

Honolulu, Hawaii

FEB 06 2025

RE: S.B. No. 1567
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Labor and Technology, to which was referred
S.B. No. 1567 entitled:

"A BILL FOR AN ACT RELATING TO THE CLASSIFICATION AND
COMPENSATION SYSTEMS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Department of Human Resources Development to complete a comprehensive review of the classification and compensation systems for all positions within the State's executive branch by a certain date;
- (2) Allow the Department of Human Resources Development to contract with a third-party without regard to the Hawaii Public Procurement Code;
- (3) Require the Department of Human Resources Development to submit a report to the Legislature; and
- (4) Appropriate funds.

Your Committee received testimony in support of this measure from the Department of Human Resources Development.



Your Committee received comments on this measure from the State Procurement Office.

Your Committee finds that state agencies in Hawaii are experiencing a significant labor shortage that has only been exacerbated by the COVID-19 pandemic and an aging state employee workforce. Your Committee further finds that the State faces significant hurdles in recruiting, hiring, and retaining employees due to the antiquated classification and compensation systems for state positions impeding the State from remaining a competitive employer in the State. Therefore, this measure will enable the State to modernize its hiring classifications and systems to attract and retain qualified employees throughout the State's executive agencies.

Your Committee notes that this measure contains an unspecified appropriation amount. Should your Committee on Ways and Means choose to deliberate on this measure, your Committee respectfully requests that it consider inserting an appropriation amount of \$1,000,000 for the Department of Human Resources Development to complete a comprehensive review of the classification and compensation systems for all positions within the State's executive branch, including contracting with a third-party to assist in the review.

Your Committee has amended this measure by:

- (1) Specifying that the Department of Human Resources Development may contract with a third party for assistance in accordance with the Hawaii Public Procurement Code;
- (2) Requiring the Department of Human Resources Development to submit a preliminary report to the Legislature prior to the convening of the regular session of 2026 and a final report to the Legislature prior to the convening of the regular session of 2027;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the record of votes of the members of your Committee on Labor and Technology that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1567, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1567, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Labor and
Technology,



HENRY J.C. AQUINO, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Labor and Technology
LBT

Bill / Resolution No.:* SB1567	Committee Referral: LBT, WAM	Date: 1-31-2025
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
AQUINO, Henry J.C. (C)	X			
LEE, Chris (VC)	X			
IHARA, Jr., Les	X			
MORIWAKI, Sharon Y.	X			
FEVELLA, Kurt				X
TOTAL	4			1

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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***Only one measure per Record of Votes**