

ACT 253

H.B. NO. 2634-80

A Bill for an Act Relating to the Compensation of Public Officers and Employees.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The purpose of this Act is to authorize a reduction in the number of steps within the existing salary ranges for positions covered under chapter 77, Hawaii Revised Statutes.

The legislature finds that the existing five-step pay ranges for blue collar positions and the ten-step salary ranges for white collar positions, which were established prior to collective bargaining, are no longer appropriate. Since the enactment of the collective bargaining law, employees have received negotiated pay increases each year. The granting of step increases, in addition to separately negotiated pay increases each year, resulted in prohibitive costs. Therefore, effective July

1, 1976, the legislature proscribed the granting of step increases in any fiscal year when an increase in a pay schedule is effected. Such deferral of step increases was, and remains, necessary until appropriate pay ranges with fewer steps are developed.

Presently, however, the number of steps as well as the number of ranges are fixed by statute. The legislature believed that these matters should remain within its purview, particularly during the formative years of collective bargaining. Ten years have elapsed since the enactment of the collective bargaining law, which established thirteen appropriate bargaining units based on broad occupational categories. Seven of these units include positions governed by chapter 77, Hawaii Revised Statutes—two units include blue collar positions subject to five-step salary ranges and five units include white collar positions subject to ten-step salary ranges. Prior proposals calling for a uniform, statutorily mandated reduction in the number of steps for all positions under chapter 77, Hawaii Revised Statutes, have been considered and rejected by the legislature. Each bargaining unit has its own particular concerns and objectives. Several bargaining units have voiced a desire to share in the decision-making process regarding the manner in which the number of steps are to be reduced. Other bargaining units have remained silent on the subject.

While the legislature believes that the number of steps and ranges should remain within its purview, it finds that the parties to negotiations should be granted the option to share in the decision-making process regarding the manner in which the number of steps are to be reduced. This would be consonant with the legislature's policy on collective bargaining; provided the option is exercised and a conversion plan is developed and executed on or before December 31, 1980, to allow the parties sufficient time to conduct their next wage negotiations based on such mutually agreed upon conversion plan, as well as subsequent wage negotiations. In the absence of such mutually agreed upon conversion plan, the parties to negotiations shall continue wage negotiations based on the existing five-step salary ranges for blue collar positions and the ten-step salary ranges for white collar positions contained in the statutes.

The legislature further finds that the chief executives together with the chief justice of the supreme court should have the discretion to determine the manner in which the number of steps are to be reduced for employees excluded from collective bargaining who are covered under chapter 77, Hawaii Revised Statutes. This would be consistent with the intent of chapter 89C, Hawaii Revised Statutes, which authorizes adjustments for such employees which are comparable to their counterparts included in collective bargaining units.

Accordingly, the legislature authorizes the parties to negotiations and the chief executives together with the chief justice of the supreme court, as the case may be, to reduce the number of steps within the existing pay ranges for employees covered under chapter 77, Hawaii Revised Statutes, in accordance with the guidelines under this Act. Additionally, since pay rates are negotiable under chapter 89, Hawaii Revised Statutes, and can be adjusted under chapter 89C, Hawaii Revised Statutes, the obsolete pay rates contained in the statutes are being deleted. The personnel directors and the administrative director of the courts are required to maintain the pay schedules applicable to positions under chapter 77, Hawaii Revised Statutes.

SECTION 2. Section 77-1, Hawaii Revised Statutes, is amended to read as follows:

“Sec. 77-1 Definitions. As used in this part, unless the context clearly indicates otherwise:

- (1) “Commission” means the civil service commission;
- (2) “Class” or “class of positions” means a group of positions sufficiently similar with respect to duties, authority, and responsibility so that the same title may reasonably be required for, and the same salary range may apply to, each position allocated to the class;
- (3) “Position classification plan” means classes of positions arranged in a logical and systematic order;
- (4) “Compensation” means any salary, wage, fee, or other cash emolument paid to an employee for service in a position;
- (5) “Department” includes the judicial branch and any department, board, commission, or agency of the State or any of its political subdivisions;
- (6) “Director” means the director of personnel services in the case of the State, the administrative director of the courts in the case of the judiciary, director of civil service in the case of the city and county of Honolulu, or the respective personnel directors in the case of the counties of Hawaii, Maui, and Kauai;
- (7) “Employee” means a person holding a position in accordance with chapter 76, whether permanently or otherwise;
- (8) “Position” means a group of current duties and responsibilities legally assigned or delegated by competent authority to an officer or employee and performed on either a full- or part-time basis;
- (9) “Salary range” means the group of steps, from minimum to maximum, to which a class may be assigned;
- (10) “Salary schedule” or “pay schedule” means the rates of compensation for all steps under a salary structure;
- (11) “Salary structure” means the number of steps and salary ranges prescribed in section 77-5(2) and section 77-13(a);
- (12) “Compensation plan” is the result of the assignment of all classes in the position classification plan to appropriate salary ranges in the salary structures;
- (13) “Chief executive officer” means the governor in the case of the State, the chief justice of the supreme court in the case of the judiciary, the mayor in the case of the city and county of Honolulu or the counties of Hawaii, Maui, and Kauai;
- (14) “Legislative body” means the legislature in the case of the State, the city council in the case of the city and county of Honolulu, and the respective county councils in the case of the counties of Hawaii, Maui, and Kauai;
- (15) “Fiscal officer” means the director of finance in the case of the State, the administrative director of the courts in the case of the judiciary, the director of finance in the case of the city and county of Honolulu and the counties of Hawaii, Maui, and Kauai;
- (16) “Affected persons or parties” includes employee organizations, departments, persons, and their respective representatives;
- (17) “Pricing” means the assignment of classes to salary range;
- (18) “Bench mark class” means a class which is (A) pivotal in that the assign-

ment of other classes within a series of classes may be made with reference to such class, (B) easily identifiable according to the nature of the duties and responsibilities of the positions within the class, and (C) common to all or most of the jurisdictions.”

SECTION 3. Section 77-5, Hawaii Revised Statutes, is amended to read as follows:

“**Sec. 77-5 Compensation plan for blue-collar positions.** The salary structures and schedules prescribed in section 77-13 shall not apply to positions in recognized trades or crafts or other skilled mechanical crafts, or unskilled, semiskilled, or skilled manual labor occupations, including positions of foremen, inspectors, and supervisors in positions having trades, crafts, or laboring experience and knowledge as the paramount requirement, commonly known as blue collar positions.

- (1) The provisions of section 77-4 where it is not inconsistent with the provisions of this section shall be applicable.
- (2) Salary structures and schedules.
 - (A) The salary structures applicable to blue collar positions shall be comprised of fifteen salary grades with each grade consisting of five increment steps.
 - (B) Pay schedules for nonsupervisory blue-collar positions, hereafter to be referred to as the wage board schedules, shall be established as provided under subparagraph (D) below.
 - (C) Pay schedules for supervisory blue-collar positions, hereafter to be referred to as wage board supervisory schedules, shall be established as provided under subparagraph (D) below for each of the following levels:
 - (i) Working foreman;
 - (ii) Foreman I;
 - (iii) Foreman II;
 - (iv) Foreman III; and,
 - (v) General foreman.
 - (D) The pay schedules applicable to employees in blue-collar positions, who are included in collective bargaining units under section 89-6(a), shall be subject to negotiations. The pay schedules applicable to employees in blue-collar positions, who are excluded from coverage under chapter 89, shall be subject to chapter 89C.
- (3) Wherever payment is made on the basis of an annual, weekly, hourly, or daily rate, the rate shall be computed as provided for under section 77-13(c).
- (4) Implementation of compensation plan.
 - (A) The conference of personnel directors shall compile and recommend to the public employees compensation appeals board a tentative compensation plan based upon such factors as the kind and subject matter of work, level of difficulty and responsibility, and qualification requirements for classes deemed covered by this section by October 15 of every odd-numbered year.

Full opportunity for consultation with the persons and organiza-

tions including employee organizations shall be afforded.

- (B) The appeals board referred to in section 77-4 shall provide for the publication of the tentative compensation plan. All petitions for appeal against the compensation plan, including the pricing of classes or whether the class should be included or excluded from the blue-collar plan, shall be filed with the appeals board within twenty days from the date of publication of the tentative plan.

The board shall meet biennially to hear appeals from affected persons and parties concerning the tentative compensation plan and may hold public hearings as well. At least one appeal hearing shall be held in each jurisdiction.

Final adjustment by the board to the compensation plan shall be in accordance with its established policies and standards relative to compensation. The board shall complete its final adjustments by the third Wednesday in January of every even-numbered year.

Following the final adjustment, the conference of personnel directors shall submit to the state legislature, through the office of the governor, a report setting forth the final compensation plan and the cost thereof for its information and approval. The effective date of the approved plans shall be July 1 of every even-numbered year.

- (5) Subsequent implementation of the compensation plan. The compensation plan for positions covered under this section shall be reviewed and adjusted biennially in accordance with paragraph (4) of this section."

SECTION 4. Section 77-13, Hawaii Revised Statutes, is amended to read as follows:

"Sec. 77-13 Salary structures and schedules for white-collar positions. (a) The salary structures for white-collar positions covered under this chapter shall be comprised of thirty-one salary ranges, designated SR 4 to SR 31, SC-1, SC-2, and SC-3, with each range consisting of ten steps, designated B to G and L-1 to L-4; provided that range SC-2 shall consist of nine steps, designated B to G, L-1, L-2, and L-3, and range SC-3 shall consist of eight steps, designated B to G, L-1, and L-2.

(b) The salary schedules applicable to employees in white-collar positions, who are included in appropriate bargaining units under section 89-6(a), shall be subject to negotiations. The salary schedules applicable to employees in non-managerial white-collar positions, who are excluded from coverage under chapter 89, shall be subject to chapter 89C.

(c) Whenever payment is made on the basis of monthly, weekly, hourly, or daily rate, the rate shall be computed in the following manner:

- (1) By dividing the annual rate by twelve in order to find the monthly rate;
- (2) By dividing the annual rate by fifty-two in order to find the weekly rate;
- (3) By dividing the weekly rate by forty in order to find the hourly rate; and
- (4) By multiplying the hourly rate by the number of daily hours of service required in order to find the daily rate.

(d) Salary ranges SC-1, SC-2, and SC-3 shall be utilized in the following manner:

- (1) Salary ranges SC-1, SC-2, and SC-3 may be utilized by the State and

- counties for physicians and psychiatrists positions.
- (2) No position shall be classified and paid in salary ranges SC-1, SC-2, and SC-3 unless specifically recommended by the director of personnel services and approved by the governor, or recommended by the personnel director of a county and approved by the respective council and mayor.
 - (3) There shall be at any given period not more than sixteen positions classified and paid in salary ranges SC-1, SC-2, and SC-3 by the State and not more than eight positions classified and paid in salary ranges SC-1, SC-2, and SC-3 by any county. Psychiatrists and physician positions shall be excluded from the above mentioned totals.
 - (4) The salary of any employee assigned to SC-1, SC-2, or SC-3 shall not be more than the applicable limits under section 78-18.
 - (5) The director of personnel services and the personnel directors of each county shall report annually to the legislature as to the manner in which the positions assigned to salary ranges SC-1, SC-2, and SC-3 are being used."

SECTION 5. Chapter 77, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"Sec. 77- Conversion to appropriate salary ranges. (a) Any provision of law to the contrary notwithstanding, the chief executives of the State and counties and the chief justice of the supreme court, as appropriate, may reduce the number of steps within the salary ranges under sections 77-5 and 77-13, as provided in this section. In no event shall the number of steps be increased, except by action of the state legislature.

(b) For employees in positions under this chapter who are included in bargaining units under chapter 89, the conversion to salary ranges with fewer steps shall be subject to negotiations, at the option of the exclusive representative of an appropriate bargaining unit; provided the option is exercised in accordance with subsections (c) and (d) below. For employees in positions under this chapter who are excluded from collective bargaining units, the conversion shall be subject to chapter 89C and subsection (e) below.

(c) Each exclusive representative may exercise the option to negotiate a model conversion plan regarding a reduction in the number of steps within the salary ranges under section 77-5 or 77-13, as applicable, for positions within its appropriate bargaining unit, by notifying the appropriate employers of its intent in writing. The employers and the exclusive representative shall meet for the purpose of developing a mutually agreeable conversion plan which meets the requirements of subsection (d). Any such plan mutually agreed upon shall be reduced to writing and signed by the parties on or before December 31, 1980. The plan shall be binding upon the parties, except that all costs relative to the conversion shall be subject to approval and appropriations by the appropriate legislative bodies, along with negotiated pay increases and other cost items, as required under section 89-10(b). In the absence of a mutually agreed upon model conversion plan on or before December 31, 1980 for any particular bargaining unit, wage negotiations for such unit shall be based on the existing salary ranges and steps as provided in section 77-5 or 77-13, as applicable.

(d) Any model conversion plan agreed to between the employers and the exclusive representative shall contain the following:

- (1) An agreement that the objective of the conversion plan is to reduce the number of steps within each salary range under section 77-5 or 77-13, as applicable, for positions within the appropriate bargaining unit, to a specific number of steps.
- (2) An agreement that the model conversion plan shall not be terminated until the objective under paragraph (1) is reached and shall not be modified except by written mutual agreement of the parties.
- (3) An agreement that during the fiscal year commencing July 1, 1981, and each subsequent fiscal year, at least one step shall be deleted from the salary ranges until the salary ranges are reduced to such number of steps mutually agreed upon under paragraph (1).
- (4) An agreement that all negotiations on wages, to be effective July 1, 1981 and subsequently, shall be based on the model conversion plan and that no other pay rates shall be negotiated, other than those rates for the number of steps allowable under paragraph (3) or such fewer number of steps as mutually agreed upon between the parties.
- (5) An agreement that all employees in bargaining unit positions subject to this chapter shall be paid, commencing July 1, 1981, in accordance with the rates negotiated for the steps on the revised salary schedule within their applicable salary ranges.
- (6) An agreement regarding the adjusting of employees' pay from their existing rates to those rates negotiated for the steps on the revised salary schedule within their applicable salary ranges; provided that such an agreement may contain a provision for the payment of a bonus or conversion differential if it is not to be considered as an adjustment to an employee's basic pay rate.

The parties shall not agree to a conversion plan which does not meet the requirements of this section nor agree to any amendments which would be inconsistent with this section.

(e) The chief executives of the State and the counties and the chief justice of the supreme court, as applicable, may reduce the number of steps within the salary ranges under sections 77-5 and 77-13 for positions excluded from collective bargaining coverage. Their designated representatives shall review the model conversion plans applicable to employees included in collective bargaining units before reaching a decision under section 89C-3 concerning adjustments regarding a reduction in the number of steps for excluded employees; provided that any reduction in the number of steps for excluded employees shall harmonize with the model conversion plans developed for included employees; provided further that if a model conversion plan is not developed for employees included in a collective bargaining unit, there shall be no reduction in the number of steps for excluded employees under the same compensation plan as the employees included in that bargaining unit. The costs of reducing the salary ranges to fewer steps and any other general pay adjustments shall be subject to approval and appropriations by the appropriate legislative bodies in accordance with section 89C-5."

SECTION 6. Section 89-9, Hawaii Revised Statutes, is amended by amending subsection (d) to read as follows:

"(d) Excluded from the subjects of negotiations are matters of classification and

reclassification, the Hawaii public employees health fund, retirement benefits, and the salary ranges and the number of incremental and longevity steps now provided by law; provided that the number of steps in accordance with section 77- , the amount of wages to be paid in each range and step, and the length of service necessary for the incremental and longevity steps shall be negotiable. Effective July 1, 1976, an employee shall not be entitled to his normal annual increment or longevity increase, as the case may be, in any fiscal year that a negotiated pay increase is effected, whether by statute or agreement, and no part of such a fiscal year shall be counted as service creditable for any future increment or longevity pay increase. The employer and the exclusive representative shall not agree to any proposal which would be inconsistent with merit principles or the principle of equal pay for equal work pursuant to sections 76-1, 76-2, 77-31, and 77-33, which would be inconsistent with section 77- , relating to the conversion to appropriate salary ranges, or which would interfere with the rights of a public employer to (1) direct employees; (2) determine qualification, standards for work, the nature and contents of examinations, hire, promote, transfer, assign, and retain employees in positions and suspend, demote, discharge, or take other disciplinary action against employees for proper cause; (3) relieve an employee from duties because of lack of work or other legitimate reason; (4) maintain efficiency of government operations; (5) determine methods, means, and personnel by which the employer's operations are to be conducted; and take such actions as may be necessary to carry out the missions of the employer in cases of emergencies.”

SECTION 7. Statutory material to be repealed is bracketed. New material is underscored.*

SECTION 8. This Act shall take effect upon its approval.

(Approved June 13, 1980.)

*The text has been edited pursuant to HRS §23G-16.5, authorizing omission of the brackets, bracketed material, and underscoring.