

STAND. COM. REP. NO. 1466

Honolulu, Hawaii

March 23, 2007

RE: S.B. No. 1950
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2007
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 1950, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE RE-EMPLOYMENT OF
RETIREES,"

begs leave to report as follows:

The purpose of this bill is to ensure that the state and county governments are able to maintain a qualified, stable, and experienced workforce in the face of unprecedented low unemployment and an aging workforce. Specifically, this bill authorizes the rehiring of state or county employees who have retired, without affecting the receipt of their retirement benefits and without accruing additional credit or benefits.

The Judiciary, Mayor of the County of Hawaii, Department of Education, Honolulu Police Department, Hawaii State Teachers Association, State of Hawaii Organization of Police Officers, and Office of Hawaiian Affairs testified in support of this bill. The Department of Human Resources Development, Department of Human Resources of the City and County of Honolulu, Department of Personnel Services of the County of Maui, and Department of Human Resources of the County of Hawaii supported the intent of this measure. The Employees Retirement System submitted comments.

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During this time of low unemployment and increased competition for the best and brightest employee candidates to fill positions in the workforce, it is often difficult for the state and county governments to fill positions. The filling of this positions is often necessary so that the state and county governments can continue to operate with a qualified and stable workforce. Rehiring retirees for hard to fill positions will help to achieve this goal, while allowing newer employees to gain the experience necessary to fill these positions in the future.

However, your Committee finds that concerns were raised that safeguards against abuse of the system were needed since employees may retire and collect retirement benefits and be immediately be rehired and collect a regular salary, in essence "double dipping". Concerns were also raised that the allowance to rehire retirees may result in any position being filled by a retiree to avoid the lengthy selection process necessary to fill vacant positions. Accordingly, your Committee has amended this bill by:

- (1) Stipulating that retirees may only be rehired to fill critical-to-fill or labor shortage positions; and
- (2) Requiring retirees to wait at least one calendar year before returning to government employment.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1950, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1950, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



ALEX M. SONSON, Chair



