
A BILL FOR AN ACT

RELATING TO SKILLS-BASED HIRING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that an over-emphasis on
2 degree requirements in the labor market has historically limited
3 opportunities and diversity in the workforce. A 2017 study by
4 Harvard Business School found that sixty-one percent of hiring
5 managers had rejected ideal candidates with the skills and
6 experience to succeed because they lacked a four-year degree.
7 This bias is further reflected in the "degree gap" -- the
8 discrepancy between the percentage of job postings for positions
9 requiring a college degree and the percentage of current
10 employees in that position with a degree -- also found by the
11 study. Larger degree gaps make positions more difficult to
12 fill, contributing to inefficiency and stagnancy in the hiring
13 process.

14 The legislature further finds that many employers, across
15 both public and private sectors have begun to recognize the
16 value of and shift towards skills-based hiring. In the private
17 sector, a 2023 survey found that fifty-five per cent of



1 companies removed degree requirements, primarily for entry- and
2 mid-level positions, to create a more diverse workforce and
3 expand the applicant pool. Companies that recently eliminated
4 degree requirements for many positions include IBM, Delta
5 Airlines, Google, and Bank of America. In the public sector, as
6 of October 2023, at least sixteen states had taken action to
7 remove four-year degree requirements for most state jobs.

8 The legislature also finds that the State is facing a
9 significant labor shortage within state agencies that may worsen
10 in the future. The department of human resources reported an
11 increase in vacant positions within state agencies in recent
12 years, from eighteen per cent in 2019 before the COVID-19
13 pandemic to twenty-seven per cent in 2023. While the COVID-19
14 pandemic may have contributed to this uptick, the department
15 also reported that thirty per cent of existing state employees
16 will be eligible for retirement in the next five years. The
17 legislature recognizes that to fill this gap, continue to
18 operate at maximum efficiency, serve the residents of the State,
19 and keep pace with the broader labor market, a new focus on
20 skills-based hiring is necessary.



1 Accordingly, the purpose of this Act is to incorporate
2 skills-based hiring for public employment by prohibiting the
3 State or its departments, agencies, and political subdivisions
4 from requiring a bachelor's degree as a condition of eligibility
5 when hiring for a position in state employment.

6 SECTION 2. Chapter 78, Hawaii Revised Statutes, is amended
7 by adding a new section to be appropriately designated and to
8 read as follows:

9 "§78- Bachelor's degree requirements for state
10 employment; prohibition. (a) The State or any of its
11 departments, agencies, or political subdivisions shall not
12 require a bachelor's degree as a condition of eligibility for
13 hire to a position in state employment.

14 (b) Subsection (a) shall not apply if skills-based hiring
15 is not a viable option because the knowledge, skills, or
16 abilities required for the position for which an applicant is
17 applying can only reasonably be obtained, as determined by the
18 appointing authority, through a course of study in pursuit of,
19 and culminating in the award of, a bachelor's degree."

20 SECTION 3. New statutory material is underscored.

21 SECTION 4. This Act shall take effect July 1, 2050.



Report Title:

State Employees; Hiring Requirements; Skills-Based Hiring;
Bachelor's Degree; Prohibition; Exemption

Description:

Prohibits the State or any of its departments, agencies, or political subdivisions from requiring a bachelor's degree as a condition of eligibility for hire to a position in state employment. Establishes exemptions. Effective 7/1/2050. (SD1)

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