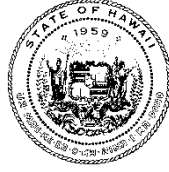


JOSH GREEN, M.D.
GOVERNOR



WARREN HARUKI
CHAIRPERSON

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

August 24, 2023

TO: Warren Haruki
Chairperson, Board of Education

FROM: Shanty Asher
Chairperson, Human Resources Committee

AGENDA ITEM: Board action on Human Resources Committee recommendation concerning amendments to state librarian employment contract to increase salary

At its August 10, 2023 meeting, the members of the Human Resource Committee (“Committee”) voted unanimously to recommend that the Board of Education (“Board”) increase State Librarian Stacey Aldrich’s annual salary for the 2023-2024 fiscal year from \$170,000 to \$175,000. Specifically, the Committee recommended that the Board approve “the Second Amendment of the June 2, 2021 Employment Contract between Stacey Aldrich and the Board of Education, State of Hawaii, attached as Exhibit C to Human Resources Committee Chairperson Shanty Asher’s memorandum dated August 10, 2023, and authorize the Board chairperson to execute the amendment on behalf of the Board, subject to approval as to form by the Board’s attorney.”

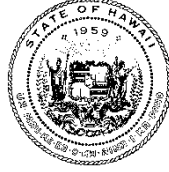
Committee Chairperson Shanty Asher’s August 10, 2023 memorandum is attached as Exhibit 1.

Proposed Motion: “Move to approve the Second Amendment of the June 2, 2021 Employment Contract between Stacey Aldrich and the Board of Education, State of Hawaii, attached as Exhibit C to Human Resources Committee Chairperson Shanty Asher’s memorandum dated August 10, 2023, and authorize the Board chairperson to execute the amendment on behalf of the Board, subject to approval as to form by the Board’s attorney.”

Exhibit 1

**Human Resources Committee Chairperson Shanty Asher's August 10, 2023
Memorandum**

JOSH GREEN, M.D.
GOVERNOR



WARREN HARUKI
CHAIRPERSON

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

August 10, 2023

TO: Human Resources Committee

FROM: Shanty Asher
Chairperson, Human Resources Committee

AGENDA ITEM: Committee action on recommendation concerning 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 increased State Librarian Stacey Aldrich’s annual salary in the 2022-2023 fiscal year from \$155,000 to \$170,000 after not increasing her salary since 2019.
- I recommend the Board increase State Librarian Aldrich’s annual salary from \$170,000 to \$175,000.

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 set at \$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, the Board 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 Aldrich'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 provided, "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."

On December 15, 2022, the Board approved an amendment to the 2021 Contract ("2022 Contract Amendment") that increased State Librarian Aldrich's salary from \$155,000 to \$170,000, effective as of July 1, 2022.

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.

The Board and State Librarian Aldrich entered into the 2022 Contract Amendment, attached as **Exhibit B**, on December 22, 2022.

III. **DISCUSSION**

The Board must annually review State Librarian Aldrich's annual salary, in accordance with the 2021 Contract and 2022 Contract Amendment. While there does not appear to be equity or compression issues with her salary, the Board may consider making a cost-of-living adjustment ("COLA") to State Librarian Aldrich's salary.

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. Because the SSA COLA for 2023 is not yet available, the Board could use the 2022 COLA of 8.7%, which would result in a maximum cost-of-living-adjusted annual salary for the Board's consideration of \$184,790. The maximum cost-of-living-adjusted annual salary for the Board considered in 2022 was \$180,745. However, the Board opted to set State Librarian Aldrich's salary in the 2022 Contract Amendment to \$170,000 for a number reasons, most notably because statute has a \$175,000 cap.⁵

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"). Both EM and BU13 employees received a 4.0% pay adjustment effective on July 1, 2023. A similar adjustment to State Librarian Aldrich's current annual salary would yield a salary of \$176,800, again in excess of the statutory \$175,000 cap.

Lastly, the Board may consider performance in its COLA determination. While the 2021 Contract and 2022 Contract Amendment stipulate that the Board may use performance to give one-time bonuses, they do not prohibit the Board from using

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

⁵ For more information on the other factors the Board considered, see Board Chairperson Bruce Voss's memorandum dated December 15, 2022, available here: https://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/GBM_20221215_Action%20on%20amendments%20to%20state%20librarian%20employment%20contract%20to%20increase%20salary.pdf.

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 and has received the highest possible performance ratings from the Board every year since 2018.⁶

Therefore, a reasonable cost-of-living-adjusted annual salary for State Librarian Aldrich is \$175,000, which is the maximum allowable salary by statute. Such a salary adjustment is both lower than the calculated COLA ceiling and the salary adjustments EM and BU13 employees received this year. State Librarian Aldrich is clearly worth the statutorily capped salary.

Finally, the salary adjustment should be retroactive as of July 1, 2023, 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 Second Amendment of the June 2, 2022 Employment Contract between Stacey Aldrich and the Board of Education, State of Hawaii, attached as **Exhibit C**, and authorize the Board chairperson to execute the amendment on behalf of the Board.

Proposed Motion: “Move to approve the Second Amendment of the June 2, 2021 Employment Contract between Stacey Aldrich and the Board of Education, State of Hawaii, attached as Exhibit C to Human Resources Committee Chairperson Shanty Asher’s memorandum dated August 10, 2023, and authorize the Board chairperson to execute the amendment on behalf of the Board, subject to approval as to form by the Board’s attorney.”

⁶ 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

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

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 22 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."

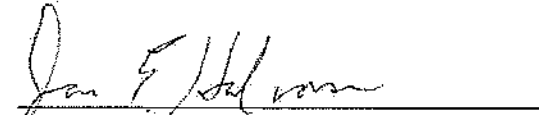
IN WITNESS WHEREOF, Ms. Aldrich and the Board, through its duly authorized officer, have executed this Amendment on the date and year first written above.

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.

Exhibit C

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

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

This second 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 “*Second Amendment*”) is hereby made and entered into this ____ day of August, 2023, 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, 2023.

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 parties mutually agreed to an amendment of the Employment Contract, entered into on December 22, 2022 (hereinafter referred to as the “*First Amendment*”), which deleted and replaced the language in Section III of the Employment Contract, entitled “COMPENSATION”; and

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,” as subsequently amended by the First Amendment, 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-Five Thousand Dollars (\$175,000.00), 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 Second Amendment on the date and year first written above.

BOARD OF EDUCATION
By its Chairperson

STACEY ALDRICH

WARREN HARUKI

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 August 24, 2023.