

STAND. COM. REP. NO.

482

Honolulu, Hawaii

FEB 16 2007

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

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

Madam:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 1950 entitled:

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

begs leave to report as follows:

The purpose of this measure is to authorize the rehiring of
retired state or county employees in critical-to-fill or labor
shortage positions without affecting the receipt of retirement
benefits and without accruing additional credit or benefits.

Your Committee heard testimony in support of this bill from
the State Judiciary, Department of Human Resources Development,
HGEA, County of Hawai'i, SHOPO, County of Hawai'i Police
Department, County of Maui. The Superintendent of the Department
of Education submitted supporting testimony with amendments to
conform with Act 51, SLH 2004. The Employees Retirement System
submitted comments and concerns.

The Judiciary echoed the problem that all public employers
are facing now and in the future.

The Judiciary, like all other public employers, is
charged with providing essential, uninterrupted services
to the public. In order to effectively discharge our
responsibility, we need a qualified and stable workforce
to accomplish our mission. In the face of a robust
economy which has brought unprecedented low

SB1950 SD1 SSCR JDL .doc



unemployment, coupled with an aging workforce, we are in critical need of additional tools to manage our staffing and human resource requirements.

At the present time, 49 percent of the Judiciary's workforce will be eligible to retire within the next five to ten years. This is a staggering number when considering the challenges we will be facing to recruit and train qualified replacements.

Your Committee has recognized the changing times and has amended this bill as a preventive measure rather than to wait until the situation is at its worse. We agree with the HGEA where "the future of civil service depends upon active recruitment of those applicants with the skills, abilities and commitment to a government career. . . current employees who should be considered for promotional opportunities under the civil service merit system. Reliance upon retirees will not encourage the recruitment and promotion of these career employees.

Finally, the Employees Retirement System's actuary recommended requiring the employer to make retirement contributions on all positions filled by retirants. This will help reduce the ERS' \$5.1 billion unfunded liability and eliminate any adverse actuarial impact. This may also encourage the employer to continue their efforts to recruit new employees. Comments were also included to avoid any conflict with other existing statutes.

In consideration of the foregoing, your Committee has amended the bill with the following:

1. Enlarged the vacant position pool by deleting references to "critical-to-fill or labor shortage occupations";
2. Added a provision to require the employer to continue to make retirement contributions on all positions filled by retirants;
3. Cited appropriate statutes to avoid any conflict with this Act;
4. Require a retirant to have been retired for at least five consecutive years from the retirant's date of retirement before as a condition for re-employment;



5. Added "medical retirement benefits" that shall continue without penalty to the retirant;
6. Require a retirant filling an included position to join the appropriate collective bargaining unit representing that position;
7. Created two new definitions for "Jurisdiction" and "Executive State Branch" to clarify the Act;
8. Requires annually reporting by jurisdictions that fill positions pursuant to this Act to the Legislature twenty days prior to its convening to include the number of positions filled, the job title, salary and length of time that the retirant was hired and other pertinent information; and
9. Provided a sunset provision of five years.

Your Committee has also made non-substantive technical changes as recommended by the Legislative Reference Bureau.

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

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



