

EXECUTIVE CHAMBERS

HONOLULU

July 11, 2005

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 180

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 180, entitled "A Bill for an Act Relating to Public Employees.

The purpose of this bill is to amend provisions of chapter 89C, Hawaii Revised Statutes, relating to adjustments in compensation and benefits for civil service employees who are excluded from collective bargaining.

This bill is objectionable because it reverses the legislative intent of the Civil Service Modernization Act of 2000, Act 253, SLH 2000, that allows employers the flexibility to grant merit-based compensation to reward notable services for excluded civil service managers in the excluded managerial compensation plan (EMCP). Prior to the passage of Act 253, compensation and benefit adjustments for civil service employees excluded from collective bargaining were statutorily required to be "not less than those provided under collective bargaining." For those excluded civil service employees under the same compensation plan as officers and employees within collective bargaining units, the adjustments were required to be not less than the adjustments for those officers and employees. For the excluded civil service employees in the excluded managerial compensation plan (EMCP), the adjustments were to be not less than adjustments in collective bargaining unit 13. Act 253 deleted the "not less than" requirement for the EMCP employees and instead used the terms "appropriate for what they do and the contribution they make in consideration of the compensation and

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benefit packages provided under collective bargaining agreements for counterparts and subordinates within the jurisdiction." Act 253 also provided for "variable adjustments based on performance," which is found in section 89C-2(5), Hawaii Revised Statutes. This bill would return the EMCP adjustments to be "at least equal to" the collective bargaining increases of counterparts and subordinates.

When Act 253 was passed, it was recognized that, in order for pay for performance to work, employees in the EMCP could not receive at least what their subordinates got because, as a practical matter, that floor would become the ceiling, and would preclude paying less to poor performing EMCP employees. Compensation adjustments for excluded civil service managers, who are not subject to collective bargaining coverage, should be commensurate with their performance on the job and not based on their length of service or time in grade. This bill would revert to the prior concept of compensating excluded civil service managers regardless of the quality of work they performed. This bill is fundamentally inconsistent with the Merit Principle and the principles of pay-for-performance and accountability. For these reasons the Executive Branch has consistently opposed this and similar bills for the past five legislative sessions.

For the foregoing reasons, I am returning House Bill No. 180 without my approval.

Respectfully,

LINDA LINGLE
Governor of Hawaii