ARTICLE 53 - SALARIES

[A. Employees who are receiving a shortage differential shall have their compensation adjusted by provisions contained in a separate supplemental agreement.]

[A.][B.] The salary schedule in effect on June 30, 2007 [2005] shall be designated as Exhibit A.

B. [C.] Subject to the approval of the respective legislative bodies and effective July 1, 2007 [2005], Employees who are eligible for step movements from July 1, 2007 [2005] through June 30, 2008 [2006] in accordance with Paragraph O of Article 14, Compensation Adjustment, shall receive their step movements on their step movement dates.

C. [D.] Subject to the approval of the respective legislative bodies and effective July 1, 2007 [October 1, 2005]:

1. The salary schedule designated as Exhibit A shall be amended to reflect a four percent (4%) [three and one-half percent (3.5%)] increase and such amended schedule shall be designated as Exhibit B.

2. Following C.1[D.1] above, Employees shall be placed on the corresponding pay range and step of Exhibit B, provided that Employees whose basic rate of pay on June 30, 2007 [September 30, 2005], falls between two steps or exceeds the maximum step of their pay range shall receive a four percent (4%) [three and one-half percent (3.5%)] increase.
3. Employees not administratively assigned to the salary schedule shall receive a **four percent (4%)** [three and one-half percent (3.5%)] pay increase.

**D.** Subject to the approval of the respective legislative bodies and effective July 1, **2008** [2006], Employees who are eligible for step movements from July 1, **2008** [2006] through June 30, **2009** [2007] in accordance with Paragraph O of Article 14, Compensation Adjustment, shall receive their step movements on their step movement dates.

**E.** Subject to the approval of the respective legislative bodies and effective **July 1, 2008** [October 1, 2006]:

1. The salary schedule designated as Exhibit B shall be amended to reflect a **four percent (4%)** [three and one-half percent (3.5%)] increase and such amended schedule shall be designated as Exhibit C.

2. Following **E.1** above, Employees shall be placed on the corresponding pay range and step of Exhibit C provided that Employees whose basic rate of pay on **June 30, 2008** [September 30, 2006] falls between two steps or exceeds the maximum step of their pay range shall receive a **four percent (4%)** [three and one-half percent (3.5%)] increase.

3. Employees not administratively assigned to the salary schedule shall receive a **four percent (4%)** [three and one-half percent (3.5%)] pay increase.

**F.** Step Movement provisions as contained in Article 14, Compensation Adjustment, of this Agreement shall be continued in successor Agreements, unless modified or terminated by mutual consent of the parties. It is provided that the costs of step movements in such successor Agreements shall be treated as "cost items" as defined in Section 89-2, HRS, and included in the costs of collective bargaining and submitted to the respective legislative bodies for approval as required in subsection 89-10(b), HRS.