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STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE

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ADMINISTRATIVE AND RESEARCH OFFICE
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FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1275, H.D. 1

February 22, 2019
12:30 p.m.
Room 308

RELATING TO EDUCATION

This measure amends Chapter 302A, HRS, to establish annual increment and step salary increases for Department of Education teachers and educational officers.

The Department of Budget and Finance has concerns on this measure. Wages, which include incremental and longevity steps and movements between steps within the salary range, are mandatory subjects of bargaining pursuant to the collective bargaining (CB) law contained in Chapter 89, HRS. Consequently, adding such a provision would conflict with current CB law.

A similar statutory provision was repealed in 2016. The repealed provision was initially enacted under a different section number in 1953 before public sector CB was established. At the time of its enactment, salary schedule increases were determined by statutes implemented via legislation. This continued throughout the next two decades, with the addition of the terms "increments" and "longevity steps" to the schedules.

Following the implementation of the CB law, and by amendment of Chapter 89 in 1986, annual increments and longevity steps were made mandatory subjects of negotiation. As a result, these types of increases should be negotiated through CB.

For your information, the annual cost for a step movement is about \$36 million for Unit 5 and about \$2 million for Unit 6. It is noted that even though a similar provision to the one proposed persisted in the statutes after the implementation of the current CB until 2016, step awards were not granted unless specifically negotiated during CB.

Thank you for your consideration of our comments.



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/22/2019
Time: 12:30 PM
Location: 308
Committee: House Finance

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: HB 1275, HD1 RELATING TO EDUCATION.

Purpose of Bill: Pursuant to a collective bargaining agreement negotiated for Bargaining Unit (5), provides annual salary step increases for public school teachers and educational officers who have completed a year's satisfactory service and comply with specified requirements. (HB1275 HD1)

Department's Position:

The Department of Education (Department) submits the following comments on HB1275, HD1.

Although the Department appreciates the amendment that added the following language to paragraph (a): "Pursuant to a collective bargaining agreement negotiated for bargaining unit (5), ...", the Department continues to have the concerns noted below:

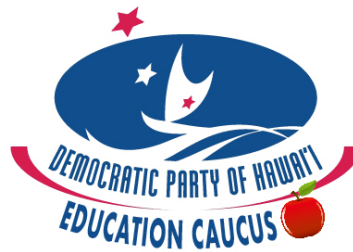
- 1) The added language in paragraph (a) that states, "Pursuant to a collective bargaining agreement," is contradicted by the remainder of the sentence, which provides that teachers and educational officers "shall" be entitled to an annual increment.
- 2) The added language refers to bargaining unit (5), which is HSTA the exclusive representative for teachers. However, the language of the bill pertains to teachers and educational officers, the latter of which are represented by HGEA bargaining unit 6. Any collectively bargained agreement with unit 5 would not apply to educational officers in unit 6.
- 3) The added language referring to a negotiated collective bargaining agreement is in paragraph (a); it is not however in paragraph (b), which pertains to teachers and educational officers receiving longevity steps. Compensation, including longevity steps, is a subject of collective bargaining.
- 4) The proposed bill reinstates the previously repealed unnecessary and obsolete statutory provisions of Section 302A-626, HRS (Act 87, SLH 2016, signed into law on June 21, 2016). The repeal of Section 302A-626, HRS, reaffirmed that salary adjustments shall be determined

through the collective bargaining process.

For historical purpose, there was prior statutory language enacted in 1953 related to annual increments and longevity step salary increases before the passage of Act 171, SLH 1970, the Collective Bargaining in Public Employment law (i.e., Chapter 89, HRS). Prior to collective bargaining, salary increases were determined by statutes implemented via legislation. Following the implementation of Hawaii's collective bargaining law, all such matters related to wages, annual salary increments, and longevity steps became mandatory subjects of negotiation under HRS, §89-9(a).

Although the Department supports additional compensation for its teachers, educational officers, and other employees, it is unable to support HB 1275, HD1, for the reasons summarized above.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.



HOUSE BILL 1275, HD 1, RELATING TO EDUCATION

FEBRUARY 22, 2019 · HOUSE FINANCE
COMMITTEE · CHAIR REP. SYLVIA LUKE

POSITION: Support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus supports HB 1275, HD 1, relating to education, which, pursuant to a collective bargaining agreement negotiated for Bargaining Unit (5), provides annual salary step increases for public school teachers and educational officers who have completed a year's satisfactory service and comply with specified requirements.

Hawai'i is suffering from a chronic teacher shortage crisis. According to the Hawai'i Department of Education, our state's teacher shortage stood at 1,029 teacher positions overall for the 2018-2019 school year, 252 of which were for special education. Additionally, we continue to lose approximately 50 percent of new hires after five years. In fact, the number of teachers exiting the teaching profession has increased by more than 80 percent since 2010.

Low teacher pay is the primary driver of teacher turnover. Numerous studies, including those performed by WalletHub.com and EdBuild, have found that Hawai'i's teacher pay ranks last in the nation when adjusted for cost of living. Moreover, a 2019 Economic Policy Institute analysis found that in our state, teachers earn 19.1 percent lower pay compared with other college graduates.

Research also shows that as teacher pay increases, so, too, does student achievement. A Stanford University analysis found that raising teacher wages by 10 percent reduces high school dropout rates by 3 percent to 4 percent. Similarly, a Florida study showed that pay raises reduced teacher attrition by as much as 25 percent for hard-to-fill subject areas, with children's learning growth gaining from more exposure to experienced educators.

To deliver the schools our keiki deserve, we must pay teachers what they're worth. We note that **this measure can only be effectuated by the ratification of a contract for bargaining unit (5) that includes negotiated step increase amounts** and continue to believe that guaranteeing annual step increases is a move toward offering the professional salaries that will incentivize teaching as a career and, hopefully, keep educators in our classrooms for many years to come. **Passing this measure merely requires step increases be a subject of negotiation, something that state negotiators have resisted for far too long.**

HB-1275-HD-1

Submitted on: 2/21/2019 12:26:07 PM

Testimony for FIN on 2/22/2019 12:30:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---|---------------------------|---------------------------|
| Melodie Aduja | O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i | Support | No |

Comments:

HB-1275-HD-1

Submitted on: 2/22/2019 6:51:19 AM

Testimony for FIN on 2/22/2019 12:30:00 PM



| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Andrea Quinn | Individual | Support | No |

Comments:

Dear Honorable Committee Members:

Please support HB1275 to give teachers annual incremental increases in salary. Teachers are among the most underpaid professionals compared to other careers requiring 4-year degrees. Many teachers also have masters degrees and additional specialized training.

Teachers are instrumental in helping parents and guardians raise functional, career-ready members of society.

Thank you for your time and the opportunity to present my testimony.

Andrea Quinn

Kihei