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S.B. NO. 2272

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

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

SECTION 1. Section 77-10, Hawaii Revised Statutes, is amended to read as follows:

“§77-10 Compensation adjustments; rules. (a) The state director or the county commissions shall adopt rules to provide for adjustments and changes in compensation in the event of promotions, temporary promotions and assignments, demotions, and for the purpose of implementing section 77-4.

(b) In the case of promotion, reallocation, and repricing or temporary assignment upwards, the rules shall provide that the employee shall receive no less than:

- (1) The rate at the lowest step in the higher salary range which exceeds the employee's existing basic rate of pay by five per cent; or
- (2) If there is no step in the higher pay range which exceeds the employee's basic rate of pay by at least five per cent, the employee shall be compensated at the maximum step in the higher pay range, or at the employee's basic rate of pay, whichever is greater.

(c) In the case of a voluntary demotion, the rules shall provide that the employee shall receive:

- (1) The rate at the highest step in the lower pay range which is not greater than ninety-five per cent of the employee's basic rate of pay; or
- (2) If there is no step in the lower pay range which rate is not greater than ninety-five per cent of the employee's basic rate of pay, the employee shall be compensated at the minimum step.

(d) The rules shall be adopted only after joint conference of the state director and all county commissions and shall be uniformly applied and interpreted throughout the State and the several counties.

(e) The rules shall give proper consideration to merit principles of employment, requirements of model conversion plans, and due recognition to length of service in the event of demotions resulting from physical conditions. The rules shall provide for methods of pay adjustment which may, in the event of nondisciplinary, involuntary movements or reassignments to lower pay ranges, include the payment of a temporary differential which is not to be considered as an adjustment to an employee's base pay. In no event may an employee's base pay exceed the maximum step of a lower pay range, or be increased to an amount which will exceed the

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maximum step of a higher pay range, when the employee moves or is reassigned to a different pay range. The employee's service anniversary date shall not change. No rule shall be applied in any way in violation of sound merit principles."

SECTION 2. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval; provided that in the case of promotion, reallocation, and repricing or temporary assignment upwards it shall be retroactive to October 1, 1987.

(Approved May 10, 1988.)