




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

OFFICE OF THE SUPERINTENDENT

June 20, 2017

TO: The Honorable Brian De Lima
Chairperson, Human Resources Committee

FROM:  Kathryn S. Matayoshi
Superintendent

SUBJECT: **Committee Action on Compensation Adjustments for the Department of Education's Employees Excluded from Collective Bargaining Units 3, 6 and 13 and Excluded Managerial Compensation Plan ("EMCP") Employees; and Methodology for Compensation Adjustments for Leadership Employees (Assistant Superintendents and Complex Area Superintendents)**

1. RECOMMENDATION

The Department of Education ("Department") is seeking approval from the Board of Education ("Board") of the following compensation adjustments for employees excluded from collective bargaining:

- a. For employees excluded from Hawaii Government Employees Association ("HGEA") bargaining units 3, 6 and 13, the same adjustments to salaries and benefits premiums as were negotiated for the included counterparts, as reflected in Attachment A;
- b. For Excluded Managerial Compensation Plan ("EMCP") employees, the adjustments to salaries and benefits premiums as reflected in Attachment B; and
- c. For Assistant Superintendents and Complex Area Superintendents, a continuation of the School Year 2016-2017 ("SY16-17") methodology for compensation adjustments as reflected in Attachment C.

2. RECOMMENDED EFFECTIVE DATE

July 1, 2017.

3. DISCUSSION

a. Conditions leading to the recommendation:

The collective bargaining agreements covering the Department's employees expire June 30, 2017. For the HGEA bargaining units, new agreement provisions have been either negotiated or determined via arbitration award, with an effective date of July 1, 2017. For employees included in the HGEA units, the terms include adjustments to salaries and the amounts payable for benefits administered by the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF"). Therefore, as explained below, the Department seeks approval of the same adjustments for its employees who are excluded from HGEA bargaining units 3, 6, and 13.

The Department's EMCP employees are deemed related to HGEA bargaining unit 13. The Department is likewise seeking approval of adjustments for this group of employees that are similar to those for bargaining unit 13, with additional consideration to aligning their compensation to EMCP employees in the other Executive Branch departments.

For the Assistant Superintendents and Complex Area Superintendents, the Board previously approved a methodology for compensation adjustments effective July 1, 2016 based on performance evaluations for SY15-16. The Department seeks formal Board approval of the continuation of the same methodology for adjustments effective July 1, 2017 based on SY16-17 performance evaluations. Details regarding the evaluations for these employees as they impact individual salary recommendations are available for discussion, if desired, in Executive Session. As previously directed by the Board, the compensation methodology will be revisited during SY17-18 for determination of its application in future years.

b. Previous action of the Board on the same or similar matters:

On December 3, 2013 and April 29, 2014, the Board approved adjustments for employees in the EMCP for the period July 1, 2013 through June 30, 2017. The authorized adjustments were consistent with the negotiated adjustments for the related bargaining unit 13 employees.

On November 15, 2016, the Board approved adjustments retroactively effective July 1, 2016 for the leadership employees (Deputy Superintendent, Assistant Superintendents and Complex Area Superintendents) based on the results of the respective employees' performance evaluations for SY15-16.

c. Arguments in support of the recommendation:

Hawaii Revised Statutes, Chapter 89C, requires the “appropriate authority” to adjust the wages and benefits of its employees who are excluded from collective bargaining. Such employees are entitled to adjustments that are “not less than” those of their included counterparts.

The Board is the statutory “appropriate authority” for the Department’s employees. Accordingly, the Department seeks approval of the adjustments reflected in Attachments A, B and C for the respective employee groups effective July 1, 2017.

For the first two groups of employees (Attachments A and B), the periods covered by the recommendations are the same as were negotiated or awarded for the relevant groups of represented employees. Therefore, the recommended adjustments for employees excluded from HGEA bargaining units 3, 13 and the EMCP employees are for the two-year period from July 1, 2017 through June 30, 2019, respectively. The recommended adjustments for employees excluded from HGEA bargaining unit 6 are for the four-year period from July 1, 2017 through June 30, 2021.

For the employees covered by Attachment A, the adjustments are exactly the same as were negotiated or awarded for their included counterparts. As a result, full funding for the adjustments is anticipated to be included in the collective bargaining appropriation.

For the EMCP employees (Attachment B), the recommended adjustments are seeking to align the salary ranges and all employees within the ranges by an additional 4 percent effective July 1, 2017 to conform to the other Executive Branch departments. Without the additional adjustment, the Department will not be able to effectively compete for State employees in these positions because the starting salaries (and the entire salary range) will be 4 percent lower than comparable positions in the other Executive Branch departments. The Department likewise seeks to expand the maximum salary in each range to conform to the other Executive Branch departments. The proposed adjustments are funded in part by collective bargaining appropriation and in part by the Department’s budgeted salary projections.

For the leadership employees, the continuation of the current adjustment methodology will ensure the retention of high-performing individuals with the knowledge, skills and abilities to continue to support student achievement. In addition, the Board’s authorization of compensation adjustments effective July 1, 2017 should assist with the recruitment efforts to fill current and upcoming vacancies within the group.

d. Arguments against the recommendation:

None.

e. Possible reaction of the public, professional organizations, unions, Department staff, and/or others to the recommendations:

With respect to the leadership group adjustments, the topic of executive compensation is always controversial and may be reflected in testimony to the Board on this agenda item.

f. Educational implications:

Fair and equitable compensation for all Department employees is inherent in the Strategic Plan's Goal 2 (Staff Success) and will support a high-performing culture where all employees are effectively contributing to student success.

g. Financial implications:

Funding for the recommended adjustments for the first two groups of employees has primarily been included in the collective bargaining appropriation, with part of the funding for EMCP employees covered by the Department's budgeted salary projections. Funding for the leadership group adjustments has been included in the Department's budgeted salary projections.

4. OTHER SUPPLEMENTARY RECOMMENDATIONS

None.

KSM:BAK:wh

c: Office of Human Resources

ATTACHMENT A

Adjustment to Wages and Benefits for Employees Excluded from BUs 03, 06, and 13, Coded as BUs 63, 56, 73, or 93

Pursuant to the authority of Chapter 89C, Hawaii Revised Statutes, the following salary and benefit adjustments shall be implemented for Employees excluded from Bargaining Units (BU) 03, 06, and 13 and coded as BUs 63, 56, 73, or 93.

I. Employees excluded from BU 03, coded as BU 63

Effective July 1, 2017 through June 30, 2019, the following salary and benefit adjustments shall be implemented for Employees excluded from BU 03 and coded as BU 63 in the Department:

A. Effective July 1, 2017:

1. All Employees shall receive a 2.0% across-the-board (ATB) salary increase.
2. Employees not assigned to a salary schedule (SRNA) shall receive a 2.0% increase to their basic rate of pay.
3. All Employees shall receive a one-time bonus of \$150, provided that Employees who are less than the full-time equivalent shall receive a pro-rated lump sum payment (LSP).

B. Effective January 1, 2018:

1. In lieu of increments, all Employees shall receive a 1.5% ATB salary increase.
2. SRNA Employees shall receive a 1.5% increase to their basic rate of pay.

C. Effective July 1, 2018:

1. All Employees shall receive a 2.25% ATB salary increase.
2. SRNA Employees shall receive a 2.25% increase to their basic rate of pay.
3. All Employees shall receive a one-time bonus of \$150, provided that Employees who are less than the full-time equivalent shall receive a pro-rated LSP.

D. Effective January 1, 2019:

1. In lieu of increments, all Employees shall receive a 1.25% ATB salary increase.
2. Drop Step A and Employees on this step shall move to Step B.
3. SRNA Employees shall receive a 1.25% increase to their basic rate of pay.

Hawaii Employer-Union Health Benefits Trust Fund (EUTF):

Employees in BU 63 shall be eligible for EUTF benefits as set forth in Attachment A-1 (Tentative Agreement for BU 03).

II. Employees excluded from BU 06, coded as BU 56

Effective July 1, 2017 through June 30, 2021, the following salary and benefit adjustments shall be implemented for Employees excluded from BU 06 and coded as BU 56 in the Department:

A. Effective July 1, 2017:

1. All Employees shall receive a 1.8% ATB salary increase.

B. Effective January 1, 2018

1. All Employees shall move a step.
2. Employees on the maximum step of the salary schedule or SRNA shall receive a 1.4% LSP.

C. Effective July 1, 2018

1. All Employees shall receive a 2.05% ATB salary increase.

D. Effective January 1, 2019

1. All Employees shall move a step.
2. Employees on the maximum step of the salary schedule or SRNA shall receive a 1.4% LSP.

E. Effective July 1, 2019

1. All Employees shall receive a 1.8% ATB salary increase.

F. Effective January 1, 2020

1. All Employees shall move a step.
2. Employees on the maximum step of the salary schedule or SRNA shall receive a 1.4% LSP.

G. Effective July 1, 2020

1. All Employees shall receive a 1.8% ATB salary increase.

H. Effective January 1, 2021

1. All Employees shall move a step.
2. Employees on the maximum step of the salary schedule or SRNA shall receive a 1.4% LSP.

Hawaii Employer-Union Health Benefits Trust Fund (EUTF):

Employees in BU 56 shall be eligible for EUTF benefits as set forth in Attachment A-2 (Tentative Agreement for BU 06).

III. Employees excluded from BU 13, coded as BU 73 or 93

Effective July 1, 2017 through June 30, 2019, the following salary and benefit adjustments shall be implemented for Employees excluded from BU 13 and coded as BU 73 or 93 in the Department:

A. Effective July 1, 2017

1. All Employees shall receive a 2.0% ATB salary increase.
2. SRNA Employees shall receive a 2.0% increase to their basic rate of pay.
3. Eligible Employees shall be entitled to step movements on their respective step movement dates.

B. Effective July 1, 2018

1. All Employees shall receive a 2.25% ATB salary increase.
2. SRNA Employees shall receive a 2.25% increase to their basic rate of pay.
3. Eligible Employees shall be entitled to step movements on their respective step movement dates.

Hawaii Employer-Union Health Benefits Trust Fund (EUTF):

Employees in BU 73 or 93 shall be eligible for EUTF benefits as set forth in Attachment A-3 (Tentative Agreement for BU 13).

Bargaining Unit 03
TENTATIVE AGREEMENT
Employer James K. Nishimura
Union [Signature]
Date 4/25/17

ARTICLE 54

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Delete the existing language in this Article in its entirety and replace with the following:

A. "Health Benefit Plan" shall mean the medical PPO, HMO, prescription drug, dental, vision and dual coverage medical plans.

B. Effective July 1, 2017

Subject to the applicable provisions of Chapter 87A and 89, Hawaii Revised Statutes, the Employer shall pay monthly contributions which include the cost of any Hawaii Employer-Union Health Benefits Trust Fund (Trust Fund) administrative fees to the Trust Fund effective July 1, 2017, not to exceed the monthly contribution amounts as specified below:

1. For each Employee-Beneficiary with no dependent-beneficiaries enrolled in the following Trust Fund health benefits plans:

<u>BENEFIT PLAN</u>	<u>TOTAL EMPLOYER MONTHLY CONTRIBUTION</u>
a. <u>Medical (PPO or HMO) (medical, drug & chiro)</u>	<u>\$335.00</u>
b. <u>Dental</u>	<u>\$ 19.44</u>
c. <u>Vision</u>	<u>\$ 3.90</u>
d. <u>Dual coverage (medical, drug & chiro)</u>	<u>\$ 25.54</u>

The Employer shall pay the same monthly contribution for each member enrolled in a self only medical plan (PPO or HMO), regardless of which plan is

chosen; provided that the dollar amount contributed by the Employer shall not cause the employer share to exceed 84.3% of the total premium.

2. For each Employee-Beneficiary with one dependent-beneficiary enrolled in the following Trust Fund health benefit plans:

<u>BENEFIT PLAN</u>	<u>TOTAL EMPLOYER MONTHLY CONTRIBUTION</u>
<u>a. Medical (PPO or HMO) (medical, drug & chiro)</u>	<u>\$812.48</u>
<u>b. Dental</u>	<u>\$ 38.88</u>
<u>c. Vision</u>	<u>\$ 7.20</u>
<u>d. Dual coverage (medical, drug & chiro)</u>	<u>\$ 63.42</u>

The Employer shall pay the same monthly contribution for each member enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is chosen; provided that the dollar amount contributed by the Employer shall not cause the employer share to exceed 84.3% of the total premium.

3. For each Employee-Beneficiary with two or more dependent-beneficiaries enrolled in the following Trust Fund health benefit plans:

<u>BENEFIT PLAN</u>	<u>TOTAL EMPLOYER MONTHLY CONTRIBUTION</u>
<u>a. Medical (PPO or HMO) (medical, drug & chiro)</u>	<u>\$1,033.06</u>
<u>b. Dental</u>	<u>\$ 63.96</u>
<u>c. Vision</u>	<u>\$ 9.42</u>
<u>d. Dual coverage (medical, drug & chiro)</u>	<u>\$ 70.50</u>

1 The Employer shall pay the same monthly contribution for each member
2 enrolled in a family medical plan (PPO or HMO), regardless of which plan is
3 chosen; provided that the dollar amount contributed by the Employer shall not
4 cause the employer share to exceed 84.3% of the total premium.

5
6 4. For each Employee-Beneficiary enrolled in the Trust Fund group
7 life insurance plan, the Employer shall pay \$4.12 per month which reflects one
8 hundred percent (100%) of the monthly premium and any administrative fees.

9
10 C. Effective July 1, 2018

11
12 Subject to the applicable provisions of Chapter 87A and 89, Hawaii Revised
13 Statutes, effective July 1, 2018 for plan year 2018-2019, with the exception of
14 items C1a., C2a., C3a., and C4., which shall be the dollar amounts noted, the
15 Employer shall pay a specific dollar amount equivalent to sixty percent (60%) of
16 the final premium rates established by the Trust Fund Board for the respective
17 health benefit plan, plus sixty percent (60%) of any administrative fees.

18
19 1. The amounts paid by the Employer shall be based on the plan year
20 2018-2019 final monthly premium rates established by the Trust Fund for each
21 Employee-Beneficiary with no dependent-beneficiaries enrolled in the following
22 Trust Fund health plans:

- 23
24 a. Medical (PPO or HMO) (medical, drug, & chiro) \$368.50
25 b. Dental
26 c. Vision
27 d. Dual coverage (medical, drug & chiro)
28

1 The Employer shall pay the same monthly contribution for each member
2 enrolled in a self only medical plan (PPO or HMO), regardless of which plan is
3 chosen; provided that the dollar amount contributed by the Employer shall not
4 cause the employer share to exceed 84.3% of the total premium.

5
6 2. The amounts paid by the Employer shall be based on the plan year
7 2018-2019 final monthly premium rates established by the Trust Fund for each
8 Employee-Beneficiary with one dependent-beneficiary enrolled in the following
9 Trust Fund health plans:

- 10
11 a. Medical (PPO or HMO) (medical, drug, & chiro) \$893.72
12 b. Dental
13 c. Vision
14 d. Dual coverage (medical, drug & chiro)

15
16 The Employer shall pay the same monthly contribution for each member
17 enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is
18 chosen; provided that the dollar amount contributed by the Employer shall not
19 cause the employer share to exceed 84.3% of the total premium.

20
21 3. The amounts paid by the Employer shall be based on the plan year
22 2018-2019 final monthly premium rates established by the Trust Fund for each
23 Employee-Beneficiary with two or more dependent-beneficiaries enrolled in the
24 following Trust Fund health plans:

- 25
26 a. Medical (PPO or HMO) (medical, drug, & chiro) \$1,136.36
27 b. Dental
28 c. Vision

1 d. Dual coverage (medical, drug & chiro)

2
3 The Employer shall pay the same monthly contribution for each member
4 enrolled in a family medical plan (PPO or HMO), regardless of which plan is
5 chosen; provided that the dollar amount contributed by the Employer shall not
6 cause the employer share to exceed 84.3% of the total premium.

7
8 4. For each Employee-Beneficiary enrolled in the Trust Fund group life
9 insurance plan, the Employer shall pay \$4.12 per month which reflects one
10 hundred percent (100%) of the monthly premium and any administrative fees.

11
12 D. No later than three (3) weeks after the Trust Fund Board formally
13 establishes and adopts the final premium rates for Fiscal Year 2018-2019, the
14 Office of Collective Bargaining shall distribute the final calculation of the
15 Employers' monthly contribution amounts for each health benefit plan.

16
17 E. Payment for Plans Eliminated or Abolished. The Employer shall make
18 no payments for any and all premiums for any portion or part of a Trust Fund
19 health benefit plan that the Trust Fund Board eliminates or abolishes.

20
21 F. Rounding Employer's Monthly Contribution. Whenever the Employer's
22 monthly contribution (premium plus administrative fee) to the Trust Fund is less
23 than one hundred percent (100%) of the monthly premium amount, such monthly
24 contribution shall be rounded to the nearest cent as provided below:

25
26 1. When rounding to the nearest cent results in an even amount,
27 such even amount shall be the Employer's monthly contribution. For example:

1 **(a) \$11.397 = \$11.40 = \$11.40 (Employer's monthly contribution)**

2 **(b) \$11.382 = \$11.38 = \$11.38 (Employer's monthly contribution)**

3
4 **2. When rounding to the nearest cent results in an odd amount,**
5 **round to the lower even cent, and such even amount shall be the Employer's**
6 **monthly contribution. For example:**

7 **(a) \$11.392 = \$11.39 = \$11.38 (Employer's monthly contribution)**

8 **(b) \$11.386 = \$11.39 = \$11.38 (Employer's monthly contribution)**

9
10 **All employer contributions effective July 1, 2017 and contributions for**
11 **items C.1a., C.2a., and C.3a., effective July 1, 2018 reflect the rounding described**
12 **in item F. Employer contributions effective July 1, 2018 for items C.1 b, c, d; C.2**
13 **b, c, d; and C.3 b, c, d shall be rounded as described in item F. after the Trust**
14 **Fund Board formally establishes and adopts the final premium rates for Fiscal**
15 **Year 2018-2019.**

16
17
18 **G. If an agreement covering periods beyond the term of this Agreement is**
19 **not executed by June 30, 2019, Employer contributions to the Trust Fund shall be**
20 **the same monthly contribution amounts paid in plan year 2018-2019 for the**
21 **Health Benefit Plan approved by the Trust Fund including any monthly**
22 **administrative fees.**

Bargaining Unit 06
TENTATIVE AGREEMENT
Employer James K. Nishimura
Union PEU
Date 4/25/17

ARTICLE 31

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Delete the existing language in this Article in its entirety and replace with the following:

A. "Health Benefit Plan" shall mean the medical PPO, HMO, prescription drug, dental, vision and dual coverage medical plans.

B. Effective July 1, 2017

Subject to the applicable provisions of Chapter 87A and 89, Hawaii Revised Statutes, the Employer shall pay monthly contributions which include the cost of any Hawaii Employer-Union Health Benefits Trust Fund (Trust Fund) administrative fees to the Trust Fund effective July 1, 2017, not to exceed the monthly contribution amounts as specified below:

1. For each Employee-Beneficiary with no dependent-beneficiaries enrolled in the following Trust Fund health benefits plans:

<u>BENEFIT PLAN</u>	<u>TOTAL EMPLOYER MONTHLY CONTRIBUTION</u>
a. <u>Medical (PPO or HMO) (medical, drug & chiro)</u>	<u>\$335.00</u>
b. <u>Dental</u>	<u>\$ 19.44</u>
c. <u>Vision</u>	<u>\$ 3.90</u>
d. <u>Dual coverage (medical, drug & chiro)</u>	<u>\$ 25.54</u>

The Employer shall pay the same monthly contribution for each member enrolled in a self only medical plan (PPO or HMO), regardless of which plan is

1 chosen; provided that the dollar amount contributed by the Employer shall not
2 cause the employer share to exceed 84.3% of the total premium.

3
4 2. For each Employee-Beneficiary with one dependant-beneficiary
5 enrolled in the following Trust Fund health benefit plans:

BENEFIT PLAN	TOTAL EMPLOYER MONTHLY CONTRIBUTION
a. Medical (PPO or HMO) (medical, drug & chiro)	\$812.48
b. Dental	\$ 38.88
c. Vision	\$ 7.20
d. Dual coverage (medical, drug & chiro)	\$ 63.42

13
14 The Employer shall pay the same monthly contribution for each member
15 enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is
16 chosen; provided that the dollar amount contributed by the Employer shall not
17 cause the employer share to exceed 84.3% of the total premium.

18
19 3. For each Employee-Beneficiary with two or more dependent-
20 beneficiaries enrolled in the following Trust Fund health benefit plans:

BENEFIT PLAN	TOTAL EMPLOYER MONTHLY CONTRIBUTION
a. Medical (PPO or HMO) (medical, drug & chiro)	\$1,033.06
b. Dental	\$ 63.96
c. Vision	\$ 9.42
d. Dual coverage (medical, drug & chiro)	\$ 70.50

1 The Employer shall pay the same monthly contribution for each member
2 enrolled in a family medical plan (PPO or HMO), regardless of which plan is
3 chosen; provided that the dollar amount contributed by the Employer shall not
4 cause the employer share to exceed 84.3% of the total premium.

5
6 4. For each Employee-Beneficiary enrolled in the Trust Fund group
7 life insurance plan, the Employer shall pay \$4.12 per month which reflects one
8 hundred percent (100%) of the monthly premium and any administrative fees.

9
10 C. Effective July 1, 2018

11
12 Subject to the applicable provisions of Chapter 87A and 88, Hawaii Revised
13 Statutes, effective July 1, 2018 for plan year 2018-2019, with the exception of
14 items C1a., C2a., C3a., and C4., which shall be the dollar amounts noted, the
15 Employer shall pay a specific dollar amount equivalent to sixty percent (60%) of
16 the final premium rates established by the Trust Fund Board for the respective
17 health benefit plan, plus sixty percent (60%) of any administrative fees.

18
19 1. The amounts paid by the Employer shall be based on the plan year
20 2018-2019 final monthly premium rates established by the Trust Fund for each
21 Employee-Beneficiary with no dependent-beneficiaries enrolled in the following
22 Trust Fund health plans:

- 23
24 a. Medical (PPO or HMO) (medical, drug, & chiro) \$368.50
25 b. Dental
26 c. Vision
27 d. Dual coverage (medical, drug & chiro)
28

1 The Employer shall pay the same monthly contribution for each member
2 enrolled in a self only medical plan (PPO or HMO), regardless of which plan is
3 chosen; provided that the dollar amount contributed by the Employer shall not
4 cause the employer share to exceed 84.3% of the total premium.

5
6 2. The amounts paid by the Employer shall be based on the plan year
7 2018-2019 final monthly premium rates established by the Trust Fund for each
8 Employee-Beneficiary with one dependent-beneficiary enrolled in the following
9 Trust Fund health plans:

- 10
11 a. Medical (PPO or HMO) (medical, drug, & chiro) \$893.72
12 b. Dental
13 c. Vision
14 d. Dual coverage (medical, drug & chiro)

15
16 The Employer shall pay the same monthly contribution for each member
17 enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is
18 chosen; provided that the dollar amount contributed by the Employer shall not
19 cause the employer share to exceed 84.3% of the total premium.

20
21 3. The amounts paid by the Employer shall be based on the plan year
22 2018-2019 final monthly premium rates established by the Trust Fund for each
23 Employee-Beneficiary with two or more dependent-beneficiaries enrolled in the
24 following Trust Fund health plans:

- 25
26 a. Medical (PPO or HMO) (medical, drug, & chiro) \$1,136.36
27 b. Dental
28 c. Vision

1 d. Dual coverage (medical, drug & chiro)

2
3 The Employer shall pay the same monthly contribution for each member
4 enrolled in a family medical plan (PPO or HMO), regardless of which plan is
5 chosen; provided that the dollar amount contributed by the Employer shall not
6 cause the employer share to exceed 84.3% of the total premium.
7

8 4. For each Employee-Beneficiary enrolled in the Trust Fund group life
9 insurance plan, the Employer shall pay \$4.12 per month which reflects one
10 hundred percent (100%) of the monthly premium and any administrative fees.
11

12 D. No later than three (3) weeks after the Trust Fund Board formally
13 establishes and adopts the final premium rates for Fiscal Year 2018-2019, the
14 Office of Collective Bargaining shall distribute the final calculation of the
15 Employers' monthly contribution amounts for each health benefit plan.
16

17 E. Payment for Plans Eliminated or Abolished. The Employer shall make
18 no payments for any and all premiums for any portion or part of a Trust Fund
19 health benefit plan that the Trust Fund Board eliminates or abolishes.
20

21 F. Rounding Employer's Monthly Contribution. Whenever the Employer's
22 monthly contribution (premium plus administrative fee) to the Trust Fund is less
23 than one hundred percent (100%) of the monthly premium amount, such monthly
24 contribution shall be rounded to the nearest cent as provided below:
25

26 1. When rounding to the nearest cent results in an even amount,
27 such even amount shall be the Employer's monthly contribution. For example:
28

1 (a) \$11.397 = \$11.40 = \$11.40 (Employer's monthly contribution)

2 (b) \$11.382 = \$11.38 = \$11.38 (Employer's monthly contribution)

3
4 2. When rounding to the nearest cent results in an odd amount,
5 round to the lower even cent, and such even amount shall be the Employer's
6 monthly contribution. For example:

7
8 (a) \$11.392 = \$11.39 = \$11.38 (Employer's monthly contribution)

9 (b) \$11.386 = \$11.39 = \$11.38 (Employer's monthly contribution)

10
11 All employer contributions effective July 1, 2017 and contributions for
12 items C.1a., C.2a., and C.3a., effective July 1, 2018 reflect the rounding described
13 in item F. Employer contributions effective July 1, 2018 for items C.1 b, c, d; C.2
14 b, c, d; and C.3 b, c, d shall be rounded as described in item F. after the Trust
15 Fund Board formally establishes and adopts the final premium rates for Fiscal
16 Year 2018-2019.

17
18 G. If an agreement covering periods beyond the term of this Agreement is
19 not executed by June 30, 2019, Employer contributions to the Trust Fund shall be
20 the same monthly contribution amounts paid in plan year 2018-2019 for the
21 Health Benefit Plan approved by the Trust Fund including any monthly
22 administrative fees.

Bargaining Unit 13
TENTATIVE AGREEMENT
Employer James K. Nishimura
Union Ry R.
Date 4/25/17

ARTICLE 52

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Delete the existing language in this Article in its entirety and replace with the following:

A. "Health Benefit Plan" shall mean the medical PPO, HMO, prescription drug, dental, vision and dual coverage medical plans.

B. Effective July 1, 2017

Subject to the applicable provisions of Chapter 87A and 89, Hawaii Revised Statutes, the Employer shall pay monthly contributions which include the cost of any Hawaii Employer-Union Health Benefits Trust Fund (Trust Fund) administrative fees to the Trust Fund effective July 1, 2017, not to exceed the monthly contribution amounts as specified below:

1. For each Employee-Beneficiary with no dependent-beneficiaries enrolled in the following Trust Fund health benefits plans:

<u>BENEFIT PLAN</u>	<u>TOTAL EMPLOYER MONTHLY CONTRIBUTION</u>
a. <u>Medical (PPO or HMO) (medical, drug & chiro)</u>	<u>\$335.00</u>
b. <u>Dental</u>	<u>\$ 19.44</u>
c. <u>Vision</u>	<u>\$ 3.90</u>
d. <u>Dual coverage (medical, drug & chiro)</u>	<u>\$ 25.54</u>

The Employer shall pay the same monthly contribution for each member enrolled in a self only medical plan (PPO or HMO), regardless of which plan is

chosen; provided that the dollar amount contributed by the Employer shall not cause the employer share to exceed 84.3% of the total premium.

2. For each Employee-Beneficiary with one dependent-beneficiary enrolled in the following Trust Fund health benefit plans:

<u>BENEFIT PLAN</u>	<u>TOTAL EMPLOYER MONTHLY CONTRIBUTION</u>
<u>a. Medical (PPO or HMO) (medical, drug & chiro)</u>	<u>\$812.48</u>
<u>b. Dental</u>	<u>\$ 38.88</u>
<u>c. Vision</u>	<u>\$ 7.20</u>
<u>d. Dual coverage (medical, drug & chiro)</u>	<u>\$ 63.42</u>

The Employer shall pay the same monthly contribution for each member enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is chosen; provided that the dollar amount contributed by the Employer shall not cause the employer share to exceed 84.3% of the total premium.

3. For each Employee-Beneficiary with two or more dependent-beneficiaries enrolled in the following Trust Fund health benefit plans:

<u>BENEFIT PLAN</u>	<u>TOTAL EMPLOYER MONTHLY CONTRIBUTION</u>
<u>a. Medical (PPO or HMO) (medical, drug & chiro)</u>	<u>\$1,033.06</u>
<u>b. Dental</u>	<u>\$ 63.96</u>
<u>c. Vision</u>	<u>\$ 9.42</u>
<u>d. Dual coverage (medical, drug & chiro)</u>	<u>\$ 70.50</u>

1 The Employer shall pay the same monthly contribution for each member
2 enrolled in a family medical plan (PPO or HMO), regardless of which plan is
3 chosen; provided that the dollar amount contributed by the Employer shall not
4 cause the employer share to exceed 84.3% of the total premium.

5
6 4. For each Employee-Beneficiary enrolled in the Trust Fund group
7 life insurance plan, the Employer shall pay \$4.12 per month which reflects one
8 hundred percent (100%) of the monthly premium and any administrative fees.

9
10 C. Effective July 1, 2018

11
12 Subject to the applicable provisions of Chapter 87A and 89, Hawaii Revised
13 Statutes, effective July 1, 2018 for plan year 2018-2019, with the exception of
14 items C1a., C2a., C3a., and C4., which shall be the dollar amounts noted, the
15 Employer shall pay a specific dollar amount equivalent to sixty percent (60%) of
16 the final premium rates established by the Trust Fund Board for the respective
17 health benefit plan, plus sixty percent (60%) of any administrative fees.

18
19 1. The amounts paid by the Employer shall be based on the plan year
20 2018-2019 final monthly premium rates established by the Trust Fund for each
21 Employee-Beneficiary with no dependent-beneficiaries enrolled in the following
22 Trust Fund health plans:

- 23
24 a. Medical (PPO or HMO) (medical, drug, & chiro) \$368.50
25 b. Dental
26 c. Vision
27 d. Dual coverage (medical, drug & chiro)
28

1 The Employer shall pay the same monthly contribution for each member
2 enrolled in a self only medical plan (PPO or HMO), regardless of which plan is
3 chosen; provided that the dollar amount contributed by the Employer shall not
4 cause the employer share to exceed 84.3% of the total premium.

5
6 2. The amounts paid by the Employer shall be based on the plan year
7 2018-2019 final monthly premium rates established by the Trust Fund for each
8 Employee-Beneficiary with one dependent-beneficiary enrolled in the following
9 Trust Fund health plans:

- 10
11 a. Medical (PPO or HMO) (medical, drug, & chiro) \$893.72
12 b. Dental
13 c. Vision
14 d. Dual coverage (medical, drug & chiro)

15
16 The Employer shall pay the same monthly contribution for each member
17 enrolled in a two-party medical plan (PPO or HMO), regardless of which plan is
18 chosen; provided that the dollar amount contributed by the Employer shall not
19 cause the employer share to exceed 84.3% of the total premium.

20
21 3. The amounts paid by the Employer shall be based on the plan year
22 2018-2019 final monthly premium rates established by the Trust Fund for each
23 Employee-Beneficiary with two or more dependent-beneficiaries enrolled in the
24 following Trust Fund health plans:

- 25
26 a. Medical (PPO or HMO) (medical, drug, & chiro) \$1,136.36
27 b. Dental
28 c. Vision

1 **d. Dual coverage (medical, drug & chiro)**

2
3 **The Employer shall pay the same monthly contribution for each member**
4 **enrolled in a family medical plan (PPO or HMO), regardless of which plan is**
5 **chosen; provided that the dollar amount contributed by the Employer shall not**
6 **cause the employer share to exceed 84.3% of the total premium.**

7
8 **4. For each Employee-Beneficiary enrolled in the Trust Fund group life**
9 **insurance plan, the Employer shall pay \$4.12 per month which reflects one**
10 **hundred percent (100%) of the monthly premium and any administrative fees.**

11
12 **D. No later than three (3) weeks after the Trust Fund Board formally**
13 **establishes and adopts the final premium rates for Fiscal Year 2018-2019, the**
14 **Office of Collective Bargaining shall distribute the final calculation of the**
15 **Employers' monthly contribution amounts for each health benefit plan.**

16
17 **E. Payment for Plans Eliminated or Abolished. The Employer shall make**
18 **no payments for any and all premiums for any portion or part of a Trust Fund**
19 **health benefit plan that the Trust Fund Board eliminates or abolishes.**

20
21 **F. Rounding Employer's Monthly Contribution. Whenever the Employer's**
22 **monthly contribution (premium plus administrative fee) to the Trust Fund is less**
23 **than one hundred percent (100%) of the monthly premium amount, such monthly**
24 **contribution shall be rounded to the nearest cent as provided below:**

25
26 **1. When rounding to the nearest cent results in an even amount,**
27 **such even amount shall be the Employer's monthly contribution. For example:**
28

1 **(a) \$11.397 = \$11.40 = \$11.40 (Employer's monthly contribution)**

2 **(b) \$11.382 = \$11.38 = \$11.38 (Employer's monthly contribution)**

3
4 **2. When rounding to the nearest cent results in an odd amount,**
5 **round to the lower even cent, and such even amount shall be the Employer's**
6 **monthly contribution. For example:**

7
8 **(a) \$11.392 = \$11.39 = \$11.38 (Employer's monthly contribution)**

9 **(b) \$11.386 = \$11.39 = \$11.38 (Employer's monthly contribution)**

10
11 **All employer contributions effective July 1, 2017 and contributions for**
12 **items C.1a., C.2a., and C.3a., effective July 1, 2018 reflect the rounding described**
13 **in item F. Employer contributions effective July 1, 2018 for items C.1 b, c, d; C.2**
14 **b, c, d; and C.3 b, c, d shall be rounded as described in item F. after the Trust**
15 **Fund Board formally establishes and adopts the final premium rates for Fiscal**
16 **Year 2018-2019.**

17
18 **G. If an agreement covering periods beyond the term of this Agreement is**
19 **not executed by June 30, 2019, Employer contributions to the Trust Fund shall be**
20 **the same monthly contribution amounts paid in plan year 2018-2019 for the**
21 **Health Benefit Plan approved by the Trust Fund including any monthly**
22 **administrative fees.**

ATTACHMENT B

Adjustment to Wages and Benefits for Excluded Managerial Compensation Plan Employees, Coded as BU 35

Pursuant to the authority of Chapter 89C, Hawaii Revised Statutes, the following salary and benefit adjustments shall be implemented for Excluded Managerial Compensation Plan (EMCP) Employees excluded from Bargaining Unit (BU) 13 and coded as BU 35 effective July 1, 2017 through June 30, 2019.

A. Effective July 1, 2017:

1. The salary schedule shall be amended by increasing the minimum and maximum rates for each salary range as designated in Attachment B-1.
2. Employees who are employed as of June 30, 2017, shall receive a 6.0% increase to their basic rate of pay.

B. Effective July 1, 2018:

1. Employees who have completed at least one year of creditable service before July 1, 2018 shall earn one Within Range Progression (WIRP) increase effective July 1, 2018.
2. Employees who complete one year of creditable service after July 1, 2018 but no later than June 30, 2019, shall earn one WIRP increase effective on the date the Employee completes the one year of creditable service.

For purposes of this section:

- a. "Creditable service" for WIRP increases shall mean employment in any EMCP position within the Department of Education, provided there is no break in service. Unpaid leave shall result in an adjusted eligibility date; and
- b. There shall be no retroactive payment of WIRP increases. The Employee's new pay shall not be more than the maximum rate of the applicable salary range on Attachment B-1. If the sum of the Employee's existing pay plus WIRP exceeds the maximum rate, the Employee's new pay shall equal the maximum rate.

Hawaii Employer-Union Health Benefits Trust Fund (EUTF):

Employees in BU 35 shall be eligible for EUTF benefits as set forth in Attachment A-3 (Tentative Agreement for BU 13).

**State of Hawaii
DEPARTMENT OF EDUCATION**

ATTACHMENT B-1

Effective Date: 07/01/2017

Bargaining Unit: 35 Excluded Managerial

		Min	Max	WIRP			Min	Max	WIRP
EM 01	Annual	74,076	123,276	186	EM 05	Annual	90,072	149,856	226
	Monthly	6,173	10,273			Monthly	7,506	12,488	
	8 hour	284.88	474.16			8 hour	346.40	576.40	
	Hourly	35.61	59.27			Hourly	43.30	72.05	
EM 02	Annual	77,748	129,480	196	EM 06	Annual	94,536	156,240	234
	Monthly	6,479	10,790			Monthly	7,878	13,020	
	8 hour	299.04	498.00			8 hour	363.60	600.96	
	Hourly	37.38	62.25			Hourly	45.45	75.12	
EM03	Annual	81,672	135,936	206	EM 07	Annual	99,276	165,216	250
	Monthly	6,806	11,328			Monthly	8,273	13,768	
	8 hour	314.16	522.80			8 hour	381.84	635.44	
	Hourly	39.27	65.35			Hourly	47.73	79.43	
EM04	Annual	85,752	142,716	216	EM08	Annual	104,232	173,496	262
	Monthly	7,146	11,893			Monthly	8,686	14,458	
	8 hour	329.84	548.88			8 hour	400.88	667.28	
	Hourly	41.23	68.61			Hourly	50.11	83.41	

ATTACHMENT C

Compensation Adjustments for Leadership Employees Effective July 1, 2017

The compensation of Assistant Superintendents and Complex Area Superintendents shall be adjusted effective July 1, 2017 based on the differentiated model previously approved by the Board on November 15, 2016.

Under the approved methodology, any salary adjustments are based entirely on the individual's performance. The differentiation is based on each employee's annual performance evaluation rating under the EMCP evaluation instrument. The evaluation rating categories are "Exceptional," "Exceeds Expectations," "Fully Meets Expectations," "Needs Improvement" and "Unsatisfactory." The rating is determined based on evaluation of the following categories:

- Strategic Planning and Organizing and Managing Work
- Leading and Managing Change / Flexibility / Adaptability / Creative Thinking / Innovation
- Developing a Successful Team and Managing Human Resources
- Budget Formulation and Fiscal Management
- Problem Solving, Decision Making and Technical Know How
- Customer Focus / Client Orientation
- Communication
- Building Partnerships
- Interpersonal Skills
- Self Starter

The EMCP instrument also provides the option to identify specific goals for incorporation into the evaluation rating.

The compensation adjustment model consists of an increase based on consumer price index for Hawaii for the relevant fiscal year with additional compensation percentages based on performance levels.

The calculation of FY 2016-2017 compensation adjustments, effective July 1, 2017, are as follows:

- 2.0% increase for executives who attain the "fully meets expectations" level; this is based on the consumer price index for Hawaii for FY 2016-2017.
- 3.0% increase for executives who attain the "exceeds expectations" level; this is an additional 1% in compensation for the higher level of performance.

- 3.75% increase for executives who attain the "exceptional" level, or an additional 1.75% over the "meets expectations" and .75% above the "exceeds expectation level.

Depending on evaluation results, the available salary ranges for these individuals effective July 1, 2017 are:

Assistant Superintendents: \$143,023 - \$167,353

Complex Area Superintendents: \$125,000 - \$163,589