Lehulehu*  
1177 Alakea Street  
Honolulu, Hawaii 96813

**TOMMY JOHNSON**  
DIRECTOR

**Melanie Martin**  
Deputy Director  
Administration

**Michael J. Hoffman**  
Acting Deputy Director  
Corrections

**William F. Oku**  
Deputy Director  
Law Enforcement

No. \_\_\_\_\_

TESTIMONY ON HOUSE BILL 333  
RELATING TO PUBLIC EMPLOYEE COMPENSATION.

by  
Tommy Johnson, Director

House Committee on Labor and Government Operation  
Representative Scot Z. Matayoshi, Chair  
Representative Andrew Takuya Garrett, Vice Chair

Tuesday, February 7, 2023; 9:00 a.m.  
State Capitol Conference Room 309 and Via Video Conference

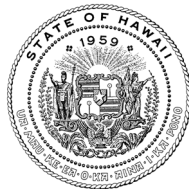
Chair Matayoshi, Vice Chair Garrett, and Members of the Committee:

The Department of Public Safety opposes House Bill (HB) 333, which proposes to repeal the "after the fact" payroll processing for public officers and employees instead of a predicted payroll schedule.

The Department suggests maintaining the current "after the fact" payroll processing as it provides the opportunity to review the payroll processing to avoid an overpayment situation and allows for the recall of a check identified as an overpayment. The period is key to avoiding the implementation of the due process hearing requirements to facilitate a repayment by an employee.

Thank you for the opportunity to provide testimony on HB 333.

JOSH GREEN, M.D.  
GOVERNOR



LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
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**  
*Ka 'Oihana Mālama Mo'ohelu a Kālā*  
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

TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON LABOR & GOVERNMENT OPERATIONS  
ON  
HOUSE BILL NO. 333

**February 7, 2023**  
**9:00 a.m.**  
**Room 309 and Videoconference**

RELATING TO PUBLIC EMPLOYEE COMPENSATION

The Department of Budget and Finance (B&F) offers comments on this bill.

This measure amends Chapter 78-13, HRS, to require the employer to pay on a predicted payroll rather than an after-the-fact payroll. This change could result in a one-time cost to the State in FY 23 in excess of \$16.7 million if this impacts all bargaining units. B&F also has concerns of increased administrative burdens due to an increase in overpayment and underpayment situations.

Thank you for your consideration of our comments.

JOSH GREEN, M.D.  
GOVERNOR



KEITH T. HAYASHI  
SUPERINTENDENT

STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
KA 'OIHANA HO'ONA'AUAO  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**Date:** 02/07/2023  
**Time:** 09:00 AM  
**Location:** 309 VIA VIDEOCONFERENCE  
**Committee:** House Labor & Government  
Operations

**Department:** Education

**Person Testifying:** Keith T. Hayashi, Superintendent of Education

**Title of Bill:** HB 0333 RELATING TO PUBLIC EMPLOYEE  
COMPENSATION.

**Purpose of Bill:** Repeals payroll day for public officers and employees by requiring them to be paid pursuant to a predicted payroll schedule, rather than an after-the-fact payroll schedule.

**Department's Position:**

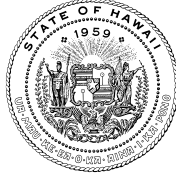
The Hawaii State Department of Education (Department) provides comments on HB 333. Eliminating lag and after-the-fact pay dates and converting to the predicted pay cycle of the 15th and end-of-month would have negative fiscal impacts.

The conversion would result in 25 rather than 24 pay dates in the first year of implementation, and the Department would need additional funding to cover the extra pay date.

In addition, eliminating the payroll lag would result in an increase in salary overpayments as there would essentially be no practical opportunity to adjust pay for short or no notice incidents of leave without pay.

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

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



KEITH A. REGAN  
COMPTROLLER  
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN  
DEPUTY COMPTROLLER  
KA HOPE LUNA HO'OMALU HANA LAULĀ

**STATE OF HAWAII | KA MOKU'ĀINA O HAWAII'**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ**  
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY  
OF  
KEITH A. REGAN, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
COMMITTEE ON LABOR & GOVERNMENT OPERATIONS

FEBRUARY 7, 2023, 9:00 A.M.  
CONFERENCE ROOM 309

H.B. 333

RELATING TO PUBLIC EMPLOYEE COMPENSATION.

Chair Matayoshi, Vice Chair Garrett and Members of the Committee, thank you for the opportunity to testify on H.B. 333 which repeals the payroll day for public officers and employees by requiring them to be paid pursuant to a predicted payroll schedule, rather than an after-the-fact payroll schedule.

The Department of Accounting and General Services (DAGS) appreciates the opportunity to provide comments on this bill. We anticipate that the elimination of the payroll lag will likely require additional funds to be appropriated in order to adjust to the new schedule. As an example, the general fund portion of the February 3, 2023 payday was approximately \$116 million. It would be necessary to analyze what this amount would need to be in order to avoid not having sufficient funds to support this change.

DAGS also notes that this legislation may increase the number of salary overpayments since

departments will have less time to determine the accuracy of an employee's pay. Increased overpayments would require that departments utilize their limited resources to collect the overpayments which typically result from insufficient leave balances. The benefit of the payroll lag is that overpayments due to insufficient leave balances are typically caught before the payroll is processed.

Finally, if this were to be enacted, we would request that sufficient time and resources be provided to DAGS and other departments to properly prepare for the change in payroll schedule.

Thank you for the opportunity to testify on this matter.



STATE OF HAWAII ORGANIZATION OF POLICE OFFICERS  
" A Police Organization for Police Officers Only "  
Founded 1971

February 3, 2023

**VIA ONLINE**

The Honorable Scot Z. Matayoshi  
Chair  
The Honorable Andrew Takuya Garrett  
Vice-Chair  
House Committee on Labor & Government Operations  
Hawaii State Capitol, Rooms 422, 323  
415 South Beretania Street  
Honolulu, HI 96813

Re: **HB 333 – Relating to Public Employee Compensation**

Dear Chair Matayoshi, Vice-Chair Garrett, and Honorable Committee members:

I serve as the President of the State of Hawaii Organization of Police Officers (“SHOPO”) and write to you on behalf of our Union in **strong support** of HB 333, which repeals payroll day for public officers and employees by requiring them to be paid pursuant to a predicted payroll schedule, rather than an after-the-fact payroll schedule and requires that the implementation of predicated payroll be subject to negotiation under HRS chapter 89.

As you may know, the Hawai‘i State Constitution grants public employees in the State the right to organize for the purpose of collective bargaining as provided by law. Haw. Const. art. XIII, section 2. HRS chapter 89, Collective Bargaining in Public Employment, provides for 15 recognized bargaining units for all public employees throughout the State, including police officers (bargaining unit 12). Each bargaining unit is represented by an employee representative, i.e., the employee organization or union. Exclusive representatives, like SHOPO, and public employers (e.g., the State and the Counties) regularly negotiate agreements covering all employees within a bargaining unit with respect to wages, hours, and other terms and conditions of employment. This is consistent with the Hawai‘i Legislature’s statement of findings and policy, declared in HRS § 89-1(a):

that joint decision-making is the modern way of administering government. Where public employees have been granted the right to share in the decision-making process affecting wages and working conditions, they have become more responsive and better able to exchange ideas and information on operations with

**Main Office & Honolulu Chapter Office**  
1717 Hoe Street  
Honolulu, Hawaii 96819-3125  
Tel: (808) 847-4676 "84 SHOPO"  
www.shopohawaii.org Fax: (808) 841-4818

**Hawaii Chapter Office**  
688 Kinoole Street, Room 220B  
Hilo, Hawaii 96720-3877  
Tel: (808) 934-8405  
Fax: (808) 934-8210

**Kauai Chapter Office**  
3176 Oihana Street, Suite 104, Lihue  
Mailing Add: P. O. Box 1708  
Lihue, Hawaii 96766-5708  
Tel: (808) 246-8911

**Maui Chapter Office**  
1887 Wili Pa Loop, Suite 2  
Wailuku, Hawaii 96793-1253  
Tel: (808) 242-6129  
Fax: (808) 242-9519

The Honorable Scot Z. Matayoshi, Chair  
The Honorable Andrew Takuya Garrett, Vice-Chair  
House Committee on Labor & Government Operations  
Re: **HB 333 – Relating to Public Employee Compensation**  
February 3, 2023  
SHOPO Testimony Page 2

their administrators. Accordingly, government is made more effective. The legislature further finds that the enactment of positive legislation establishing guidelines for public employment relations is the best way to harness and direct the energies of public employees eager to have a voice in determining their conditions of work; to provide a rational method for dealing with disputes and work stoppages; and to maintain a favorable political and social environment.

The Legislature further declared in HRS § 89-1(b) “that it is the public policy of the State to promote harmonious and cooperative relations between government and its employees and to protect the public by assuring effective and orderly operations of government.”

As it is currently written, HRS § 78-13 expressly excludes payroll changes such as this one from negotiation under HRS chapter 89. This bill makes clear that implementation of predicated payroll is a proper subject of negotiation, which is consistent with public employees’ constitutional right to organize for collective bargaining and the Hawaii legislature’s policy favoring joint decision-making in the context of public employment labor negotiations.

We thank you for allowing us to be heard and to share our concerns on this bill which we hope your committee will unanimously support.

Respectfully submitted,

ROBERT “BOBBY” CAVACO  
SHOPO President



## HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808 543.0011 • Fax: 808.528 0922

The Thirty-Second Legislature, State of Hawaii  
House of Representatives  
Committee on Labor and Government Operations

Testimony by  
Hawaii Government Employees Association

February 7, 2023

### H.B. 333 — RELATING TO PUBLIC EMPLOYEE COMPENSATION

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 333 which repeals the payroll lag for public employees by requiring them to be paid pursuant to a predicted payroll schedule, rather than an after-the-fact payroll schedule.

Over 20 years ago, then-Governor Ben Cayetano and his administration aggressively pursued a state payroll lag, citing budgetary concerns with an underlying threat to furlough and layoff government employees if the lag was not implemented. After much contention, the state implemented a two-week lag – the equivalent of one full pay period – over the course of several months. The Cayetano Administration sold the payroll lag as a temporary necessity to fix its budgetary woes, but the lag has remained intact for over two decades.

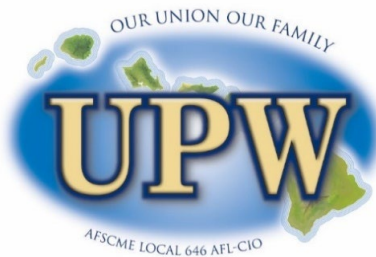
We respectfully argue that prompt payment of wages earned is sound fiscal policy which will result in funds expediently reaching employees' pocketbooks and money more quickly circulating in our economy. It is unreasonable to expect employees who perform overtime or newly hired employees who rely on their first paycheck to wait a full pay period and 5 additional days to be compensated for their work. This excessive delay in payment lowers the value of the wages earned.

Thank you for the opportunity to provide testimony in strong support of H.B. 333.

Respectfully submitted,

Randy Perreira  
Executive Director





**HOUSE OF REPRESENTATIVES  
THE THIRTY-SECOND LEGISLATURE  
REGULAR SESSION OF 2023**

**Committee on Labor & Government Operations**

Rep. Scot Z. Matayoshi, Chair  
Rep. Andrew Takuya Garret, Vice Chair

Tuesday, February 7, 2023, 9:00 AM  
Conference Room 309 and via Videoconference

**Re: Testimony in SUPPORT of HB333 – RELATING TO PUBLIC EMPLOYEE COMPENSATION**

Chair Matayoshi, Vice Chair Garrett, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents 1,500 members in the private sector.

UPW **strongly supports** HB333, which repeals payroll day for public officers and employees by requiring them to be paid pursuant to a predicted payroll schedule, rather than an after-the-fact payroll schedule.

Prior to 1998, all of Hawaii’s public employees were paid pursuant to a predicted payroll schedule. That conversion to an after-the-fact payroll schedule would ultimately establish the five-day pay lag that continues today. The switch from a predicted to an after-the-fact payroll schedule was touted by the Cayetano administration as a way to eliminate the recovery of overpayments made to public employees. At that time, the State had asserted that overpayment was such a pervasive problem that it was unable to recover substantial amounts.

In the 25 years since the implementation of the pay lag, advancements in banking procedures (e.g. electronic funds transfers) and the State’s considerable investment in the Hawaii Information Portal (HIP) should be able to address the State’s concerns from years past. We humbly ask you to pass this bill.

Thank you for the opportunity to provide testimony.

Sincerely,

Kalani Werner  
State Director

**HEADQUARTERS** – 1426 North School Street ♦ Honolulu, Hawaii 96817-1914 ♦ Phone: (808) 847-2631  
**HAWAII** – 362 East Lanikaula Street ♦ Hilo, Hawaii 96720-4336 ♦ Phone: (808) 961-3424  
**KAUAI** – 2970 Kele Street, Suite 213 ♦ Lihue, Hawaii 96766-1325 ♦ Phone: (808) 245-2412  
**MAUI** – 841 Kolu Street ♦ Wailuku, Hawaii 96793-1436 ♦ Phone: (808) 244-0815