

EXECUTIVE CHAMBERS

HONOLULU

June 20, 2002

COPY

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1595

Honorable Members
Twenty-First 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. 1595, entitled "A Bill for an Act Relating to Public Employees."

The purpose of House Bill No. 1595 is to amend section 89C-3, Hawaii Revised Statutes, to provide that the compensation and benefit packages for excluded civil service employees be "at least equal to" the compensation and benefit packages provided under collective bargaining agreements for counterparts and subordinates within the jurisdiction, and "equivalent or not less than" adjustments provided within the employer's jurisdiction. House Bill No. 1595, however, is a step back from the landmark legislation of the Civil Service Reform Act, Act 253, Session Laws of Hawaii 2000.

The Civil Service Reform Act was drafted to eliminate bureaucratic restrictions and permit the development of a competent and responsive governmental workforce. A major component of that legislation was the emphasis on performance, as part of the merit principle, for senior managers. New flexibility was sought to allow each of the jurisdictions to develop appropriate pay for performance programs and to establish, if appropriate, cafeteria plans or other pay and benefit packages tailored to the needs of this group. Chapter 89C was amended specifically for these purposes by (1) removing the link between managers' pay raises and pay raises obtained by their subordinate included employees through collective bargaining; and (2) authorizing variable pay, based upon

STATEMENT OF OBJECTIONS
HOUSE BILL NO. 1595
Page 2


performance, for this group.

History has shown that the law requiring manager pay raises to be "no less than" their included counterparts resulted in those raises being "no more than" the counterparts. Additionally, there was a conflict of interest for senior managers to have their compensation linked with the results of collective bargaining by their subordinates. The Civil Service Reform Act addressed these concerns by providing instead that the compensation and benefit packages for this group be established "in consideration of" the compensation and benefit packages provided under collective bargaining to counterparts and subordinates. House Bill No. 1595 turns back the clock by deleting the "in consideration of" language in favor of the previous "at least equal to" and "not less than" language.

Considerable effort has been expended to establish, pursuant to the Civil Service Reform Act, the pay for performance program scheduled to be put into effect on July 1, 2002, and much work has been completed in the study of innovative cafeteria-type benefits programs for these managers. These efforts would be rendered worthless if House Bill No. 1595 were to become law.

For the foregoing reasons, I am returning House Bill No. 1595 without my approval.

Respectfully,


BENJAMIN J. CAYETANO
Governor of Hawaii

COPY

P R O C L A M A T I O N


WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 1595, entitled "A Bill for an Act Relating to Public Employees," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 1595 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, BENJAMIN J. CAYETANO, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 1595 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 20
day of June, 2002.



BENJAMIN J. CAYETANO
Governor of Hawaii