

LINDA LINGLE
GOVERNOR



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Comptroller
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Deputy Comptroller

**STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
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TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
FINANCE
ON
February 26, 2008
H.B. 1979, H.D. 1

RELATING TO STATE SALARIES.

Chair Oshiro and members of the Committee, thank you for the opportunity to testify on H.B.1979, H.D. 1.

The Department of Accounting and General Services (DAGS) appreciates the intent of this bill. However, DAGS has concerns that this bill's amendment of Section 78-12(f), Hawaii Revised Statutes that proposes to restrict recovery of salary overpayments to those discovered within two years of the overpayment occurrence, may be too stringent.

Discovery of salary overpayments may occur during periodic audits of leave records. Any limit on when an overpayment can be collected should allow a reasonable amount of time to recover amounts due the State. DAGS suggests that the restriction be five years with the proviso that there will be no time limitation if the overpayment is due to fraud. Even within the time limitations of five years, upon discovery, collection

should be attempted. If collection is unsuccessful, procedures issued by the Attorney General can then be followed to write off uncollectible amounts.

Thank you for the opportunity to testify on this matter.

TESTIMONY BEFORE THE HOUSE COMMITTEE ON
LABOR & PUBLIC EMPLOYMENT

RE: HB 1979 – RELATING TO STATE SALARIES

JANUARY 22, 2008

ROGER TAKABAYASHI, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Sonson and Members of the Committee:

The Hawaii State Teachers Association (HSTA) ***strongly supports*** HB 1979 which establishes a three year statute of limitation for recovering the overpayment of state salaries.

The current law does not have a statute of limitation for the ***employer*** for recovering the overpayments of state salaries which gives the employer unlimited time when, in essence, the employer made the mistake.

There is a current law where the ***employee*** has a three years statute of limitation if the employee was underpaid when, in essence, the employer made the mistake.

What HB 1979 does is level the playing field for both the ***employer*** as well as the ***employee*** who both will have the same statute of limitation of three years.

Thank you for the opportunity to testify.



Working Together for Hawaii

The Twenty-Fourth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association
February 26, 2008

H.B. 1979, H.D. 1 – RELATING TO STATE SALARIES

The Hawaii Government Employees Association supports H.B. 1979, H.D. 1. Collecting overpayments from public employees is an unpleasant task, especially when it occurs through no fault of the employee, which is often the case. Depending on the amount of overpayment involved, it can be a real hardship for employees to repay it.

There should be a statute of limitation to recover the overpayment and two years seems to be a reasonable length of time. It is unfair for an employer to discover an inadvertent error five or ten years after the fact and then attempt to recover the overpayment from an employee. Thank you for the opportunity to testify in support of this measure.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Nora A. Nomura', is written over a horizontal line.

Nora A. Nomura
Deputy Executive Director

HOUSE OF REPRESENTATIVES
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON FINANCE

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TESTIMONY OF: Ken Austin, DCSW, Private Citizen (Victim)

DATE: TUESDAY, February 26, 2008

TIME/PLACE: 3:30 P.M./Conference Room 308
State Capitol
415 South Beretania Street

IN SUPPORT OF HB 1979: RELATING TO STATE SALARIES
Establishes a 3 year statute of limitation for recovering the
overpayment of state salaries.

It is a matter of record that I have already testified before THE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT in support of this bill and am very pleased to note that it has been amended to reflect parity in the statute of limitations on the State as well as the Employee for over/under payments respectively.

I have previously addressed the careless, awkward, cumbersome and convoluted undue process an employee faces when they have been erroneously overpaid by a State Agency. I would like to further address this issue today.

I finally came to grips with the fact that there was no hope of relief from the unexpected financial burden of having to repay this overpayment in the amount of \$2,493.00 that was paid to me 9 years ago as a result of an error made by the State, not related to any fault on my part, in calculating and paying retroactive salary owed to me after my retirement. This error was not even known to the State and not discovered by the State until 2006. The State's insistence that I repay this overpayment simply adds another unexpected burdensome increase to my ever expanding cost of living, which is eroding my fixed income and savings at an alarming rate due to the escalating cost of everything and the decreasing value of the US dollar.

I reluctantly negotiated a repayment schedule of monthly payments with PSD and The AG's Office. I then called the HSFCU and made arrangements for a monthly auto EFT payment from my personal checking account to PSD to repay this debt. Just when I thought this was all behind me, I got yet another lesson on the State's ability to make a simple matter a convoluted mess. The HSFCU called me and told me that they cannot send an auto EFT payment to PSD for this overpayment, as they will not accept 3rd party checks for overpayments. They want a personal check! Isn't that S P E C I A L! I can pay my Hawaii State GE Taxes with a Credit Card, I can pay my Federal and State income taxes with an EFT, or a Credit Card, but I can't make an EFT payment to the State of Hawaii PSD, drawn directly on my Personal Checking Account at the HSFCU, because PSD has a Departmental Rule against it. They want me to be reminded monthly as I sign my personal check to them that they can make me pay for their mistakes until I die. Do the Legislators recognize how the bureaucrats manipulate and subvert Legislative intent with their insufferable Departmental Rules and Regulations?