

ACT 276

S.B. NO. 1065

A Bill for an Act Relating to Skills-Based Hiring.

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

SECTION 1. The legislature finds that an over-emphasis on degree requirements in the labor market has historically limited opportunities and diversity in the workforce. A 2017 study by Harvard Business School found that sixty-one per cent of hiring managers rejected ideal candidates possessing the skills and experience to qualify for the position they applied for because they lacked a four-year degree. The study showed that this bias is further reflected in the “degree gap”, which is the discrepancy of the percentages between job postings for positions requiring a college degree and employees currently in that position actually having a degree. Larger degree gaps make positions more difficult to fill, contributing to inefficiency and stagnancy in the hiring process.

The legislature further finds that many employers across both the public and private sectors have begun to recognize the value of skills-based hiring. In the private sector, a 2023 survey found that fifty-five per cent of companies removed degree requirements, primarily for entry- and mid-level positions, creating a more diverse workforce and expanding the applicant pool. Companies that recently eliminated degree requirements for many positions include IBM, Delta Airlines, Google, and Bank of America. In the public sector, as of October 2023, at least sixteen states had taken action to remove four-year degree requirements for many state jobs.

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

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

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

“§78- Bachelor’s degree requirements for state or county employment; prohibition. (a) The State or any of its departments, agencies, or political subdivisions shall not require a bachelor’s degree as a condition of eligibility for hire to a position in state or county employment.

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

SECTION 3. New statutory material is underscored.¹

SECTION 4. This Act shall take effect upon its approval.

(Approved July 2, 2025.)

Note

1. Edited pursuant to HRS §23G-16.5.