

LINDA LINGLE
GOVERNOR OF HAWAII



MARIE C. LADERTA
DIRECTOR

CINDY S. INOUE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

February 26, 2008

TESTIMONY TO THE
HOUSE COMMITTEE ON FINANCE
For Hearing on Tuesday, February 26, 2008
2:15 p.m., Conference Room 308

BY

MARIE C. LADERTA, DIRECTOR

House Bill No. 2710, HD 1
Relating to the Re-Employment of Retirees

TO CHAIRPERSON OSHIRO AND MEMBERS OF THE COMMITTEE:

The purpose of House Bill 2710, House Draft 1, as amended, is to allow the state and county governments to employ state or county government retirants while receiving their retirement pay and health benefits without penalty.

The Department of Human Resources Development strongly supports the intended goal of this Bill which is to provide the public employers in this tight labor market with an additional valuable pool of applicants, the retirees.

The State, which includes the Judiciary branch, Legislative branch and Executive branch (including Hawaii Health Systems Corporation and Department of Education) and Office of Hawaiian Affairs, seeks to engage in this effort with the Counties to make the rehiring of retirees possible in a responsible manner, meaning within the law, without jeopardizing the retirees' pension benefits and without jeopardizing the ERS plan.

While the State may differ from the Counties in how to accomplish this common goal, the State nonetheless remains open to discussing such details as the "wait" period, sunset provisions and whether to limit its application to shortage or difficult to fill positions.

Thank you for the opportunity to testify. We respectfully ask for your favorable consideration of this very important measure to enable further discussion with all interested parties to ensure that there are sufficient accountability provisions that safeguard the Employee Retirement System's financial integrity and Federal tax-exempt status while providing Hawaii's public employers with another workforce staffing tool.

Respectfully Submitted,

A handwritten signature in black ink, reading "Marie C. Laderta". The signature is written in a cursive, flowing style.

MARIE C. LADERTA

Date of Hearing: February 26, 2008

Committee: House Finance

Department: Education

Person Testifying: Patricia Hamamoto, Superintendent

Title: H.B. 2710, HD 1 (HSCR507-08), Relating to the re-employment of retirees.

Purpose: To allow a county to hire retired state or county government employees without restriction as to length of employment or number of hours worked per week. Requires a one-year waiting period. Requires employers to continue to make retirement contributions. Prohibits re-employment agreement prior to retirement. Sunsets on June 30, 2013.

Department's Position: The Department of Education supports H.B.2710, HD 1 (HSCR507-08) and appreciates the amendments to allow State agencies to hire retired government employees, as the State has the same staffing issues and concerns as the counties. In the new section being proposed for Chapter 88, subsection (a), we recommend replacing "Appointing authorities in a county" with "Appointing authorities in the state or county government"

TESTIMONY BY DAVID SHIMABUKURO
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2710, H.D. 1

FEBRUARY 26, 2008

RELATING TO THE RE-EMPLOYMENT OF RETIREES

Chair Oshiro and Members of the Committee:

H.B. 2710, H.D. 1 allows a state or county to hire state or county government employees who have retired for at least one calendar year of retirement. The rehired employee will continue to receive their pension benefits but will not earn retirement service credit as a result of their re-employment.

We have the following comments on this measure:

- On page 4, line 4 reference to "full-time employment" should be changed to "a position of at least one-half of a full-time equivalent". This would include a retirant returning to a position that would require membership in the ERS that is at least 50% but less than 100% of a full-time position.
- On page 5, lines 7 to 9, reference to "Each employer shall make employer contributions to the pension accumulation fund in accordance with section 88-122(e)" should be replaced by "Each employer shall contribute to the pension accumulation fund the required percentage of the rehired employee's compensation to amortize the system's unfunded actuarial accrued liability."

This will lower the employers' contribution since the rehired retirant will not earn additional retirement service credits during the reemployment period.

To help illustrate the change, we are providing the breakdown of the employers' contributions to the Pension Accumulation Fund beginning July 1, 2008:

	<u>Police & Fire</u>	<u>All Others</u>
Employer Normal Cost	6.56%	5.75%
Unfunded Accrued		
Actuarial Liability	<u>13.14%</u>	<u>9.25%</u>
Total Contribution	19.70%	15.00%

The proposed change will lower the employers' contribution for rehired police officer and firefighter retirants from 19.70% to 13.14% and 15.00% to 9.25% for all other rehired retirants.

We are willing to work with your Committee on any technical revisions that may be needed to carry out the purpose of this Bill.

Thank you for the opportunity to testify on this Bill.



The Judiciary, State of Hawaii

Testimony to the Twenty-Fourth Legislature, 2008 Session

House Committee on Finance

The Honorable Marcus R. Oshiro, Chair

The Honorable Marilyn B. Lee, Vice Chair

Tuesday, February 26, 2008, 2:15 p.m.

State Capitol, Conference Room 308

by

Sharen M. Tokura

Human Resources Director

WRITTEN TESTIMONY ONLY

Bill No. and Title: House Bill No. 2710, H.D. 1, Relating to the Re-Employment of Retirees

Purpose: This bill allows a county to hire retired state or county government employees without restriction as to length of employment or number of hours worked per week. Requires a one-year waiting period. Requires employers to continue to make retirement contributions. Prohibits re-employment agreement prior to retirement. Sunset on June 30, 2013.

Judiciary's Position:

The Judiciary supports the intent of House Bill No. 2710, H.D. 1, which proposes to permit retirees to be rehired by the county or State governments without suspension of their retirement benefits. We note that the bill in its original form was limited to county employers; however H.D. 1 includes the State jurisdictions in this measure. We appreciate this inclusion as the Judiciary recognizes the value of this measure as an additional tool to enhance staffing capabilities.

The Judiciary's goal is to provide superior service for everyone accessing or requiring services in our court system. To do so, we must ensure that the Judiciary is properly staffed with qualified and dedicated employees. To accomplish this, we require alternative means to effectively address the current labor market.



It is a well-accepted fact that Americans are enjoying increased longevity which has compelled us to dispense with old myths surrounding the "right age" to retire. In addition, increasing numbers of employers are being impacted by the mass number of workers reaching retirement eligibility coupled with a shrinking labor pool of qualified and skilled workers to replace them.

This situation is exacerbated in government organizations in which rules and policies have been set up to prevent or discourage employees from remaining in the workforce when they are eligible to retire or have retired. This, coupled with a low unemployment rate, has created shortages in occupations unique to public service. Further, it prevents government agencies from competing with private sector employers for the same trained and qualified candidates because of fears of jeopardizing the retirement system and creating unfunded liability for the public.

For these reasons, the Judiciary appreciates being included in this initiative as we support the concept of enabling qualified retirants the option to continue to work in our public institutions without jeopardizing their retirement benefits while at the same time recognizing the need for guidelines to safeguard against abuse and insure the continued viability of the retirement system.

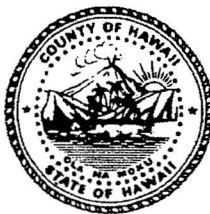
The ability to rehire retirants in jobs for which there is a labor shortage or difficulty in recruiting is of great mutual benefit. In this case, the retirant can be hired into hard-to-fill occupations, such as social workers or information technology specialists, thereby helping to bridge the labor market gap and permitting the public employers to compete for these individuals who would otherwise have no other alternative but to turn to the private sector if they wish to continue working in some capacity or embarking on a "second career." This bill will permit retirants to continue their public service in other capacities.

There is an urgency to pass enabling legislation to assist public employers with a means of addressing the looming retirement crisis. At the present time, 52% of the Judiciary's workforce will be eligible to retire within the next five to ten years (up from 49% last year). This is a staggering number when considering the challenges we will be facing to recruit and train qualified replacements.

The Judiciary is in support of this measure.

Thank you for the opportunity to testify on House Bill No. 2710, H.D. 1

Harry Kim
Mayor



Dixie Kaetsu
Managing Director

Barbara J. Kossow
Deputy Managing Director

County of Hawai'i

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KONA: 75-5706 Kuakini Highway, Suite 103 • Kailua-Kona, Hawai'i 96740
(808) 329-5226 • Fax (808) 326-5663

February 25, 2008

The Honorable Marcus Oshiro
Chair, Committee on Finance
Honolulu, HI 96813

Dear Chair Oshiro and Committee Members:

Re: HB 2710 HD1

Section 1 of HB 2710 HD1 does an excellent job of explaining the difficulties that county governments are facing in filling its labor force, and explains why HB 2710 HD1 is seen as a partial remedy for our difficulty. To the extent that additional details are needed, the Directors of human Resources for the counties are available to provide more information. Let me simply say that government is blessed with some outstanding employees who would continue to work, even if they are eligible to retire, so long as they do not suffer financially.

HB 2710 HD 1 is a way to allow these people to contribute to county government rather than "forcing" them into the private sector. And make no mistake, they will go to the private sector and be welcome there, because their work ethic and expertise are highly valued.

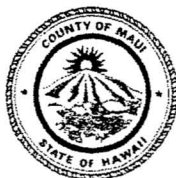
We have been in contact with unions and the ERS, and we will continue to meet with them to identify and address their concerns. Please keep HB2710 HD1 alive as we try to resolve all outstanding issues.

Thank you for your consideration.

Aloha,

Harry Kim
MAYOR

CHARMAINE TAVARES
Mayor



LYNN G. KRIEG
Director

LANCE T. HIROMOTO
Deputy Director

COUNTY OF MAUI
DEPARTMENT OF PERSONNEL SERVICES
200 SOUTH HIGH STREET • WAILUKU, MAUI, HAWAII 96793-2155
PHONE (808) 270-7850 • FAX (808) 270-7969
Website: www.mauicounty.gov/departments/Personnel • Email: personnel.services@mauicounty.gov

February 25, 2008

The Honorable Marcus R. Oshiro, Chair
and Members of the Committee on Finance
The House of Representatives
State Capitol
Honolulu, HI 96813

Dear Chair Oshiro and Members of the Committee:

RE: HB 2710, HD1 Relating to the Re-employment of Retirees

I am Lynn G. Krieg, Director of Personnel Services for the County of Maui. I am asking for your support of HB 2710, HD 1.

Maui County has joined with our sister counties in support of the general concept of this bill. Your favorable consideration will allow us to continue working with other concerned parties to arrive at a bill which all can support.

We ask for your favorable consideration of HB 2710, HD1 to enable us to continue working on this effort.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn G. Krieg", is written over a light blue horizontal line.

LYNN G. KRIEG
Director of Personnel Services

DEPARTMENT OF HUMAN RESOURCES
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET 10TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8500 • FAX: (808) 527-5563 • INTERNET: www.honolulu.gov/hr

MUFI HANNEMANN
MAYOR



KENNETH Y. NAKAMATSU
DIRECTOR

February 26, 2008

The Honorable Marcus R. Oshiro, Chair
Committee on Finance
House of Representatives
State Capitol
Honolulu, Hawaii

Dear Chair Oshiro and Members of the Committee:

I am Ken Y. Nakamatsu, Director of Human Resources of the City and County of Honolulu, and I am speaking on behalf of the Hawaii Council of Mayors. House Bill 2710, House Draft 1 proposes to allow the rehire of retirees by county governments. The rehire of retirees is an important concept that will assist the county governments in meeting our workforce needs, and we respectfully request that you to allow this bill to move forward.

The Mayors have been working with the interested parties in an effort to gain consensus on this measure. Just last week the Mayors met with the Employees' Retirement System and, as a result of that meeting, the counties will be submitting information to the ERS so additional analysis on specific provisions may be made.

In light of these efforts, we ask for your favorable consideration of this bill.

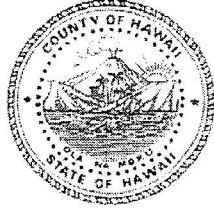
Thank you for the opportunity to testify on H.B. 2710.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ken Y. Nakamatsu".

KEN Y. NAKAMATSU
Director of Human Resources

Harry Kim
Mayor



Michael R. Ben, SPHR
Director of Human Resources

Ronald K. Takahashi
Deputy Director of Human Resources

County of Hawai'i
Department of Human Resources

Aupuni Center • 101 Pauahi Street, Suite 2 • Hilo, Hawai'i 96720 • (808) 961-8361 • Fax (808) 961-8617
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February 26, 2008

The Honorable Marcus S. Oshiro, Chair
And Members of the Committee on Finance
House of Representatives
State Capitol
Honolulu, HI 96813

Dear Chairman Oshiro and Members of the Committee:

Re: HB 2710 HD 1 Relating to the Re-employment of Retirees

I am Michael R. Ben, Director of Human Resources for the County of Hawai'i. I am testifying to ask for your favorable action on HB 2710 HD 1.

We are in general agreement with the concept of the bill, and are presently working with other concerned parties to arrive at a bill which all parties can support.

I ask for your favorable consideration of HB 2710 HD 1 to enable us to continue working with all interested parties on this matter.

Thank you.

Sincerely,

Handwritten signature of Michael R. Ben in cursive.

Michael R. Ben, SPHR
Director of Human Resources

**TESTIMONY OF THE
COUNTY OF KAUAI
DEPARTMENT OF PERSONNEL SERVICES**

**TO THE HOUSE COMMITTEE
ON FINANCE**

**TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008**

February 26, 2008
2:15 p.m.

**TESTIMONY ON HOUSE BILL NO. 2710, HD 1, RELATING TO THE RE-EMPLOYMENT
OF RETIREES.**

**TO THE HONORABLE MARCUS R. OSHIRO, CHAIR, AND MEMBERS OF THE
COMMITTEE:**

My name is Malcolm Fernandez, Director of Personnel Services, County of Kauai (County), testifying in favor of the intent of House Bill No. 2710, HD 1.

The bill allows a county to hire retired state or county government employees without penalty to the employee, under specified conditions. In the next five years, approximately 32 per cent of our employees will be eligible for retirement. As a small neighbor island county, the applicant pool available to us is very small and limited. The County needs the ability to rehire retired state or county employees until we can hire qualified replacements in this challenging recruiting environment. However, the County is reviewing and discussing the effect of the amendments in HD 1 with other interested parties. The County therefore requests that the Committee move the measure forward to enable these discussions to continue.

We thank the Committee for the opportunity to present testimony on this matter.

HAWAII COUNCIL OF MAYORS

February 25, 2008

Testimony of the
Hawaii Council of Mayors
Bryan Baptiste, Mayor of Kauai
Mufi Hannemann, Mayor of Honolulu
Harry Kim, Mayor of Hawaii
Charmaine Tavares, Mayor of Maui

Before the
House Finance Committee

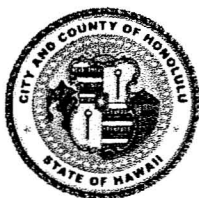
H.B. 2710, H.D. 1: Relating to the Re-employment of Retirees

The Hawaii Council of Mayors—Bryan Baptiste, Mufi Hannemann, Harry Kim, and Charmaine Tavares—supports H.B. 2710, H.D.1, which would enable the county governments to rehire retiring employees. The county governments continue to face a protracted shortage of skilled workers caused by the retirements of baby boomers and competition from the private sector and other government jurisdictions. The shortfalls are acute in the construction-related occupations—engineers, inspectors, planners, and the like—and in our police forces.

We met last week with representatives of the Employees Retirement System and Employer-Union Health Benefits Trust Fund on this proposal, and met earlier with union leaders, and will continue this productive dialog.

We respectfully request your favorable consideration in continuing favorable action on H.B. 2710, H.D. 1.

Mahalo.



Mayor Mufi Hannemann
City and County of Honolulu
530 South King Street
Honolulu, Hawaii 96813



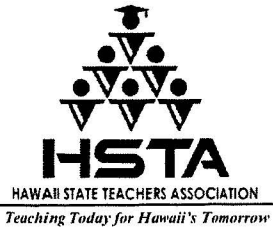
Mayor Charmaine Tavares
County of Maui
200 South High Street, 9th Floor
Wailuku, Hawaii 96793



Mayor Harry Kim
County of Hawaii
25 Aupuni Street
Hilo, Hawaii 96720



Mayor Bryan J. Baptiste
County of Kauai
444 Rice Street
Lihue, Hawaii 96766



1200 Ala Kapuna Street λ Honolulu, Hawaii 96819
Tel: (808) 833-2711 λ Fax: (808) 839-7106 λ Web: www.hsta.org

Roger K. Takabayashi
President

Wil Okabe
Vice President

Karolyn Mossman
Secretary-Treasurer

Mike McCartney
Executive Director

TESTIMONY BEFORE THE HOUSE COMMITTEE ON
FINANCE

RE: HB 2710, HD1 – RELATING TO THE RE-EMPLOYMENT OF RETIREES.

February 26, 2008

ROGER TAKABAYASHI, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Oshiro and Members of the Committee:

The Hawaii State Teachers Association supports HB 2710, HD1, that allows a county to hire retired state or county government employees without restriction as to length of employment or number of hours worked per week, and requires a one-year waiting period.

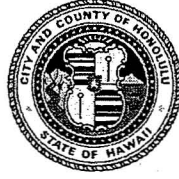
Experience, knowledge, and resolving the problem of meeting our workforce shortage problem are only a few major reasons we support the passage of this bill.

Thank you for the opportunity to testify.

HONOLULU FIRE DEPARTMENT
CITY AND COUNTY OF HONOLULU

636 South Street
Honolulu, Hawaii 96813-5007
Phone: 808-723-7139 Fax: 808-723-7111 Internet: www.honolulu.gov/hfd

MUFI HANNEMANN
MAYOR



KENNETH G. SILVA
FIRE CHIEF

ALVIN K. TOMITA
DEPUTY FIRE CHIEF

February 26, 2008

The Honorable Marcus R. Oshiro, Chair
Committee on Finance
House of Representatives
State Capitol, Room 306
Honolulu, Hawaii 96813

LATE

Dear Chair Oshiro:

Subject: H.B. 2710, H.D. 1 Relating to the Reemployment of Retirees

I am Kenneth G. Silva, Fire Chief of the Honolulu Fire Department (HFD). The HFD supports H.B. 2710, H.D. 1, which proposes to allow county governments the ability to hire retired state or county government employees without restriction as to the length of employment or the number of hours worked per week. This will remedy the county governments' need to hire qualified and experienced personnel without the current limitations of an 89-day contract and will benefit retirees who desire to continue working without incurring negative retirement consequences. The HFD believes this proposal to be a win-win situation for employers and employees.

The HFD strongly urges your committee's passage of H.B. 2710, H.D. 1.

Should you have any questions, please call HFD Legislative Liaison Lloyd Rogers at 723-7171.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kenneth G. Silva".

KENNETH G. SILVA
Fire Chief

KGS/LR:cn



Working Together for Hawaii

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

Testimony by
HGEA/AFSCME, Local 152, AFL-CIO
February 26, 2008

H.B. 2710, H.D. 1 – RELATING TO THE
RE-EMPLOYMENT OF RETIREES.

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports this measure as amended by the Committee on Labor and Public Employment. H.B. 2710 proposes rehiring state and county retirees into any vacant position without adversely affecting their retirement benefits. Changing demographics and low unemployment rates makes rehiring experienced and well-qualified retirees an important consideration. We appreciate that the bill was amended to allow hiring of retirees only for "hard to fill" or shortage category positions.

The future of civil service depends upon active recruitment of those applicants with the skills, abilities and commitment to a government career. This includes 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. Thank you for the opportunity to testify in support of H.B. 2710, H.D. 1.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nora A. Nomura", is written over the typed name.

Nora A. Nomura
Legislative Officer