

STAND. COM. REP. NO. 1002

Honolulu, Hawaii

MAR 02 2007

RE: S.B. No. 1284
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 1284, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose of this measure is to enable the Employees' Retirement System to become fully funded.

Specifically, effective 2008-2009, this measure increases employers' contributions to the Employees' Retirement System. This measure also authorizes the Board of Trustees of the Employees' Retirement System to set salary scale assumptions based upon recommendations from the actuary. Finally, this measure repeals the provision allowing the employer contribution rate to be reduced if the period required to amortize the unfunded actuarial liability falls below twenty-five years.

Your Committee received comments in support of this measure from the Department of Budget and Finance.

Your Committee finds that this measure will result in the Employees' Retirement System becoming fully funded based upon current benefits. However, if future legislatures grant additional benefits, which can include allowing earlier retirements, the amount of time to reach full funding will be changed.



Upon further consideration, your Committee has amended this measure by:

- (1) Adding a new section 1 explaining that the purpose of this measure is to establish a policy framework to enable the Employees' Retirement System to eventually eliminate its \$5,100,000,000 unfunded liability over a reasonable length of time of approximately twenty-nine years while noting that the results depend on several factors, including stability in the level of benefits received by current and former employees and that if future legislatures grant additional benefits, (which includes earlier retirements) the time it will take for the Employees' Retirement System to become fully funded will be lengthened. The remaining sections of the bill are renumbered accordingly; and
- (2) Making technical nonsubstantive amendments for the purposes of consistency and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1284, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1284, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

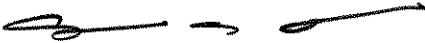


ROSALYN H. BAKER, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1284 SD1	JDL, WAM	2.22.07		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani	/			
FUKUNAGA, Carol	/			
HOOSER, Gary L.	/			
KIM, Donna Mercado				/
MENOR, Ron				/
TOKUDA, Jill N.	/			
HEMMINGS, Fred				/
WHALEN, Paul	/			
TOTAL	8			3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink				
File with Committee Report Clerk's Office Drafting Agency				

*Only one measure per Record of Votes