



The Judiciary, State of Hawaii

Testimony to the Twenty-Fourth Legislature, 2008 Session

Senate Committee on Ways and Means
The Honorable Rosalyn H. Baker, Chair
The Honorable Shan S. Tsutsui, Vice Chair

Thursday, March 27, 2008, 9:45 a.m.
State Capitol, Conference Room 211

by
Sharen M. Tokura
Human Resources Director

WRITTEN TESTIMONY ONLY

Bill No. and Title: House Bill No. 2710, H.D. 2, S.D. 1, Relating to the Re-Employment of Retirees

Purpose: This bill allows the state and county governments to hire retired state or county government employees in compliance with certain conditions.

Judiciary's Position:

The Judiciary supports House Bill No. 2710, H.D. 2, S. D. 1, which permits the hiring of retirees by the county or State governments without suspension of their retirement benefits.

In the bill's earliest form, the initiative was limited to the county government employers. H.D. 1 included the State employers, and this addition has been carried forward in the Senate draft. We appreciate the continuing support from this committee toward the public employers.

We also acknowledge and extend our appreciation to the Committee on Judiciary and Labor and Committee on Intergovernmental and Military Affairs for incorporating the technical changes which were recommended in earlier testimony.

We appreciate the support of this committee by including the State employers in this important measure.

Thank you for the opportunity to testify on House Bill 2710, H.D. 2, S.D. 1

Written Comments

Date of Hearing: March 27, 2008

Committee: Senate Ways and Means

Department: Education

Person Testifying: Patricia Hamamoto, Superintendent

Title: H.B. 2710, HD 2, SD 1 (SSCR3113), Relating to the re-employment of retirees.

Purpose: To allow the state and county governments to hire retired state or county government employees if the employer abides by certain conditions: requires a one-year waiting period before rehiring, prohibits re-employment agreements prior to retirement, requires rehiring for civil service positions according to civil service and employment laws and the certification of such, requires employers to continue to make retirement contributions, and requires rehired employee to join collective bargaining unit if applicable. Requires annual report. Amends Act 286, SLH 2006, to conform. Sunsets on June 30, 2013.

Department's Position: The Department of Education (Department) supports H.B. 2710, HD 2, SD 1 (SSCR3113) which allows state and county governments to hire retirees without suspension of their retirement benefits and health benefits. The Department appreciates the amendments to Act 286, SLH 2006 (relating to the rehiring of retired teachers and administrators), which eliminates potential conflicts between H.B. 2710 and Act 286.

HAWAII COUNCIL OF MAYORS

March 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
Senate Committee on Ways and Means

H.B. 2710, H.D. 2, S.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. 2, S.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 respectfully request your consideration in continuing favorable action on this measure.

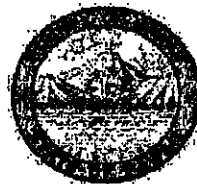
Mahalo.



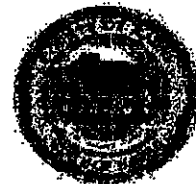
Mayor Mufi Hannemann
City and County of Honolulu
530 South King Street
Honolulu, Hawaii 96813



Mayor Charmaine Tavares
County of Maui
200 South High Street, 8th Floor
Waikeke, Hawaii 96792



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

**WRITTEN COMMENTS OF THE
COUNTY OF KAUA`I
OFFICE OF THE MAYOR**

TO THE SENATE COMMITTEE ON WAYS AND MEANS

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

March 27, 2008
9:45 a.m.

WRITTEN COMMENTS ON HOUSE BILL NO. 2710, HD 2, SD 1, RELATING TO THE RE-EMPLOYMENT OF RETIREES.

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Bryan J. Baptiste, Mayor of the County of Kaua`i (County), testifying on House Bill No. 2710, HD 2, SD 1. I support the intent of the measure, which is to allow the counties or the State to hire retired state or county government employees for hard-to-recruit positions without penalty to the retiree.

In the next five years, approximately 32 percent of Kaua`i County employees will be eligible for retirement. In a county our size, the applicant pool for replacements is very limited. The Bill will allow the County to hire qualified retirees until we can find replacements in this challenging recruiting environment. Some of the labor shortage or difficult to fill positions we need retirees to fill are police officers, engineers, and planners.

However, we have concerns about the one-year waiting period in the Bill, and the requirement for employer contributions. The waiting period affects our ability to compete with federal and private section employers who can offer retirees immediate employment, and employer contributions should not be necessary since retirement benefits will not increase. We are discussing these issues with other interested parties, and we remain hopeful that they will be resolved.

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



COUNTY OF KAUAI
Fire Department
Mo'ikeha Building
4444 Rice Street, Suite 295
Lihu'e, Kaua'i, Hawaii 96766

March 24, 2008

The Honorable Rosalyn H. Baker, Chair
Committee on Ways and Means
The State Senate
State Capitol, Room 210
Honolulu, Hawaii 96813

Dear Chair Baker:

Subject: H.B. 2710, H.D. 2, S.D. 1 Relating to the Reemployment of Retirees

I am Robert Westerman, Fire Chief of the Kauai Fire Department (KFD). The KFD supports H.B. 2710, H.D. 2, S.D. 1, which proposes to allow county and state 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 KFD believes this proposal to be a win-win situation for employers and employees.

The KFD strongly urges your committees' passage of H.B. 2710, H.D. 2, S.D. 1.

Should you have any questions, please call me at (808) 241-6500.

Sincerely,

A handwritten signature in black ink that reads "Robert Westerman". The signature is written in a cursive style with a large, sweeping flourish at the end.

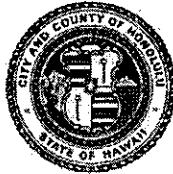
Robert Westerman
Fire Chief, County of Kaua'i

RFW/eld

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

March 25, 2008

The Honorable Rosalyn H. Baker, Chair
Committee on Ways and Means
The State Senate
State Capitol, Room 210
Honolulu, Hawaii 96813

Dear Chair Baker:

Subject: H.B. 2710, H.D. 2, S.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. 2, S.D. 1, which proposes to allow county and state governments the ability to hire retired county or state government employees without restriction as to the length of employment or the number of hours worked per week. This will remedy the county or state 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 this bill.

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

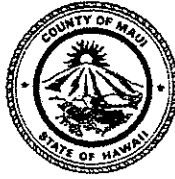
Sincerely,

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

KENNETH G. SILVA
Fire Chief

KGS/LR:bh

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

March 25, 2008

The Honorable Rosalyn H. Baker, Chair
and Members of the
Committee on Ways and Means
The Senate
Hawaii State Capitol
415 S. Beretania Street
Honolulu, Hawaii 96813

Dear Chair Baker and Committee Members:

RE: H.B. 2710, HD2, SD1, RELATING TO THE RE-EMPLOYMENT OF RETIREES

I am Lynn G. Krieg, Director of Personnel Services for the County of Maui, offering comments in regards to H.B. 2710, HD 2, SD 1.

The beginning of the mass exodus is a reality. If anyone doubts it, they need only look at our sign-up sheet for our annual pre-retirement workshop offered to those who intend to retire within the next twelve to twenty-four months. The class filled up in two weeks and the waiting list was so long that we are in the middle of planning a second workshop.

In the meantime, the counties have been working earnestly with the Employees Retirement System to address their concerns with this proposed legislation and to assist them in an effort to formulate solutions to the various problem items they have identified. We strongly believe that the parties will be able to work toward a solution and find common ground to avoid the certain crisis that will occur once the baby boomers begin their exodus, and we continue to recommend that amendments be made to provide for a staggered waiting period dependent on age: no waiting period for retirees over 62 years of age; a six month waiting period for those between 58 and 62, and a one year waiting period for those under age 58. The staggered waiting period is only one recommendation made by the Council of Mayors to address some of ERS' concerns. Another recommendation is to put a reasonable cap on the number of retirees that can be hired. In light of the foregoing, we urge you to pass this measure with amendments as proposed by the Council of Mayors.

Thank you for the opportunity to offer comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn G. Krieg".

LYNN G. KRIEG
Director of Personnel Services

cc: Mayor Charmaine Tavares

AN EQUAL OPPORTUNITY EMPLOYER

Harry Kim
Mayor



Darryl J. Oliveira
Fire Chief

Glen P. I. Honda
Deputy Fire Chief

County of Hawai'i

FIRE DEPARTMENT

25 Aupuni Street • Suite 103 • Hilo, Hawai'i 96720
(808) 981-8394 • Fax (808) 981-2037

March 25, 2008

VIA FACSIMILE 1-800-586-6659 (SENATE SERGEANT-AT-ARMS OFFICE)

The Honorable Rosalyn H. Baker, Chair
Committee on Ways and Means
The State Senate
State Capitol, Room 211
Honolulu, Hawaii 96813

Dear Chair Baker:

**SUBJECT: COMMITTEE ON WAYS AND MEANS HEARING
MARCH 27, 2008, 9:45 A.M.
HB 2710, HD 2, SD 1 RELATING TO THE REEMPLOYMENT OF RETIREES**

As the Fire Chief of the Hawaii Fire Department, I would like to ask for your support of HB 2710, HD 2, SD 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. We believe this proposal to be a win-win situation for employers and employees.

We respectfully urge your favorable consideration on this matter and thank you for the opportunity to testify on this very important issue.

Sincerely,


DARRYL OLIVEIRA
Fire Chief

DO:ik





Working Together for Hawaii

888 Mililani Street, Suite 601
Honolulu, Hawaii 96813-2991
www.hgea.org

Telephone: 808.536.2351
Facsimile: 808.528.4059

Hawaii Government Employees Association
AFSCME Local 152, AFL-CIO

The Twenty-Fourth Legislature, State of Hawaii
Hawaii State Senate
Committee on Ways and Means

Testimony by
HGEA/AFSCME, Local 152, AFL-CIO
March 27, 2008

H.B. 2710, H.D. 2, S.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, H.D. 2, S.D. 1 proposes rehiring state and county retirees into a 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 allows hiring of retirees only for “difficult to fill” or “labor shortage” exempt or civil service 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 deserve to be considered for promotional opportunities under the civil service merit system. Overreliance 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. 2, S.D. 1

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director

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

March 26, 2008

TESTIMONY TO THE
SENATE COMMITTEE ON WAYS AND MEANS
For Decision Making on Thursday, March 27, 2008
9:45 a.m., Conference Room 211

BY

MARIE C. LADERTA, DIRECTOR

**House Bill No. 2710, Senate Draft 1
Relating to the Re-Employment of Retirees**

TO CHAIRPERSON BAKER AND MEMBERS OF THE COMMITTEE:

The Department of Human Resources Development (DHRD) supports passage of HB 2710, S.D. 1. This measure would allow state and county government employers to hire state or county retirees without negatively affecting their retirement and health fund benefits.

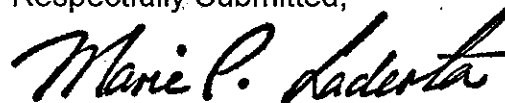
DHRD is appreciative that HB 2710, S.D.1 includes the State employers, since the original version of the bill was limited to the counties. Given Hawaii's geographic separation from the mainland states, all Hawaii public employers face the same difficulty in attracting and retaining a qualified workforce on each of our islands. We compete among the same pools of applicants in a highly competitive labor market. Any provision that allows hiring retirees should therefore be applicable to both state and county employers, particularly because both state and county retirees are members of a shared Employees' Retirement System.

The State Executive Branch personnel systems administered by DHRD, Hawaii Health Systems Corporation, Board of Education (BOE), and Board of Regents (BOR) comprise Hawaii's largest employer with 50,551 employees (collectively) as of June 30, 2006. In addition to their own civil service personnel system, the BOE administers separate personnel systems for their teachers, educational officers and support services employees whereas the BOR administers separate personnel systems for their administrative, professional and technical, executive/managerial, faculty and graduate assistant employees. Of these 50,551 employees, 17,400 or 34.4% are employed by the personnel system administered by DHRD, including the civil service members of the University of Hawaii and Hawaii State Public Library System. According to the 2006 Executive Branch Workforce Profile, it is projected that 4,302 or 24.7% of these employees will be eligible for retirement by June 2011. By the end of the current fiscal year (June 2008), 2,724 employees or 15.7% of the total workforce will be eligible for full retirement. The ability to hire retirees will provide an invaluable tool in facing this ongoing and future workforce crisis, as well as support our mentoring efforts and succession planning with our current employees.

With the revisions contained in S.D. 1 of this bill, it is our understanding that the concerns expressed by the Board of Trustees of the Employees' Retirement System have been addressed.

Thank you for the opportunity to testify. We respectfully request your support of this measure.

Respectfully Submitted,

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

MARIE C. LADERTA

TESTIMONY BY JIM WILLIAMS
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST
FUND, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL 2710, HD 2, SD 1

9:45 A.M., March 27, 2008

RELATING TO THE EMPLOYMENT OF RETIREES

Chairperson Baker and Members of the Committee:

My name is Jim Williams, and I am Administrator of the Hawaii Employer-Union Health Benefits Trust Fund (also known as the EUTF). Thank you for this opportunity to present comments on House Bill 2710, HD 2, SD 1.

The EUTF provides health and life insurance benefits to approximately 91,000 public employees and retirees (54,000 actives and 37,000 retirees). EUTF is governed by a ten-member Board of Trustees.

This bill allows the state and county governments to hire retired state or county government employees if the employer abides by certain conditions. The EUTF Board of Trustees has taken no position on this bill. Since the bill provides for rehired retirees to maintain their (retiree) health benefits, the EUTF offers comments on the provisions of the bill applicable to health benefits.

As noted in SCR 3113, "the measure may have conflicting provisions where one provision allows the retiree to continue receiving retiree health coverage" under the EUTF and "another provision requires a retiree to join a collective bargaining unit." The conflict may occur if the applicable collective bargaining agreement contains no

provision for employer contributions to the EUTF on behalf of re-hired retirees. Since the various collective bargaining agreements provide for the employers to pay approximately (depending on the plan selected) 60% of the premium, the rehired retiree (absent a specific contract provision) would need to pay the remaining 40%. Unless this bill is revised to state otherwise, the terms of the collective bargaining agreement might trump the provision for the retiree to continue receiving retiree health benefits.

Thank you for this opportunity to present these comments regarding HB 2710, HD 2, SD 1.