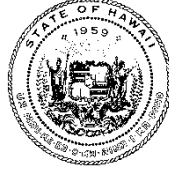


JOSH GREEN, M.D.
GOVERNOR



BRUCE D. VOSS
CHAIRPERSON

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

December 15, 2022

TO: Board of Education

FROM: Bruce D. Voss
Chairperson, Board of Education

AGENDA ITEM: Board Action on amendments to state librarian employment contract to increase salary

I. EXECUTIVE SUMMARY

- The Board of Education (“Board”) must annually review the state librarian’s annual salary.
- The Board has not increased State Librarian Stacey Aldrich’s annual salary since 2019.
- I recommend the Board increase State Librarian Aldrich’s annual salary from \$155,000 to \$170,000.

II. BACKGROUND

The Board appointed Stacey Aldrich as the state librarian of the State of Hawaii and entered into an employment contract with her that commenced on April 6, 2015 and was set to expire on April 6, 2018 (“Original Contract”). On April 2, 2018, the Board entered into a new employment contract with State Librarian Aldrich for a three-year term that commenced on April 6, 2018 and expired on April 6, 2021 (“2018 Contract”).

In both the Original Contract and the 2018 Contract, State Librarian Aldrich's compensation was \$120,000 annually. The state librarian's salary is capped at a specific level by law.¹ The state librarian's salary cap had been \$120,000 annually since 2001 until it was raised to \$175,000 annually in 2019. On November 19, 2019, the Board adopted amendments to the 2018 Contract to increase State Librarian Aldrich's salary from \$120,000 to \$155,000 annually and amend provisions in the compensation section of the 2018 Contract.²

On May 20, 2021, approved a new employment contract with State Librarian Aldrich retroactively commencing on April 7, 2021, and set to expire on June 30, 2024 ("2021 Contract"). The Board and State Librarian Aldrich entered into the 2021 Contract, attached as **Exhibit A**, on June 2, 2021.

The 2021 Contract kept State Librarian's salary at \$155,000 annually. In his memorandum recommending the new employment contract, then-Human Resources Committee Chairperson Dwight Takeno explained, "Because the state's finances have been severely and negatively impacted by the COVID-19 pandemic, I am not proposing that the Board consider increasing Ms. Aldrich's salary at this time."³

The 2021 Contract provides, "Ms. Aldrich shall receive an annual base salary of One Hundred Fifty-Five Thousand Dollars (\$155,000.00), payable in equal, semi-monthly installments. Ms. Aldrich's annual salary shall be subject to an annual review by the Board. Increases to Ms. Aldrich's base annual salary, if any, shall be based on (a) cost-of-living adjustments; or (b) equity and compression, as determined by the Board in its sole discretion. The Board can also consider giving Ms. Aldrich one-time performance bonuses, as determined by the Board in its sole discretion."

¹ Hawaii Revised Statutes Section 312-2.1(b) provides, "The salary of the state librarian shall be set by the board of education at a rate no greater than \$175,000 a year."

² For more information on the amendments, see Human Resources Committee Chairperson Takeno's memorandum dated November 21, 2019, available here: https://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/HR_20191121_Committee%20Action%20on%20State%20Librarian%20Contract%20Amendment.pdf.

³ Human Resources Committee Chairperson Takeno's memorandum dated May 20, 2021, is available here: https://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/HR_20210520_Committee%20Action%20on%20State%20Librarian%20Contract.pdf.

III. DISCUSSION

The Board must annually review State Librarian Aldrich’s annual salary in accordance with the 2021 Contract. While there does not appear to be equity or compression issues with her salary, the Board should seriously consider making a cost-of-living adjustment (“COLA”) to State Librarian Aldrich’s salary, especially since it has remained unchanged for over three years in large part due to the severe financial and economic conditions of the state at the time, which no longer exist.

A simple method for approximating the maximum COLA the Board could consider for State Librarian Aldrich is to use the U.S. Social Security Administration’s (“SSA”) COLAs.⁴ While not specific to Hawaii’s cost of living, the SSA’s COLAs are readily available, reliable, and based on national inflation metrics. The table below illustrates what the state librarian’s annual salary would have been each year had it tracked the SSA’s COLAs for the past three years.

Year	COLA	Projected Salary
2020	1.3%	\$157,015
2021	5.9%	\$166,279
2022	8.7%	\$180,745

The calculations above would set a maximum cost-of-living-adjusted annual salary for the Board’s consideration of \$180,745. However, statute caps the state librarian’s annual salary at \$175,000.

These calculations simply set a COLA ceiling for the Board to consider, but the Board may want to take other factors into consideration before determining any actual COLA it may want make on State Librarian Aldrich’s annual salary.

The state librarian oversees a statewide public library system operated by excluded managerial (“EM”) employees and employees collectively bargained under Bargaining Unit 13 (“BU13”). EM employees have seen a 7.45% increase to their annual salaries since January 1, 2020 (excluding bonuses) while BU13 employees have seen a 4.07% to their annual salaries since July 1, 2020 (excluding bonuses and step movements). Similar adjustments to State Librarian Aldrich’s annual salary would yield a salary between \$161,308 and \$166,547.

⁴ SSA’s annual COLAs are available here: <https://www.ssa.gov/oact/COLA/colaseries.html>.

Lastly, the Board may consider performance in its COLA determination. While the 2021 Contract stipulates that the Board may use performance to give one-time bonuses, it does not prohibit the Board from using performance as factor in determining salary adjustments provided that the salary adjustments are based on COLA or equity and compression. State Librarian Aldrich has been a high performer during her entire tenure as the state librarian and has received the highest possible performance ratings from the Board every year since 2018.⁵

Therefore, I believe a reasonable cost-of-living-adjusted annual salary for State Librarian Aldrich is \$170,000. Such a salary is higher than the base salary adjustments EM and BU13 employees received since 2020, which is justifiable given State Librarian Aldrich consistent high performance. I do not recommend maxing out her salary at the statutory salary cap, however, because the Board needs to demonstrate to the legislature it does not view the statutory cap lightly. State Librarian Aldrich is clearly worth the statutory cap and more, but if the Board can show restraint and how seriously it takes the limits the legislature has placed on the state librarian salary, I believe that will put the Board in a better position in the future to successfully advocate for a higher salary cap. Further, the Board will still be able to give State Librarian Aldrich a one-time performance bonus if it so chooses after her next evaluation.

Finally, I recommend that the salary adjustment be retroactively effective as of July 1, 2022 because the 2021 Contract is essentially a three-year contract by fiscal year, which means an annual salary should be calculated from July 1 to June 30.

IV. RECOMMENDATION

Based on the forgoing, I recommend the Board approve the Amendment of the June 2, 2021 Employment Contract between Stacey Aldrich and the Board of Education, State of Hawaii, attached as **Exhibit B**, and authorize me to execute the amendment on behalf of the Board.

Proposed Motion: “Moved to approve the Amendment of the June 2, 2021 Employment Contract between Stacey Aldrich and the Board of Education, State of Hawaii, attached as Exhibit B to Board Chairperson Bruce Voss’s memorandum dated December 15, 2022, and authorize Board Chairperson Voss to execute the amendment on behalf of the Board, subject to approval as to form by the Board’s attorney.”

⁵ 2018 was the first year the Board instituted the current evaluation process for the evaluation of the State Librarian. Before that it used a different evaluation tool.

Exhibit A

**June 2, 2021 Employment Contract between Stacey Aldrich and the Board of
Education, State of Hawaii (executed)**

EMPLOYMENT CONTRACT
BETWEEN
STACEY ALDRICH
AND
THE BOARD OF EDUCATION, STATE OF HAWAII

This employment Contract (hereinafter referred to as the “**Contract**”) is hereby made and entered into this 2nd day of June, 2021 by and between the Board of Education, State of Hawaii (hereinafter referred to as the “**Board**”), and Stacey Aldrich (hereinafter referred to as “**Ms. Aldrich**”).

WHEREAS, the Board desires to appoint Ms. Aldrich to the position of State Librarian (hereinafter referred to as “**State Librarian**”) pursuant to Section 312-2.1, Hawaii Revised Statutes (“**H.R.S.**”); and

WHEREAS, Ms. Aldrich agrees to serve as State Librarian;

NOW, THEREFORE, the Board and Ms. Aldrich, for the consideration specified and acknowledged herein, hereby mutually agree as follows:

I. APPOINTMENT AND DURATION

The Board hereby appoints Ms. Aldrich as State Librarian for a term of three (3) years, two (2) months, and twenty-three (23) days, commencing on April 7, 2021, and terminating on June 30, 2024 unless sooner terminated as provided herein.

II. DUTIES AND RESPONSIBILITIES

Ms. Aldrich shall serve and carry out the duties of State Librarian in accordance with the Hawaii State Constitution, the laws of this State and the policies of the Board and the rules and regulations of the Hawaii State Public Libraries System (“**HSPLS**”) provided the policies, rules and regulations are in conformance with the law.

III. COMPENSATION

Ms. Aldrich shall receive an annual base salary of One Hundred Fifty-Five Thousand Dollars (\$155,000.00), payable in equal, semi-monthly installments. Ms. Aldrich’s annual salary shall be subject to an annual review by the Board. Increases to Ms. Aldrich’s base annual salary, if any, shall be based on (a) cost-of-living adjustments; or (b) equity and compression, as determined by the Board in its sole discretion. The Board can also consider giving Ms. Aldrich one-time performance bonuses, as determined by the Board in its sole discretion.

It is understood by and between the parties hereto that all compensation paid to the State Librarian by the Board shall be less all amounts required by law or authorized in writing by the State Librarian to be withheld or deducted..

IV. VACATION AND OTHER BENEFITS

The State Librarian shall be entitled to all vacation and other State benefits as provided by law.

V. GOALS AND OBJECTIVES

At the request of either party, the parties shall meet to establish and review goals and objectives for HSPLS. Ms. Aldrich's performance in pursuing and attaining such goals and objectives shall be considered as part of her evaluation by the Board.

VI. EVALUATION

The parties recognize that the Board has the right to evaluate and assess Ms. Aldrich's performance as State Librarian on an informal and continuous basis. In addition, at least annually there shall be a formal evaluation by the Board of Ms. Aldrich's performance as State Librarian. The State Librarian shall be provided a reasonable opportunity to respond to any evaluation or assessment by the Board.

VII. TERMINATION OF CONTRACT

This Contract may be terminated as follows:

1. By mutual agreement.
2. By the State Librarian, by tendering an immediate resignation from office. Resignation by the State Librarian shall not be considered a breach of this Contract.
3. By reason of disability such that the State Librarian cannot perform her duties as State Librarian for a period of six (6) consecutive months.
4. By the Board, for cause pursuant to H.R.S., §312-2.1, upon a majority vote of its members.

If State Librarian, Ms. Aldrich, leaves the position for any reason other than for cause or her unilateral resignation, the Board will pay her the lump sum payment of the salary for the remainder of the contract, not to exceed one year, and this will constitute final settlement of the Contract.

VIII. REMOVAL OF THE STATE LIBRARIAN FOR CAUSE

The State Librarian can be terminated for cause.

Before the State Librarian is removed from office for cause, the Board shall provide the State Librarian with its reasons, in writing, for its decision to remove the State Librarian from office.

The State Librarian shall be afforded the opportunity to appear before the Board to respond to the Board's decision and the reasons therefore.

The parties agree that the following situations may constitute “cause” sufficient to justify the removal and termination of the State Librarian from office:

1. The willful failure to execute the duties and responsibilities of the office.
2. The willful failure to attain the goals and objectives of HSPLS.
3. The willful failure to apprise the Board of any significant material impact in a timely manner.
4. An overall unsatisfactory evaluation rating by the Board.
5. Conviction of a felony or other dereliction of duty that reflects adversely on HSPLS and the Board.

IX. WAIVER OF BREACH

The waiver by the Board of any breach of a provision of this Contract shall not operate or be construed as a waiver of any further or subsequent breach by the State Librarian.

X. MODIFICATION

This Contract shall not be modified or extended except by written agreement of the parties. The State Librarian understands that any modification or extension to this Contract can only be authorized through the official approval of the Board, as evidenced by a majority vote of its members.

XI. APPLICABILITY OF STATE LAW

The terms and conditions of this Contract shall be subject to the laws of the State of Hawaii.

XII. SEVERABILITY

If a term or provision of this Contract is determined to be illegal, invalid, or inoperative, the remainder of this Contract shall not be affected by such a ruling but shall remain in force and effect without the illegal, invalid, or inoperative term or provision. To this end, the terms and provisions of this Contract are declared to be severable.

XIII. ENTIRE AGREEMENT

IN WITNESS WHEREOF, Ms. Aldrich and the Board, through its duly authorized officer, have executed this Contract on the date and year first written above.

BOARD OF EDUCATION

By its Chairperson



STACEY ALDRICH



CATHERINE PAYNE

APPROVED AS TO FORM:



James E. Halvorson
Deputy Attorney General

This Contract was approved by the Board of Education, through a majority vote of its members, at a public meeting, held on May 20, 2021.

Exhibit B

**Amendment to June 2, 2021 Employment Contract between Stacey Aldrich and
the Board of Education, State of Hawaii (proposed)**

AMENDMENT OF
THE JUNE 2, 2021 EMPLOYMENT CONTRACT
BETWEEN
STACEY ALDRICH
AND
THE BOARD OF EDUCATION, STATE OF HAWAII

This amendment of the employment contract between Stacey Aldrich and the Board of Education, State of Hawaii entered into on June 2, 2021 (hereinafter referred to as the “*Amendment*”) is hereby made and entered into this ____ day of December, 2022, by and between the Board of Education, State of Hawaii (hereinafter referred to as the “*Board*”), and Stacey Aldrich (hereinafter referred to as “*Ms. Aldrich*”), but effective as of July 1, 2022.

WHEREAS, the salary cap for the state librarian is \$175,000, pursuant to Section 312-2.1, Hawaii Revised Statutes;

WHEREAS, the employment contract between Ms. Aldrich and the Board, entered into on June 2, 2021 (hereinafter referred to as the “*Employment Contract*”) provides that any modification of the Employment Contract requires the written agreement of the parties and any modification would have to be authorized through the official approval of the Board, as evidenced by a majority vote of its members.

WHEREAS, the Board desires to amend the aforementioned employment contract to increase Ms. Aldrich’s annual salary; and

WHEREAS, Ms. Aldrich agrees to the amendments described herein;

NOW, THEREFORE, the Board and Ms. Aldrich, for the consideration specified and acknowledged herein, hereby mutually agree that Section III of the Employment Contract, entitled “COMPENSATION,” will be amended to delete the current language and replace it with the following:

“Ms. Aldrich shall receive an annual base salary of One Hundred Seventy Thousand Dollars (\$170,000.00), payable in equal, semi-monthly installments. Ms. Aldrich’s annual salary shall be subject to an annual review by the Board. Increases to Ms. Aldrich’s base annual salary, if any, shall be based on (a) cost-of-living adjustments; or (b) equity and compression, as determined by the Board in its sole discretion. The Board can also consider giving Ms. Aldrich one-time performance bonuses, as determined by the Board in its sole discretion.

It is understood by and between the parties hereto that all compensation paid to the State Librarian by the Board shall be less all amounts required by law or authorized in writing by the State Librarian to be withheld or deducted.”

IN WITNESS WHEREOF, Ms. Aldrich and the Board, through its duly authorized officer, have executed this Amendment on the date and year first written above.

BOARD OF EDUCATION
By its Chairperson

STACEY ALDRICH

BRUCE D. VOSS

APPROVED AS TO FORM:

James E. Halvorson
Deputy Attorney General

This Contract was approved by the Board of Education, through a majority vote of its members, at a public meeting, held on December 15, 2022.