I. POLICY

The director may declare a class or group of positions to be a shortage category.

II. RATIONALE

When there is a labor shortage and it is difficult to recruit applicants to fill positions in an occupation or occupational specialty, either statewide or in specified locations, adjusted hiring rates may be necessary to fill positions. In these situations it is necessary to assure that existing employees, already providing the needed services, maintain an appropriate pay relationship with new hires.

III. SCOPE

This procedure applies to State civil service positions in the executive branch, excluding positions that are exempt from the civil service classification system.

IV. GENERAL PROVISIONS

A. When a labor shortage exists, the director:

1. May establish a raised hiring rate for a class or group of positions in a class and shall set the new entry salary at an amount that is fair and reasonable and at which employees can be recruited from the labor market;

2. May authorize shortage categories for related classes or groups of positions in consideration of appropriate internal pay relationships and shall set the new entry salary for these related shortage categories;

3. May establish a raised maximum rate for a class or group of positions in a class that shall not exceed 12% of the new entry salary at the time the new entry salary is established, with the exception of Bargaining Unit 9;
4. For Bargaining Unit 9, the raised maximum rate shall not be derived from the new entry salary; instead, it shall not exceed 8% of the total compensation\(^1\) of the twenty-four (24) months rate at the time it is established;

5. May adjust the raised maximum rate by no more than the dollar increase in the maximum step when there is an increase in the salary schedule;

6. May provide adjustments to the salaries of incumbents in a shortage and related shortage category that shall not result in a salary that exceeds the maximum step or raised maximum rate of the pay range, if applicable.

B. Whenever a new entry salary is determined for a shortage or related shortage category, incumbents who are being paid less than the new entry salary shall have their pay adjusted to an amount that is not less than the new entry salary in a manner determined by the director.

C. As a result of a review of a shortage category, the director may make an adjustment to the new entry salary. If the director determines that a labor shortage no longer exists, the director shall reestablish the first step of the appropriate salary range as the entry salary rate for the class or group of positions.

D. In the event that the new entry salary for a shortage category or related shortage category is subsequently lowered, incumbents shall not have their pay reduced so long as they remain in the same shortage or, if applicable, related shortage category.

E. The director shall authorize the initial declaration of a class or group of positions on shortage.

V. PROCEDURE

A. DETERMINING LABOR SHORTAGES

When a department is experiencing difficulty in filling a position, a review may be done by the department to determine if a labor shortage exists for the class of work or for a select group of positions in the class. The factors to be considered in determining a labor shortage include, but are not limited to the following:

\(^1\)Total Compensation = Basic rate of pay + shortage differential.
1. Vacancy rate - the number of vacant positions on active recruitment divided by the sum of the filled positions and vacant positions on active recruitment;

2. Number of eligibles available;

3. Current labor market conditions;

4. Length of time positions have been vacant due to recruitment difficulty;

5. Vacancies concentrated in a specific geographical area;

6. Recruitment strategies implemented;

7. Turnover rate, with and without vacancies caused by promotions and retirement;

8. Reasons for employees leaving;

9. Historical recruitment information; and

10. Criticality of filling the position.

B. DEPARTMENT'S REQUEST TO DECLARE SHORTAGE

If it is determined that a labor shortage exists for the class of work or group of positions, the department may submit a request to the Department of Human Resources Development (HRD) to declare the class or group of positions a shortage category. The request should include data on the factors listed in Determining Labor Shortages, above, including market wage data, and any pertinent information justifying the request.

C. HRD REVIEW OF REQUEST TO DECLARE SHORTAGE

The director shall review the request and justification. If the director concurs with the request to declare the class or group of positions to be a shortage category, the director may review the impact of this declaration on other related classes or groups of positions.

A class or group of positions, usually within the same series, may be declared "related" so as to preserve internal pay relationships. If the director finds that it is necessary to preserve internal pay relationships, the director may declare the related classes or groups of positions as related shortage categories.
D. PROPOSED NEW ENTRY SALARY RATES

The requesting department and other affected department(s), if applicable, shall be contacted with proposed new entry salary rates for the shortage and related shortage categories and with an estimate of the associated costs. The affected department(s) shall determine if there are sufficient funds to pay for the proposed adjustments.

E. APPROVAL BY BUDGET AND FINANCE

If the affected department(s) can fund the increase, the proposed recommendation and associated costs shall be sent to the department of budget and finance for approval.

F. UNION CONSULTATION

Upon approval by the department of budget and finance, HRD shall send a letter to the affected union for consultation on the shortage/related categories and rates.

Upon completion of union consultation, the director shall send a letter to the affected department(s) informing them of the approval rates and effective date.

G. COMPENSATION ADJUSTMENTS

Employees moving from a shortage or related shortage position shall have their pay adjusted according to a separate supplemental agreement for compensation adjustments with the applicable union.

VI. AUTHORITIES AND REFERENCES

§ 26-5, Hawai‘i Revised Statutes, Department of Human Resources Development

§ 76-22.5, Hawai‘i Revised Statutes, Recruitment

§ 76-13(4), Hawai‘i Revised Statutes, Specific duties and powers of director

§ 14-1-3(N), Hawai‘i Administrative Rules, General responsibilities of director