

LINDA LINGLE  
GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF PUBLIC SAFETY**  
919 Ala Moana Boulevard, 4th Floor  
Honolulu, Hawaii 96814

**CLAYTON A. FRANK**  
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**DAVID F. FESTERLING**  
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**JAMES L. PROPOTNICK**  
Deputy Director  
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No. \_\_\_\_\_

**TESTIMONY ON SENATE BILL 2157  
A BILL FOR AN ACT RELATING TO  
HEALTH**

Clayton A. Frank, Director  
Department of Public Safety

Committee on Judiciary and Labor  
Senator Brian T. Taniguchi, Chair  
Senator Clayton Hee, Vice Chair

Senate Committee on Health  
Senator David Y. Ige, Chair  
Senator Carol Fukunaga, Vice Chair

Friday, February 8, 2008, 9:00 a.m.  
State Capitol, Room 016

Senator Taniguchi, Senator Ige and Members of the Committees:

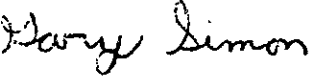
The Department of Public Safety supports Section 3 of Senate Bill 2157, which proposes to extend the time limit in which a schedule II controlled substance prescription must be filled. Presently all Schedule II controlled substance prescriptions are valid for only three days. Senate Bill 2157 proposes to extend that to seven days to assist these patients that may have difficulties in getting to the pharmacy within the three-day time limit. The Department supports this measure, which will assist patients in obtaining their prescribed medications.

Thank you for the opportunity to testify on this matter.

Testimony in Support of Senate Bill 2157

To: **Senate Committee on Judiciary and Labor**  
Senator Brian T. Taniguchi, Chair  
Senator Clayton Hee, Vice Chair

**Senate Committee on Health**  
Senator David Y. Ige, Chair  
Senator Carol Fukunaga, Vice Chair

From: Gary Simon   
Chair  
Legislative Committee  
Policy Advisory Board for Elder Affairs  
Email: [GarySimon@hawaii.rr.com](mailto:GarySimon@hawaii.rr.com)

Date and Time of Hearing: February 8, 2008, 9:00 a. m.

Position: Support for Senate Bill 2157, Clarifying the prescribing of opiates for pain treatment; Extending the time limit in which scheduled II controlled substances prescriptions must be filled.

I am Gary Simon, Chair of the Legislative Committee of the Policy Advisory Board for Elder Affairs (PABEA), which is an appointed board tasked with advising the Executive Office on Aging (EOA).

I am testifying as an individual who has worked in healthcare for over twenty years, and I am offering testimony on behalf of PABEA.

My testimony does not represent the views of the EOA but of PABEA.

On behalf of PABEA, I am pleased to state our strong support of Senate Bill 2157, which:

- ❖ Clarifies language by defining physical tolerance and dependence as natural consequences of sustained opiate use (versus addiction or psychological dependency) in the Pain Patient's Bill of Rights; and
- ❖ Extends the length of prescription validity for Schedule II drugs from three to seven days.

The citizens of our State are fortunate to anticipate the longest life expectancy in our nation, and we have the fastest growing elderly population in our nation. However, our rapidly aging communities force us to confront and address the challenge of providing the best end-of-life care to our elders.

To face this immediate challenge, our State needs to serve as the catalyst to develop policies which promote the best practices in palliative and hospice care. Successful passage of Senate Bill 2157 will:

- Promote an enhanced quality of life for the seriously ill and their care givers and loved ones.
- Help families to honor the wishes of those seriously ill who desire to remain in their homes as long as is reasonably possible.

The changes proposed by Senate Bill 2157 are good policies and will enhance the welfare of our citizens, especially those experiencing acute, severe, or day to day pain. We wish to see the enactment of these changes for the benefit of our elders and their families and all others who are seeking effective pain control and management.

We urge you to support Senate Bill 2157 and to recommend its passage, and we thank you for seriously considering the Bill.

**A JOINT LEGISLATIVE EFFORT**

E-Mail to: [Testimony@Capitol.hawaii.gov](mailto:Testimony@Capitol.hawaii.gov)  
Regarding: Senate JDL/HTH Committee  
Hearing on: February 8, 2008 @ 9:00 a.m. in room 016

**HAWAII FAMILY FORUM BOARD**

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**Date:** February 4, 2008

**To:** Senate Committee on Health  
The Honorable David Ige, Chair  
The Honorable Carol Fukunaga, Vice Chair

Senate Committee on Judiciary & Labor  
The Honorable Brian Taniguchi, Chair  
The Honorable Clayton Hee, Vice Chair

**From:** Kelly M. Rosati, JD  
Executive Director, Hawaii Family Forum  
Lobbyist, Roman Catholic Church in the State of Hawaii

**Re:** **Support for SB 2157 Relating to Health**

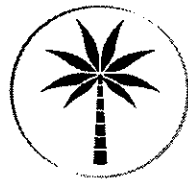
Honorable Chair and members of the Senate Judiciary and Labor Committee and the Senate Health Committee, I am Kelly Rosati, representing both the Hawaii Family Forum and the Roman Catholic Church in the State of Hawaii. Hawaii Family Forum is a non-profit, pro-family education organization committed to preserving and strengthening families in Hawaii. The Hawaii Catholic Conference is the public policy voice for the Roman Catholic Church in Hawaii, which under the leadership of Bishop Larry Silva, represents over 210,000 Catholics in Hawaii.

I am writing in support of SB 2157, which will improve care for people living with pain in Hawai'i. In 1999 HFF, along with the Hawaii Medical Association, founded Hawaii's Partnership for Appropriate and Compassionate Care, a coalition of medical, disability rights and faith-based groups committed to improved end of life care and to stopping legalized physician assisted suicide and death.

We strongly believe that improved end-of-life care, including improved pain management and palliative care, is essential to effective health care delivery for all Hawaii residents.

This legislation will remove barriers to the provision of quality pain management for those who need it and help to ensure best practice standards in the state. We value your support of palliative and hospice care issues and your serious consideration of this bill.

Please do not hesitate to contact me for more information. Mahalo for the opportunity to testify.



H A W A I I  
P H A R M A C I S T S  
A S S O C I A T I O N

Testimony of:  
Jerry Smead, RPh  
Chair, Government Affairs Committee  
Hawaii Pharmacists Association

Before:  
**Committee on Judiciary and Labor**  
The Honorable Brian T. Taniguchi, Chair  
The Honorable Clayton Hee, Vice-Chair

**Committee on Health**  
The Honorable David Ige, Chair  
The Honorable Carol Fukunaga, Vice-Chair

February 8, 2008  
Conference Room 016  
State Capitol

**RE: SB 2157 Relating to Health**

Thank you for this opportunity to provide testimony on SB 2157, that clarifies the prescribing of opiates for pain treatment. Extends the time limit in which scheduled II controlled substance prescriptions must be filled.

The Hawaii Pharmacists Association (HPhA) supports SB 2157 for the extension of the time limit in which scheduled II controlled substance prescriptions much be filled. HPhA has no opinion on the other portions of this bill that pertain to clarification of prescribing of opiates for pain treatment. This bill allows the Pharmacist a longer window of time to be able to fill these prescriptions when there are delays due to hours of operation, weekends and holidays when the current 72 hour time limit can expire and would require the patient to obtain a new prescription. This bill is good for patient care.

The Hawaii Pharmacists Association requests your support of this bill and encourage its passage through this committee and this Legislative Session.

Thank you for your consideration.



**KŌKUA MAU**  
"Continuous Care"

Hawai'i Hospice and Palliative Care Organization

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P.O. Box 62155 • Honolulu, HI 96839 • Tel: 808-585-9977 • Fax: 808-988-3877 • www.kokuamau.org

To: Chair Brian T. Taniguchi  
Vice-Chair Senator Clayton Hee  
Members of the Committee on Judiciary and Labor members

Chair David Y. Ige  
Vice-Chair Senator Carol Fukunaga  
Members of the Committee on Health

From: Rachael S. Wong, MPH  
Executive Director

Date & Time of Hearing: 9:00 AM, Friday, February 8, 2008  
State Capitol, Room 016

**Testimony in support of SB2157**  
**Controlled Substances Act; Pain Patient's Bill of Rights**

Kōkua Mau, our statewide hospice and palliative care organization, strongly supports SB2157, which will improve care for people living with pain in Hawai'i. The passage of this bill is important because it will improve quality of life for individuals and families in Hawai'i affected by pain.

It is vital to recognize the importance of quality pain management for those living with chronic, serious illness or at the end of life. The Wisconsin Pain & Policy Studies Group's 2007 *Achieving Balance in Federal and State Pain Policy* states: "[u]nrelieved pain is considered a serious public health problem" and "a gap continues to exist between the possibility and the reality of adequate pain management".

HB3242 addresses the provisions in current Hawai'i law that impede pain management, and it will elevate our state's pain policies to national best practice standards. Just as our community's capacity to provide quality pain management grows, policy improvements are necessary to ensure access to this care. The Kōkua Mau Advisory Board—which includes 11 physicians who practice pain management, palliative and geriatric medicine, all eight of the hospice directors in the state, and six nurses who specialize in oncology, pain management and palliative care—fully support this measure.

This legislation will remove barriers to the provision of quality pain management for those who need it and help to ensure best practice standards in the state. We value your support of palliative and hospice care issues and your serious consideration of this bill.

Please do not hesitate to contact me for more information.

Sincerely,

Executive Director



February 8, 2008

Senate Committee on Judiciary and Labor

The Honorable Brian T. Taniguchi, Chair

The Honorable Clayton Hee, Vice Chair

Senate Committee on Health

The Honorable David Y. Ige, Chair

The Honorable Carol Fukunaga, Vice Chair

10:00 AM, Friday, February 8, 2008

State Capitol, RM 016

**RE: SB2157- Relating to Health**

Dear Chair Taniguchi, Chair Ige and Members of the Committee:

My name is Joanne Itano and I am a volunteer with the American Cancer Society. Thank you for the opportunity to testify in support of SB2157, Relating to Health.

The American Cancer Society Hawaii Pacific Inc. advocates for policies that will reduce the incidence and burden of cancer in Hawaii and improve the quality of life for people living with this disease. Because pain is one of the most common symptoms associated with cancer, pain management is an essential part of patient quality of life.

In Hawaii, approximately 5,000 people are diagnosed with cancer each year. Pain affects an estimated:

- 30% of patients newly diagnosed with cancer
- 30%-50% of patients undergoing treatment
- 70%-90% of patients with advanced disease

Fortunately, nearly all cancer pain can be relieved. The Hawaii State legislature can help ensure that pain medications are available to patients who need them by passing SB2157. SB2157 will extend the length of time a prescription for Schedule II drugs is available from three to seven days, providing caregivers and patients who are already overwhelmed by the challenges of cancer treatment and care additional opportunities to fill a prescription that is necessary to alleviate pain and improve the patient's quality of life.

The Pain and Policy Study Group (PSPG) at the University of Wisconsin is an expert resource on balanced pain management policies that both ensure that pain medications are available to patients who need them while keeping those medications away from those who intend to misuse them. According to the PSPG, federal law and most state laws do not establish a period of validity for a controlled substances prescription. Hawaii's three-day limitation on prescriptions is cited as particularly restrictive for patient access to pain management medications. A summary of the most recent PSPG state report card on pain management policies is attached as a resource for the committees.

American Cancer Society Hawai'i Pacific, Inc.

2370 Nu'uamu Avenue, Honolulu, Hawai'i 96817-1714

•Phone: (808) 595-7500 •Fax: (808) 595-7502 •24-Hour Cancer Info: (800) 227-2345 •<http://www.cancer.org>

As you know, uncontrolled pain can devastate quality of life for patients, survivors, and their loved ones. It can affect all aspects of daily functioning- sleep, work, and relationships. Balancing pain management and necessary drug control efforts is possible. We ask that you pass this bill to improve pain management for cancer patients and other Hawaii residents living with chronic pain.

Thank you for your consideration.

Sincerely,

Joanne Itano, RN., Ph.D.

University of Hawaii  
Office of the Vice President for Academic Affairs  
638 Bachman Pl. SA1-5  
Honolulu, HI. 96822  
Phone: 956-3872





## Pain & Policy Studies Group Achieving Balance in State Pain Policy A Progress Report Card (Third Edition)

### "At A Glance"

Federal and state laws and regulations can be helpful or harmful to pain control.

PPSG has developed a peer-reviewed, validated approach for evaluating state policies that influence pain management and grading each state from A to F depending on the degree their policies enhance or impede pain management.

The complete Progress Report Card and accompanying Evaluation Guide can be found at PPSG's web site:  
[http://www.painpolicy.wisc.edu/Achieving\\_Balance/index.html](http://www.painpolicy.wisc.edu/Achieving_Balance/index.html)

### Policies must be balanced

PPSG's evaluation is based on a **Central Principal of Balance**. This means policies should both:

- Ensure prescription pain medications are available to patients who need them
- Keep those medications away from those who intend to misuse them.

Higher grades mean the state has more balanced policy that is consistent with modern medical standards. Lower grades indicate the presence of policies that restrict healthcare decision-making, contradict current medical knowledge, and do not communicate appropriate messages about pain management and using pain medications.

### Grades are based on 16 evaluation criteria

*Positive provisions:* Policy language with the potential to enhance pain management:

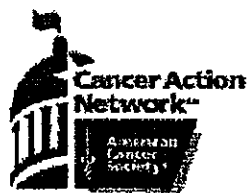
1. Controlled substances are recognized as necessary for the public health
2. Pain management is recognized as part of general medical practice
3. Medical use of opioids is recognized as legitimate professional practice
4. Pain management is encouraged
5. Practitioners' concerns about regulatory scrutiny are addressed
6. Prescription amount alone is recognized as insufficient to determine the legitimacy of prescribing
7. Physical dependence or analgesic tolerance are not confused with "addiction"
8. Other provisions that may enhance pain management

*Negative provisions:* Policy language with the potential to impede pain management:

9. Opioids are considered a treatment of last resort
10. Medical use of opioids is implied to be outside legitimate professional practice
11. Physical dependence or analgesic tolerance are confused with "addiction"
12. Medical decisions are restricted
13. Length of prescription validity is restricted
14. Practitioners are subject to additional prescription requirements
15. Other provisions that may impede pain management
16. Provisions that are ambiguous

The report card measures only positive and negative aspects of policies regarding pain management. The grade is not an indicator of whether cancer patients or survivors in any particular state receive adequate treatment to control their pain at the bedside.

Changing state policy alone is not enough; we must also work to ensure the policies are understood by communicating those changes to those who implement the policy and are affected by it — practitioners, the public, policymakers, regulators, investigators and enforcement officials.



# PPSG At A Glance Fact Sheet Third Edition

## State Grades: 2000, 2003, 2006, and 2007

| State         | 2002 | 2003 | 2006 | 2007 |
|---------------|------|------|------|------|
| Alabama       | B    | B    | B+   | B+   |
| Alaska        | C    | C+   | C+   | C+   |
| Arizona       | B    | B    | B    | B+   |
| Arkansas      | C+   | C+   | B    | B    |
| California    | C    | C    | C    | B    |
| Colorado      | C    | C    | C+   | B    |
| Connecticut   | C    | C    | C+   | B    |
| Delaware      | C+   | C+   | C+   | C+   |
| DC            | D+   | D+   | C+   | C+   |
| Florida       | B    | B    | B    | B    |
| Georgia       | D+   | D+   | D+   | D    |
| Hawaii        | C    | C    | B    | B    |
| Idaho         | C    | C+   | B    | B    |
| Illinois      | C    | C    | C    | C    |
| Indiana       | C    | C+   | C+   | C+   |
| Iowa          | C+   | B    | B    | B    |
| Kansas        | C+   | B+   | B+   | A    |
| Kentucky      | D+   | C+   | B    | B    |
| Louisiana     | C    | C    | C    | C    |
| Maine         | B    | B    | B    | B    |
| Maryland      | C+   | B    | B    | B    |
| Massachusetts | C    | B    | B    | B+   |
| Michigan      | B    | A    | A    | A    |
| Minnesota     | C+   | C+   | B    | B    |
| Mississippi   | C    | C    | C+   | C+   |

| State          | 2002 | 2003 | 2006 | 2007 |
|----------------|------|------|------|------|
| Missouri       | D+   | C+   | C+   | C+   |
| Montana        | C+   | C+   | C+   | C+   |
| Nebraska       | B+   | B+   | B+   | B+   |
| Nevada         | D+   | C    | C    | C    |
| New Hampshire  | C    | C+   | C+   | B    |
| New Jersey     | D+   | C    | C+   | C+   |
| New Mexico     | B    | B+   | B+   | B+   |
| New York       | D    | C    | C    | C    |
| North Carolina | B    | B    | B    | B    |
| North Dakota   | C    | C    | B    | B    |
| Ohio           | B    | B    | B    | B    |
| Oklahoma       | C+   | C+   | C+   | C+   |
| Oregon         | C+   | C+   | B+   | B+   |
| Pennsylvania   | C+   | C+   | C+   | C+   |
| Rhode Island   | D+   | D+   | B    | B    |
| South Carolina | C+   | C+   | C+   | C+   |
| South Dakota   | B    | B    | B    | B    |
| Tennessee      | D    | C    | C    | C    |
| Texas          | C    | C    | C    | C    |
| Utah           | C+   | C+   | B    | B    |
| Vermont        | C    | C+   | B+   | B+   |
| Virginia       | B    | B    | A    | A    |
| Washington     | B    | B    | B    | B    |
| West Virginia  | C+   | B    | B    | B    |
| Wisconsin      | C    | C+   | B    | A    |
| Wyoming        | C    | C    | C+   | C+   |



# Kaua'i Hospice

*a special kind of caring*

February 7, 2008

To: Chair Brian T. Taniguchi  
Vice-Chair Senator Clayton Hee  
Members of the Committee on Judiciary and Labor members

Chair David Y. Ige  
Vice-Chair Senator Carol Fukunaga  
Members of the Committee on Health

From: Lori J. Miller, Executive Director  
Kaua'i Hospice, Inc.  
(808) 245-7277  
lmiller@kauaihospice.org

Date & Time of Hearing: 9:00 AM, Friday, February 8, 2008  
State Capitol, Room 016

**Testimony in support of SB2157**  
**Controlled Substances Act; Pain Patient's Bill of Rights**

My name is Lori J. Miller, and I am writing in support of SB2157, which will improve care for people living with pain in Hawai'i. As the Executive Director of Kaua'i Hospice, the only hospice on the Garden Island, I am keenly aware of the importance of this bill as it relates to individuals facing end-of-life issues. I believe being comfortable and managing pain is of utmost importance to all of us who will someday find ourselves facing the end of our life.

I strongly support passage of this bill because it is the right thing to do to improve the quality of life for Hawaii residents. Additionally, this legislation does not cost anything to implement. This legislation will remove barriers to the provision of quality pain management for those who need it and help to ensure best practice standards in the state. I value your support of palliative and hospice care issues and your serious consideration of this bill.

Thank you for the opportunity to submit this testimony. Please do not hesitate to contact me for more information.

Most sincerely,

*Lori J. Miller*

Lori J. Miller  
Executive Director

To: Chair Brian T. Taniguchi  
Vice-Chair Senator Clayton Hee  
Members of the Committee on Judiciary and Labor members

Chair David Y. Ige  
Vice-Chair Senator Carol Fukunaga  
Members of the Committee on Health

From: Joan E. Foley BSN  
Spark Matsunaga Veterans Clinic  
(808) 433-7676

Date & Time of Hearing: 9:00 AM, Friday, February 8, 2008  
State Capitol, Room 016

**Testimony in support of SB2157**  
**Controlled Substances Act; Pain Patient's Bill of Rights**

My name is Joan Foley, and I am writing in support of SB2157, which will improve care for people living with pain in Hawai'i. As a nurse with an oncology background and now involved in hospice and palliative care, I recognize pain management as a major quality of life issue.

I strongly support passage of this bill because every person deserves all the pain management science has to offer. We must act to ensure availability, not restriction.

This legislation will remove barriers to the provision of quality pain management for those who need it and help to ensure best practice standards in the state. We value your support of palliative and hospice care issues and your serious consideration of this bill.

Please do not hesitate to contact me for more information.

Sincerely,  
Joan E. Foley BSN

To: Chair Brian T. Taniguchi  
Vice-Chair Senator Clayton Hee  
Members of the Committee on Judiciary and Labor members

Chair David Y. Ige  
Vice-Chair Senator Carol Fukunaga  
Members of the Committee on Health

From: Brenda S. Ho, RN MS  
Executive Director  
Hospice of Hilo  
(808) 969-1733

Date & Time of Hearing: 9:00 AM, Friday, February 8, 2008  
State Capitol, Room 016

**Testimony in support of SB2157**  
**Controlled Substances Act; Pain Patient's Bill of Rights**

My name is Brenda Ho, and I am writing in support of SB2157, which will improve care for people living with pain in Hawai'i. On behalf of the citizens of Hawaii, and our Hawai'i Island hospice program which provides care daily to those faced by the challenges of terminal illness from Laupahoehoe to South Point, I am writing to ask for your support of this critical piece of legislation.

Serving as the Executive Director of Hospice of Hilo since 1990 and as Governor Lingle's representative to the last White House Conference on Aging, I have seen firsthand the importance of providing access to quality health care in our state and nation. As Hawaii's population continues to grow, our ability to respond to the needs of the aging and the terminally ill is crucial.

SB2157 offers vital support for the collaborative work already achieved throughout Hawai'i by further developing our palliative - pain management - care capacity. This legislation will remove barriers to the provision of quality pain management for those who need it and help to ensure best practice standards in the state. We value your support of palliative and hospice care issues and your serious consideration of this bill.

Please do not hesitate to contact me for more information.

Aloha,



Brenda S. Ho, RN MS  
Executive Director  
Hospice of Hilo

To: Chair Brian T. Taniguchi  
Vice-Chair Senator Clayton Hee  
Members of the Committee on Judiciary and Labor members

Chair David Y. Ige  
Vice-Chair Senator Carol Fukunaga  
Members of the Committee on Health

From: Daniel Murai, M.D.  
Director, Pediatrics Residency Program  
Hawaii Residency Program/ JABSOM  
Kapiolani Medical Center for Women and Children  
808 983-8387

Date & Time of Hearing: 9:00 AM, Friday, February 8, 2008  
State Capitol, Room 016

**Testimony in support of SB2157**  
**Controlled Substances Act; Pain Patient's Bill of Rights**

My name is Daniel Murai, and I am writing in support of SB2157, which will improve care for people living with pain in Hawai'i. I am currently involved with teaching Pediatric residents at Kapiolani Hospital. I am also a Neonatologist. I have seen many infants grow with developmental and physical disabilities in my practice. I have also seen them with the discomfort and pain that accompanies their diseases and complications of chronic care in the hospital and while at home. We have learned to determine the degree of distress of non speaking children using standardized tools. It is now important to provide the treatments to relieve their distress.

This legislation will remove barriers to the provision of quality pain management for those who need it and help to ensure best practice standards in the state. We value your support of palliative and hospice care issues and your serious consideration of this bill.

Please do not hesitate to contact me for more information.

Sincerely yours,

Daniel T. Murai, M.D.  
Program Director, Pediatrics Residency  
JABSOM/HRP University of Hawaii

**Date & Time of Hearing: 9:00 AM, Friday, February 8, 2008**  
**State Capitol, Room 016**

**Testimony in support of SB2157**  
**Controlled Substances Act; Pain Patient's Bill of Rights**

Submitted by: Mark Robinson, M.D., Anesthesia  
Sarah Robinson,  
LVN oncology, pharmacy technician, hospice volunteer  
808-638-9112

We are writing in support of SB2157, which will improve care for people living with pain and their caregivers. As a pain management consultant and a hospice volunteer we have seen the adverse effects of inadequate pain control. We have also seen how crazy life can be when managing care for someone who is in a lot of pain; whether the pain is from an intractable disease or from an accident, families often need longer than 3 days in which to manage filling a prescription.

We strongly support passage of this bill because we have personally experienced the chaos of caring for a family member in acute pain due to a terminal illness. It's hard to describe the sense of despair you feel when you pull into a pharmacy parking lot and see a closed sign. This despair is followed by rushing to another location in order to beat the clock before the prescription expires. It is also heart-breaking to hand back an unfilled prescription to an over-wrought caregiver and try to explain to them you cannot fill the prescription because it was written 73 hours ago.

This legislation will remove barriers to the provision of quality pain management for those who need it and ease some tension for their caregivers. It also helps to ensure best practice standards in the state. We value your support of palliative and hospice care issues and your serious consideration of this bill.

Please do not hesitate to contact either of us for more information.

Sarah and Mark Robinson

To: Chair Brian T. Taniguchi  
Vice-Chair Senator Clayton Hee  
Members of the Committee on Judiciary and Labor members

Chair David Y. Ige  
Vice-Chair Senator Carol Fukunaga  
Members of the Committee on Health

From: Alyson Williams-Cheung, RN, MN  
204 Kuupua Street  
Kailua, HI 96734  
(808) 554-8193

Date & Time of Hearing: 9:00 AM, Friday, February 8, 2008  
State Capitol, Room 016

**Testimony in support of SB2157**

**Controlled Substances Act; Pain Patient's Bill of Rights**

My name is Alyson Williams-Cheung and I am writing in support of SB2157 which will improve care for people living with pain in Hawai'i. I have worked extensively with patients in pain over that last 35 years as a Registered Nurse and have been committed to improving End of Life care since 1990 through work with the American Association of Critical Nurses, Hawaii Nurses Association, as a professor at Hawaii Pacific University School of Nursing and currently as a member of Kokua Mau. Good pain management has improved dramatically since the 1990's when we were struggling to educate health care providers basic principles. Today, we are struggling to education the general public and our public institutions to provide a seamless system for assuring that those in pain can be kept comfortable whether in a health care setting or at home. HB 3242 provides one more avenue to assure the people of Hawaii their pain can be managed while improving their quality of life.

Recently I spent 1 month on the mainland at the bedside of my brother in law who died from esophageal cancer. In 3 weeks, I left his home only twice to go to the grocery store and to the pharmacy to get his pain medications. The demands of his care were 24/7 and leaving his bedside was not always an option. Had he lived in Hawaii, it would have required a trip every 3 days to obtain his Schedule II drugs. Though seemingly a minor inconvenience, such a bureaucratic detail, would have lended nothing to his safety nor to his comfort and pain management. Our patients in chronic pain or those at end



of life who live in Hawaii deserve the same conveniences and attentiveness the law provided to my brother in law in Washington state.

I strongly support HB 3242 and believe this legislation will remove barriers to the provision of quality pain management for those who need it and help to ensure best practice standards in our state of Hawaii. I value your support of palliative and hospice care issues and urge your serious consideration of this bill. Please do not hesitate to contact me for more details or information.  
Thank you.

**SB 3228**

**SENATE COMMITTEE ON JUDICIARY AND LABOR  
SENATE COMMITTEE ON HEALTH**

February 8, 2008  
9:00 A.M.  
Conference Room 016

**TESTIMONY ON S.B. 3228  
RELATING TO ADJUSTING THE ANNUAL PENSIONS OF RETIRED PATIENT  
EMPLOYEES AT HANSEN'S DISEASE FACILITIES**

**By**

**Patrick Boland**

Good morning Chair's Taniguchi and Ige. I am testifying in support of this bill.

I am Patrick Boland, a long time friend of Kalaupapa.

Last year these same pension increases were included in the budget bill. However, the Attorney General found that there was a defect in the language and the money was not released. This bill merely amends existing statute to enable the increases.

There are very few patients still at Kalaupapa, with only 27 people being on the list of patients eligible to live there. When they were originally sent to Kalaupapa, they were compelled to surrender their freedom for the benefit of the rest of society. Nevertheless they contributed to the community, working at patient jobs, and always earning less than minimum wage. It is a simple matter of justice to give them these small increases in their pensions.

Indeed, the Legislature already determined the merit of these raises when it made the appropriation last year.

I urge that you pass this bill and I thank the Senators who have been so consistent in their compassionate support of the Kalaupapa community.

Thank you for the opportunity to submit testimony.

Friday, February 8, 2008  
State Capitol – Room 016  
9:00 AM

**TESTIMONY:**      **SB 3228**

**Relating to Adjusting the Annual Pensions of Retired Patient  
Employees at Hansen's Disease Facilities**

To:                    Committee on Judiciary and Labor  
                          Senator Brian T. Taniguchi, Chair  
                          Senator Clayton Hee, Vice-Chair

Committee on Health  
                          Senator David Ige, Chair  
                          Senator Carol Fukunaga, Vice-Chair

From:                Wally Inglis

Chairs, Vice-Chairs, and Members:

I wish to express to you today my strong support for Senate Bill 3228, regarding pensions for retired patient employees of Hansen's Disease facilities.

If ever there was a group of people deserving whatever benefits the State of Hawaii can bestow, the residents and former residents of Kalaupapa should be at the top of any list. These individuals have not only suffered the effects of Hansen's Disease, but also the pain of enforced separation from family and friends. In spite of these obstacles, many of them—in their capacity as state employees—have served members of their immediate community as well as all of Hawaii's people.

Over the past twenty-five years, through contact with residents of both Hale Mohalu in Pearl and Kalaupapa, I have come to know and respect a number of these retired patient employees. Many have since passed away. Those who are still with us deserve to receive whatever compensation is justly due them.

The adjustments and increases are, at best, minimal. Looked at from a purely monetary standpoint, they will not improve the financial situations of the retirees in a major way. But they will make a difference, however small. Most importantly, passage of this bill will make a statement—a statement of appreciation for the many contributions to the State of Hawaii by an important and dedicated group of people.

Thank you for this opportunity to offer my testimony.

**Valerie Monson**  
**175 Kealahoa Avenue**  
**Makawao, Hawaii 96768**  
**valeriemonson@yahoo.com**

Feb. 8, 2008

Chairman Brian Taniguchi  
Vice Chairman Clayton Hee  
Senate Judiciary and Labor Committee

Hearing: 9 am, February 8, 2008, Conference Room 16

**Re: Support of SB3228, relating to raising the pensions of Hansen's disease patients at Kalaupapa**

Dear Chairman Taniguchi, Vice Chairman Hee and members of the Judiciary and Labor Committee:

I am writing in support of SB 3228, which would raise the pensions of the Kalaupapa patients who worked so hard at their jobs for so many years, yet were severely underpaid.

In their younger years, the patients made up a bulk of the workforce at Kalaupapa: they were hospital orderlies, attendants who helped with dressings and preparation of bandages, police officers, carpenters, food service helpers, truck drivers, laborers, office workers, trail workers and more. These were not easy jobs – they required employees who were responsible and capable with the ability to handle difficult tasks. The Sisters of St. Francis, who provided the nurses at Kalaupapa for many years, have told me how they could not have gotten along at the hospital without the assistance of the skilled patients who were orderlies and attendants.

And, yet, most of the patients were paid extremely low wages – some people who began working in the 1940s have said they were paid as little as \$1 a day. In the mid-1980s, a group of patients was represented by the American Civil Liberties Union to get them some back pay because they had been so poorly paid. From what I understand, they have never received any cost-of-living adjustments to their pensions.

The reason the people of Kalaupapa received such unfair wages was most likely because they were subjected to numerous injustices because they were diagnosed with leprosy. They were often referred to as "inmates" even though they were not guilty of any crimes.

We all know that the people of Kalaupapa were forced to leave their families to be isolated on the peninsula of Kalaupapa because of society's fear of leprosy. They have paid the ultimate price by willingly leaving their families to supposedly protect the general public – and later giving up their children to be raised by others.

While it is true that the patients get free housing, food, utilities and other benefits from the Department of Health, these same amenities are made available at no charge to today's Health Department workers who are also paid much higher wages and who will receive a much higher pension. This is not a criticism of today's workers – many of them are a beloved part of the community – but the patients are simply asking for equal treatment.

Please pass SB3228 and give the people of Kalaupapa what is fairly due them.

With aloha,



Valerie Monson

**SB 2178**

TESTIMONY BY DAVID SHIMABUKURO  
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR  
AND  
TO THE SENATE COMMITTEE ON INTERGOVERNMENTAL AND MILITARY AFFAIRS  
ON  
SENATE BILL NO. 2178

FEBRUARY 8, 2008

RELATING TO THE RE-EMPLOYMENT OF RETIREES BY  
THE STATE OR COUNTIES

Chairs Taniguchi and Inouye and Members of the Committees:

S.B. 2178 allows the state and county governments to hire retired state or county public employees in any civil service or exempt position and continue to receive their pensions and retiree health benefits if the retirant is retired for at least six months from the date of retirement.

Retired state or county government employees will not earn retirement service credit, contribute to the system, or gain additional system benefits as a result of their re-employment.

This measure also requires the employers to make contributions on the rehired retirant's salary to the pension accumulation fund and provide the legislature with an annual report on these types of positions.

We have the following comments and concerns on this measure:

- The ERS actuary recommends that any retirant who returns to employment in a position requiring ERS membership to be separated at least one calendar year before reemployment.

The actuary feels that this Bill provides members with an enhanced retirement benefit that will increase the State and county governments' contributions to the ERS and increase the ERS' \$5.1 billion unfunded liability. This is contrary to the provisions of Act 256, Session Laws of Hawaii 2007, which placed a moratorium on benefit enhancements until January 2, 2011.



- An amendment is needed to prohibit reemployment agreements between the employers and employees prior to retirement to comply with the Internal Revenue Code.
- The definition of "Jurisdiction" does not include reference to the "state" entities in general.
- Reference to "medical" benefits on page 4, line 18 should be "health" benefits.
- An amendment should be added to require a June 30, 2013 sunset date.

We will be happy to work with your Committees on technical changes to carry out the purpose of this Bill.

The ERS Board of Trustees has not yet taken a position on this Bill.

Thank you for the opportunity to testify on this Bill.

LINDA LINGLE  
GOVERNOR



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 7, 2008

TESTIMONY TO THE  
SENATE COMMITTEE ON JUDICIARY AND LABOR  
SENATE COMMITTEE ON INTERGOVERNMENTAL AND MILITARY AFFAIRS  
For Hearing on Friday, February 8, 2008  
9:00 a.m., Conference Room 016

BY

MARIE C. LADERTA, DIRECTOR

**Senate Bill No. 2178**  
**Relating to the Re-Employment of Retirees**

TO CHAIRPERSONS TANIGUCHI AND INOUE AND MEMBERS OF THE  
COMMITTEES:

The purpose of Senate Bill 2178 is to allow the state and county governments to re-employ retired state or county government employees on a full-time basis without negative retirement consequences, such as the forfeiture of retirement benefits already earned and being collected by retirants. Senate Bill 2178 differs from other proposed measures related to the rehiring of retirants on the following two key points: (1) the re-employment of a retirant is not limited to an exempt or a civil service position in a critical to fill or in labor shortage occupation; and (2) the wait period before a retirant can be re-employed is 6 months.

The Department of Human Resources Development appreciates the intent of this measure as it authorizes public employers to consider state or county retirants for re-employment without negatively impacting the retirants' retirement pay benefits and retirement medical health benefits. The Executive Branch will strongly support a

separate authority for state government that enables the hiring of retirants into full-time employment without negatively impacting their earned retirement pension and medical retirement benefits based on the following provisions being met:

1. Rehiring of state or county retirants will be limited to labor shortage and difficult-to-fill exempt or civil service positions as determined by the Director of Human Resources of the appropriate state jurisdiction. For clarity and proper administration, a definition of state jurisdiction should be included as follows,

**“For the purposes of this section:**

**“State jurisdiction” means the department of education; the judiciary; the Hawaii health systems corporation; the office of Hawaiian affairs; the state executive branch; and the legislative branches of the state governments.”**

2. A mandatory one calendar year wait period from the retirant’s date of retirement to qualify for full-time employment. A new definition of “one calendar year” will result in uniform interpretation and application among the separate state jurisdictions.  
**“One calendar year means twelve consecutive months from the date of employee’s retirement to the date of employee’s re-employment under this Act”.**
3. The retirant will continue to receive the normal retirement benefits and medical retirement benefits without penalty if employed full-time under this proposed measure.
4. A retirant hired for full-time employment shall not earn additional retirement service credit, shall not make additional employee contributions to the Employee Retirement System, and shall not earn additional system benefits.
5. Each participating state jurisdiction shall make employer contributions to the pension accumulation fund in accordance with Section 88-122(e), HRS.
6. The hiring of retirants shall be based on civil service employment laws, if applicable, and relevant state and federal employment laws of the respective state jurisdiction.
7. If the position is designated to a collective bargaining unit, the reemployed retirant shall join the appropriate collective bargaining unit. We recommend that specific language to ensure the continuity of the current bargaining unit inclusion or

exclusion process in classifying new positions authorized by the Legislature as follows:

"88-\_\_ Re-employment of state and county retirants. Subsection (b) Sections 88-21 . . . a retired state or county employee, who is hired by the State or county under this section: . . .


**(3) Shall join the appropriate bargaining unit if hired in a position covered by collective bargaining.**"

8. An annual Legislative reporting requirement for each state jurisdiction that employs retirants full-time under this Act.
9. A five-year sunset provision which begins on July 1, 2008 and ends on June 30, 2013 will provide each state jurisdiction with additional time needed to develop and facilitate the filling of anticipated shortage and difficult to fill positions.

**"This Act shall take effect on July 1, 2008 and shall be repealed on June 30, 2013."**

Thank you for the opportunity to testify on this very important measure as a separate legislative authority that addresses the above provisions will provide state government with a workforce staffing tool that balances the needs of state services and the state taxpayers' concerns.

Respectfully Submitted,

  
for MARIE C. LADERTA



**Testimony to the  
Senate Committee on Judiciary and Labor**  
Senator Brian T. Taniguchi, Chair  
Senator Clayton Hee, Vice Chair  
and  
**Senate Committee Intergovernmental and Military Affairs**  
Senator Lorraine R. Inouye, Chair  
Senator Shan S. Tsutsui, Vice Chair

Friday, February 8, 2008, 9:00 a.m.  
State Capitol, Conference Room 016

By  
Sharen Tokura  
Human Resources Director

**WRITTEN TESTIMONY ONLY**

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**Bill No. and Title:** Senate Bill No. 2178, Relating to the Re-employment of Retirees by the State or Counties.

**Purpose:** This bill allows the state and county governments to rehire retired employees as permanent workers in critical-to-fill or labor shortage positions without affecting the rehired retirees' retirement benefits.

**Judiciary's Position:**

The Judiciary supports Senate Bill No. 2178, which proposes to permit retirees to be rehired by the State and county governments without suspension of their retirement benefits.

The Judiciary's goal is to provide superior service for everyone accessing or requiring services in our court system. To do so, we must insure 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,



Senate Bill No. 2178, Relating to the Re-employment of Retirees by the State or  
Counties

Senate Committees on Judiciary and Labor and Intergovernmental and  
Military Affairs

Friday, February 8, 2008

Page 2

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 that 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 is in support of 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 Judiciary recognizes two key areas in which the employment of retirees is beneficial to our organization.

The first is the management and transfer of key knowledge and skills. In this role, the retiree is hired for their ability to mentor and transfer key institutional knowledge and information as a way of transitioning their replacements and insuring the continuity of critical services. These retirants are hired for the specific knowledge and skill set they possess that makes them uniquely able to impart critical knowledge to others. This past year, the Judiciary has embarked on an experimental modernization project which specifically addresses this need. So as not to adversely affect retirement benefits, retirants are hired as less than half-time temporary appointees. This bill will further the cause of knowledge transfer.

The second area in which the employment of retirants is attractive is in the ability to rehire these individuals in jobs for which there is a labor shortage or difficulty in recruiting. 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.



Senate Bill No. 2178, Relating to the Re-employment of Retires by the State or  
Counties

Senate Committees on Judiciary and Labor and Intergovernmental and  
Military Affairs

Friday, February 8, 2008

Page 3

While we realize these may be “baby steps”, 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, the Judiciary’s workforce is comprised of approximately 52% of employees, which is up from 49% last year, 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.

The language included in this bill which requires a mandatory wait period of six months prior to reemployment and requires compliance with civil service procedures when civil service positions are filled strikes a fair balance between providing a means to rehire qualified retirees vs. concerns with providing another costly benefit as an “entitlement” program for retirees.

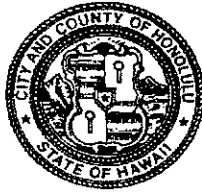
The Judiciary is in support of this measure.

Thank you for the opportunity to testify on Senate Bill 2178.

DEPARTMENT OF HUMAN RESOURCES  
**CITY AND COUNTY OF HONOLULU**

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

MUFI HANNEMANN  
MAYOR



KENNETH Y. NAKAMATSU  
DIRECTOR

February 8, 2008

The Honorable Brian T. Taniguchi, Chair  
and Members  
Committee on Judiciary and Labor  
The Honorable Lorraine R. Inouye, Chair  
and Members  
Committee on Intergovernmental and Military Affairs  
The Senate  
State Capitol  
Honolulu, Hawaii

Dear Chair Taniguchi, Chair Inouye and Members of the Committees:


I am Ken Y. Nakamatsu, Director of Human Resources of the City and County of Honolulu. Senate Bill 2178 proposes to allow the rehire of retirees by county governments. Although we strongly support the intent of this measure, we recommend that Senate Bill 2710, which is also being heard today and which has the support of the Council of Mayors, be used as the measure to address this issue.

As our testimony on S.B. 2710 will indicate, the rehire of retirees is a priority issue for the Mayors and we are actively working with the Employees Retirement System and other interested parties to find common ground.

In light of the forgoing we recommend that you forward Senate Bill 2710.

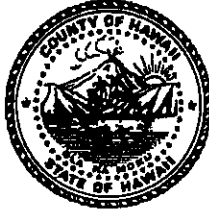
Thank you for the opportunity to testify on S.B. 2178.

Sincerely,

  
KEN Y. NAKAMATSU  
Director of Human Resources



Harry Kim  
Mayor



Dixie Kaetsu  
Managing Director

Barbara J. Kossow  
Deputy Managing Director

## County of Hawai'i

891 Ululani Street • Hilo, Hawai'i 96720-3982 • (808) 961-8211 • Fax (808) 961-6553  
KONA: 75-5706 Kuakini Highway, Suite 103 • Kailua-Kona, Hawai'i 96740  
(808) 329-5226 • Fax (808) 326-5663

February 6, 2008

The Honorable Brian Taniguchi  
Chair, Committee on Judiciary and Labor  
415 South Beretania Street  
Honolulu, HI 96813

The Honorable Lorraine Inouye  
Chair, Committee on Intergovernmental  
and Military Affairs  
415 South Beretania Street  
Honolulu, HI 96813

Dear Chair Taniguchi, Chair Inouye, and Committee Members:

Re: SB 2178 and SB 2710

Thank you for your willingness to hear SB 2178 which was introduced as part of the County of Hawai'i package, and SB 2710 which was introduced as part of the package of the Hawai'i Council of Mayors. Because SB 2710 has the full support of the four counties, I would ask you to hold SB 2178 and give full consideration to SB 2710.

Section 1 of SB 2710 does an excellent job of explaining the difficulties that county governments are facing in filling its labor force, and explains why SB 2710 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.

SB 2710 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 the unions and the ERS, and we will continue to meet with them to identify and address their concerns. Please keep HB 2710 alive as we try to resolve all outstanding issues.

I hope you can give SB 2710 your favorable consideration.

Aloha,

  
Harry Kim  
MAYOR

**SB 2710**

TESTIMONY BY DAVID SHIMABUKURO  
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR  
AND  
TO THE SENATE COMMITTEE ON INTERGOVERNMENTAL AND MILITARY AFFAIRS  
ON  
SENATE BILL NO. 2710

FEBRUARY 8, 2008

RELATING TO THE RE-EMPLOYMENT OF RETIREES

Chairs Taniguchi and Inouye and Members of the Committees:

S.B. 2710 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.

Retired state or county government employees would be able to continue to receive their pension and retiree health benefits but will not earn retirement service credit as a result of their re-employment.

We have the following comments and concerns on this measure:

- The ERS tax attorney informed us that the immediate rehiring of retirants could jeopardize the ERS' tax-exempt status. This could result in members being taxed on their accrued retirement benefits at the time of vesting rather than upon distribution. Members would continue to be taxed on the increased value of their annual accrued retirement benefits and annual interest earnings. ERS members will also lose the favorable federal pre-tax treatment on retirement contributions that are deducted from their paychecks. Rollovers and trustee to trustee transfers to the ERS may be taxed upon its transfer rather than being tax deferred until the member retires.
- The ERS actuary recommends that any retirant who returns to employment in a position requiring ERS membership to be separated at least one calendar year before reemployment.

The actuary feels that this Bill provides members with an enhanced retirement benefit that will increase the State and county governments' contributions to the ERS and

increase the ERS' \$5.1 billion unfunded liability. This is contrary to the provisions of Act 256, Session Laws of Hawaii 2007, which placed a moratorium on benefit enhancements until January 2, 2011.

- The ERS actuary also recommends that the employer make retirement contributions on the retirant's salary to the ERS (15% for general employees and 19.7% for police officers and firefighters). This is the amount that would have been remitted to reduce the ERS' unfunded liability if the position had been filled by a new employee instead of a retirant.
- An amendment is needed to prohibit reemployment agreements between the employers and employees prior to retirement to comply with the Internal Revenue Code.
- Reference to "retiree" should be changed to "retirant" pursuant to Section 88-21, HRS, which defines "retirant" as a member who has retired and becomes a beneficiary of ERS.
- Reference to "medical" benefits on page 4, line 16 should be "health" benefits.
- An amendment should be added to require a June 30, 2013 sunset date.

We will be happy to work with your Committees on technical changes to carry out the purpose of this Bill.

The ERS Board of Trustees has not yet taken a position on this Bill.

Thank you for the opportunity to testify on this Bill.

LINDA LINGLE  
GOVERNOR



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 7, 2008

TESTIMONY TO THE  
SENATE COMMITTEE ON JUDICIARY AND LABOR  
SENATE COMMITTEE ON INTERGOVERNMENTAL AND MILITARY AFFAIRS  
For Hearing Friday, February 8, 2008  
9:00 a.m., Conference Room 016

BY

MARIE C. LADERTA, DIRECTOR

**Senate Bill No. 2710**  
**Relating to the Re-Employment of Retirees**

TO CHAIRPERSONS TANIGUCHI AND INOUE AND MEMBERS OF THE  
COMMITTEES:

The purpose of Senate Bill 2710 is to allow the counties to hire retired state or county government employees without restriction as to the length of employment or number of hours worked per week.

The Department of Human Resources Development appreciates the intent of this measure as it authorizes public employers to consider state or county retirants for re-employment without negatively impacting the retirants' retirement pay benefits and retirement medical health benefits. The Executive Branch will strongly support a separate authority for state government that enables the hiring of retirants into full-time employment without negatively impacting their earned retirement pension and medical retirement benefits based on the following provisions being met:

1. Rehiring of state or county retirants will be limited to labor shortage and difficult-to-fill positions as determined by the Director of Human Resources of the appropriate state jurisdiction.
2. A mandatory one calendar year wait period from the retirant's date of retirement to qualify for full-time employment. A new definition of "one calendar year" will result in uniform interpretation and application among the separate state jurisdictions.  
**"One calendar year means twelve consecutive months from the date of employee's retirement to the date of employee's re-employment under this Act".**
3. The retirant will continue to receive the normal retirement benefits and medical retirement benefits without penalty if employed full-time under this proposed measure.
4. A retirant hired for full-time employment shall not earn additional retirement service credit, shall not make additional employee contributions to the Employee Retirement System, and shall not earn additional system benefits.
5. Each participating state jurisdiction shall make employer contributions to the pension accumulation fund in accordance with Section 88-122(e), HRS.
6. The hiring of retirants shall be based on civil service employment laws, if applicable, and relevant state and federal employment laws of the respective state jurisdiction.
7. If the position is designated to a collective bargaining unit, the reemployed retirant shall join the appropriate collective bargaining unit. We recommend that specific language to ensure the continuity of the current bargaining unit inclusion or exclusion process in classifying new positions authorized by the Legislature as follows:  

"88-\_\_ Re-employment of state and county retirants. Subsection (b) Sections 88-21 . . . a retired state or county employee, who is hired by the State or county under this section: . . .

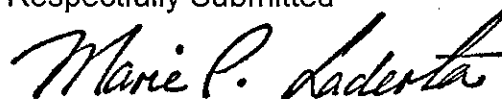
**(3) Shall join the appropriate bargaining unit if hired in a position covered by collective bargaining."**

8. An annual Legislative reporting requirement for each state jurisdiction that employs retirants full-time under this Act.
9. A five-year sunset provision which begins on July 1, 2008 and ends on June 30, 2013 will provide each state jurisdiction with additional time needed to develop and facilitate the filling of anticipated shortage and difficult to fill positions.

**“This Act shall take effect on July 1, 2008 and shall be repealed on June 30, 2013.”**

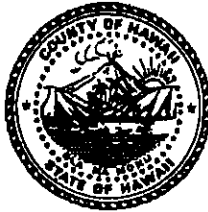
Thank you for the opportunity to testify on this very important measure as a separate legislative authority that addresses the above provisions will provide state government with a workforce staffing tool that balances the needs of state services and the state taxpayers' concerns.

Respectfully Submitted

A handwritten signature in black ink that reads "Marie C. Laderta". The signature is written in a cursive style with a large, sweeping initial "M".

MARIE C. LADERTA

Harry Kim  
Mayor



Dixie Kaetsu  
Managing Director

Barbara J. Kossow  
Deputy Managing Director

## County of Hawai'i

891 Ululani Street • Hilo, Hawai'i 96720-3982 • (808) 961-8211 • Fax (808) 961-6553  
KONA: 75-5706 Kuakini Highway, Suite 103 • Kailua-Kona, Hawai'i 96740  
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February 6, 2008

The Honorable Brian Taniguchi  
Chair, Committee on Judiciary and Labor  
415 South Beretania Street  
Honolulu, HI 96813

The Honorable Lorraine Inouye  
Chair, Committee on Intergovernmental  
and Military Affairs  
415 South Beretania Street  
Honolulu, HI 96813

Dear Chair Taniguchi, Chair Inouye, and Committee Members:

Re: SB 2178 and SB 2710

Thank you for your willingness to hear SB 2178 which was introduced as part of the County of Hawai'i package, and SB 2710 which was introduced as part of the package of the Hawai'i Council of Mayors. Because SB 2710 has the full support of the four counties, I would ask you to hold SB 2178 and give full consideration to SB 2710.

Section 1 of SB 2710 does an excellent job of explaining the difficulties that county governments are facing in filling its labor force, and explains why SB 2710 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.

SB 2710 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 the unions and the ERS, and we will continue to meet with them to identify and address their concerns. Please keep HB 2710 alive as we try to resolve all outstanding issues.

I hope you can give SB 2710 your favorable consideration.

Aloha,

Handwritten signature of Harry Kim in black ink.  
Harry Kim  
MAYOR



TESTIMONY OF THE  
COUNTY OF KAUAI  
OFFICE OF THE MAYOR

TO THE SENATE COMMITTEES  
ON JUDICIARY AND LABOR AND  
INTERGOVERNMENTAL AND MILITARY AFFAIRS

TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OF 2008

February 8, 2008  
9:00 a.m.

TESTIMONY ON SENATE BILL NO. 2710, RELATING TO THE RE-EMPLOYMENT OF  
RETIREES.

TO THE HONORABLE BRIAN T. TANIGUCHI AND THE HONORABLE LORRAINE R.  
INOUE, CHAIRS, AND MEMBERS OF THE COMMITTEES:

My name is Bryan J. Baptiste, Mayor, testifying on behalf of the County of Kauai  
(County).

The County strongly supports Senate Bill No. 2710.

The bill allows a county to hire retired state or county government employees  
without penalty to the employee.

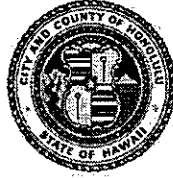
Our county would appreciate the relief offered by this bill. In the next five years,  
approximately 32 per cent of our employees will be eligible for retirement. Many of these  
employees occupy key, one-of-a kind positions which require in-depth knowledge of the  
County and its operations, such as fiscal officers and division heads. In addition, other  
retirement-eligible employees, including engineers and police officers, are in hard to recruit  
job categories. As a small neighbor island county, the applicant pool available to us is very  
small and limited. The bill would allow the County to retain selected employees until we  
can hire qualified replacements in a challenging recruiting environment.

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

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 6, 2008

The Honorable Brian T. Taniguchi, Chair  
Committee on Judiciary and Labor  
The State Senate  
State Capitol, Room 219  
Honolulu, Hawaii 96813

The Honorable Lorraine R. Inouye, Chair  
Committee on Intergovernmental and Military Affairs  
The State Senate  
State Capitol, Room 201  
Honolulu, Hawaii 96813

Dear Chairs Taniguchi and Inouye:

Subject: S.B. 2710 Relating to the Reemployment of Retirees

I am Kenneth G. Silva, Fire Chief of the Honolulu Fire Department (HFD). The HFD supports S.B. 2710, 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 committees' passage of S.B. 2710.

Should you have any questions, please call HFD Legislative Liaison Lloyd Rogers at 723-7173.

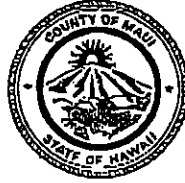
Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth G. Silva".

KENNETH G. SILVA  
Fire Chief

KGS/LR:cn

**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) 270-7959

Website: [www.mauicounty.gov/departments/Personnel](http://www.mauicounty.gov/departments/Personnel) • Email: [personnel.servicos@mauicounty.gov](mailto:personnel.servicos@mauicounty.gov)

February 5, 2008

The Honorable Brian T. Taniguchi, Chair  
Committee on Judiciary and Labor  
and  
The Honorable Lorraine R. Inouye, Chair  
Committee on Intergovernmental and Military Affairs  
The State Senate  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

Dear Senators Taniguchi, Inouye and Committee Members:

**Subject: S.B. 2710, RELATING TO THE RE-EMPLOYMENT OF RETIREES**

I am Lynn G. Krieg, Director of Personnel Services, County of Maui. Thank you for allowing me to present testimony on S.B. 2710.

For the past several years, Maui County has been experiencing one of the lowest unemployment rate in the nation and having to compete with the private sector for qualified employees. We currently have over forty (40) job classes on continuous recruitment and this does not take into account recruitments for seasonal and intermittent employment. At the same time, we are facing the reality that within the next four to five years approximately 20% to 25% of our current workforce will be eligible to retire. We also know that many of them, once secure in their retirement, seek to return to some form of productivity and yearn to return to the workforce. For the public employer, it is frustrating to see this resource available, but unattainable on a full-time basis without the individuals risking their retirement benefits, when in reality the vacancies are increasing and the number of qualified applicants is dwindling.

With this reality in mind, the mayors of all the county jurisdictions have joined together in support of S.B. 2710 in an effort to put a mechanism in place that would allow any interested and invigorated retiree the opportunity to return to service without jeopardizing his or her retirement benefits. This would also make available a pool of

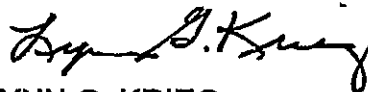
Honorable Brian T. Taniguchi and  
Honorable Lorraine R. Inouye  
Page 2  
February 5, 2008

applicants who would require little or no training upon returning to public sector employment, and one would also assume that the employer would save in terms of health coverage, since the retiree would continue his or her retiree health benefits.

Based on the foregoing, Maui County asks for your committees' serious and favorable consideration of S.B. 2710.

Thank you for the opportunity to testify.

Sincerely,



LYNN G. KRIEG  
Director of Personnel Services

CHARMAINE TAVARES  
MAYOR



NEAL A. BAL  
Interim Chief

**COUNTY OF MAUI**  
**DEPARTMENT OF FIRE AND PUBLIC SAFETY**

200 DAIRY ROAD  
KAMULUI, MAUI, HAWAII 96732  
(808) 270-7561  
FAX (808) 270-7919  
February 7, 2008

The Honorable Brian T. Taniguchi, Chair  
Committee on Judiciary and Labor  
The State Senate  
State Capitol, Room 219  
Honolulu, Hawaii 96813

The Honorable Lorraine R. Inouye, Chair  
Committee on Intergovernmental and Military Affairs  
The State Senate  
State Capitol, Room 201  
Honolulu, Hawaii 96813

Dear Chairs Taniguchi and Inouye:

**Subject: S.B. 2710 Relating to the Reemployment of Retirees**

I am Neal A. Bal, Interim Fire Chief of the County of Maui, Department of Fire and Public Safety. Our Department supports S.B. 2710, 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 allow the county government's 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 Maui County, Department of Fire and Public Safety believes this proposal to be a win-win situation for employers and employees.

On behalf of our Department, I strongly urge your committees' support and passage of S.B. 2710.

Should you have any questions, please call me at (808) 270-7561. Thank you for your support to this request.

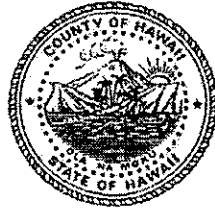
Sincerely,

Handwritten signature of Neal A. Bal in black ink.

NEAL A. BAL  
Interim Fire Chief

NAB:rgkm

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  
TTY (808) 961-8619 \* e-mail: [cohrcs@co.hawaii.hi.us](mailto:cohrcs@co.hawaii.hi.us) \* Jobs Information: Job Hotline (808) 961-8618 e-mail: [jobs@co.hawaii.hi](mailto:jobs@co.hawaii.hi)

February 8, 2008

The Honorable Brian T. Taniguchi, Chair  
And Members of the Committee on Judiciary and Labor

The Honorable Lorraine R. Inouye, Chair  
And Members of the Committee on Intergovernmental and Military Affairs

The Senate  
State Capitol  
Honolulu, HI 96813

Dear Chairpersons Taniguchi and Inouye, and Members of their respective  
Committees:

### **Re: SB 2710 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 SB 2710.

This bill represents the efforts of the Conference of Mayors to address their concerns about our continuing efforts to attract qualified and competent employees to public service. While we continue to think of ways to actively recruit and attract qualified and competent employees, SB 2710 provides us with one more useful tool with which to do so.

For several years now, Hawai'i County has experienced low unemployment with both the private and public sectors competing for workers from a diminished labor pool. Private and public sectors on the Big Island both have many unfilled vacancies, with some private businesses actually having to close because of a lack of workers. Currently, we have 26 classes of work for which we recruit on a continuing basis; that is, we have no established closing date for these recruitments. This has been necessitated because of a lack of sufficient applicants from which to make appointments to our vacancies. Of these 26 classes, 7 classes have been on continuous recruitment for over 2 years.

*Hawai'i County is an Equal Opportunity Provider and Employer.*

The Honorable Brian T. Taniguchi, Chair  
And Members of the Committee on Judiciary and Labor

The Honorable Lorraine R. Inouye, Chair  
And Members of the Committee on Intergovernmental and Military Affairs

February 8, 2008  
Page 2 of 2

The private sector has the "carrot" of attracting retirees from public service without affecting these retirees' benefits from the ERS and the EUTF. Retirees who do seek private sector employment have had years of quality training and work experiences in the public sector. Rather than having them turn to the private sector, why not enable us to benefit from their knowledge, skills, and abilities gained while employed in the public sector and where we have first hand knowledge about their knowledge, skills, and abilities, and their work ethic that they would bring back to the public sector?

We realize that there will be concerns expressed by public sector unions, the Employees' Retirement System, and perhaps the Employer-Union Trust Fund. The Conference of Mayors, together with their staff such as myself, will work with all interested parties to arrive at a bill which all parties can support. In fact, SB 2710 is an initial attempt to address some of the concerns initially expressed to us by the public sector unions.

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

As a point of information, while there may be other similar bills on this subject matter, Hawai'i County intends to focus on SB 2710 and its companion bill HB 2710 so as to not cause any confusion or misinterpretation as to where we stand in our support of the concept of re-employing public sector retirees.

Thank you.

Sincerely,



Michael R. Ben, SPHR  
Director of Human Resources

**SB 2039**



WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR  
ON  
SENATE BILL NO. 2039

February 8, 2008

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Senate Bill No. 2039 provides a one-time, lump sum bonus equal to \$1 per month per year of service earned by each State and county retiree who is 75 years of age or older with at least 20 years of retirement as of June 30, 2008. The bill appropriates an unspecified amount in general funds in FY 09 to be deposited into the Employees' Retirement Systems' operating budget to provide for the one-time, lump sum pension bonus.

We are opposed to this bill.

In 2002, Act 233, SLH 2002, provided a one-time lump sum bonus of \$200 per eligible employee. At that time, costs were estimated at \$1,912,400. Based on the provisions of this bill, costs are estimated at \$2.224 million.

To enable the Employees' Retirement System to eventually eliminate its large unfunded liability, Act 256, SLH 2007, included a prohibition of benefit enhancements for any group of members for the period January 2, 2008 until January 2, 2011. While a lump sum bonus may not be considered an enhancement of benefits, now is not the time to be considering this type of program.



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**

AFSCME LOCAL 152, AFL-CIO

888 MILILANI STREET, SUITE 601 • HONOLULU, HAWAII 96813-2991



Randy Perreira *Executive Director*  
Tel: 808 543-0011 Fax: 808 528-0922

Nora A. Nomura *Deputy Executive Director*  
Tel: 808 543-0003 Fax: 808 528-0922

Derek M. Mizuno *Deputy Executive Director*  
Tel: 808 543-0055 Fax: 808 523-6879

THE SENATE  
THE TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OF 2008

COMMITTEE ON JUDICIARY AND LABOR

Senator Brian T. Taniguchi, Chair  
Senator Clayton Hee, Vice Chair

Testimony by  
Hawaii Government Employees Association  
February 8, 2008

S.B. 2039 – RELATING TO THE EMPLOYEES’ RETIREMENT SYSTEM

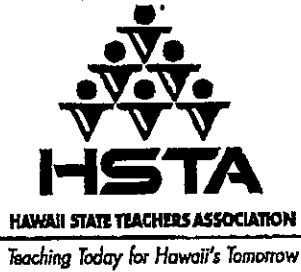
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports passage of S.B. 2039. This bill authorizes a one-time, lump sum payment to state or county retirees who are at least 75 years of age and who have been in retirement for at least 20 years as of June 30, 2008.

This bill is a well-needed measure which will help the retirees most in need to meet today’s rising costs of living. All retirees face the financial challenges of living on a fixed income. The individuals who will be affected and benefit from this bill, those 75 years of age and older, are particularly hard hit with the continually rising cost of living. Because their retirement is based on what they made when they were working, as a group, they are probably receiving the much smaller retirement benefits than the retirees who retired more recently. However, they are faced with the same kind of costs that everyone faces today. For example, over the course of just a few years, the price of gas has gone from less than \$2.00 a gallon to well over \$3.00 a gallon today. This represents almost a doubling of price within a little over three years. This is only one necessity of many that have increased in price and will continue to increase because of the volatility of today’s economy. This bill provides those retirees with needed relief from those costs.

Thank you for the opportunity to submit our testimony in support of this bill.

Respectfully submitted,

Nora A. Nomura  
Deputy Executive Director



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

**Roger K. Takabayashi**  
President

**Wil Okabe**  
Vice President

**Karolyn R. Mossman**  
Secretary-Treasurer

**Mike McCartney**  
Executive Director

**TESTIMONY BEFORE THE SENATE COMMITTEE ON  
JUDICIARY AND LABOR**

**RE: SB 2039 – RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM**

**FEBRUARY 8, 2008**

**ROGER TAKABAYASHI, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION**

**Chair Taniguchi and Members of the Committee:**

The Hawaii State Teachers Association *supports* SB 2039 which will give all retirees who are at least 75 years of age and who have been retired 20 years or more, an additional income which they can surely use to help sustain themselves. The July 1<sup>st</sup> post retirement allowance which all retirees enjoy does not adequately meet these members' needs since it is based on their first PRA which was computed on a smaller salary base 20 or more years ago.

Thank you for the opportunity to testify.

SENATE COMMITTEE ON JUDICIARY AND LABOR

Senator Brian Taniguchi, Chair  
Senator Clayton Hee, Vice-Chair

DATE: Friday, February 8, 2008  
TIME: 9:00 a.m.  
PLACE: Conference Room 016

**S.B. 2039: RELATING TO THE EMPLOYEES RETIREMENT SYSTEM**

Chairman Taniguchi and members of the Senate Judiciary and Labor Committee, good morning. My name is Odetta Fujimori, and although I am not seventy-five years of age and have been retired for only twelve years, I ask for your support of SB 2039, which provides a bonus equal to \$1 per month per year of service for state and county retirees who have been retired for twenty years and who are seventy-five years of age or older.

A 2006 study by ERS' Actuary points out that a 1985 retiree's pension, although increased by 2.50% (not compounded) each year through a post retirement allowance, is faced with an 87.38% change in the Consumer Price Index (CPI) since retirement and would therefore need an ad hoc increase of nearly 17% of the retiree's benefit to restore his/her purchasing power. Taking this scenario one step further, a pensioner who retired in 1980 is faced with almost a 145% change in the CPI since retirement and will need an ad hoc increase of nearly 35% to restore his/her purchasing power.<sup>1</sup> S.B. 2039 will provide some relief for the older retiree and toward that individual's purchasing power.

State lawmakers have an opportunity through S.B. 2039, to recognize the dedication of state and county workers who contributed much to Hawaii's growth and progress in the fifties and sixties, without the true benefits of collective bargaining. Furthermore, as members of the contributory system, these retirees are the ones who helped to keep ERS funded beyond the 80% level.

HSTA-R is committed to seeking a fair and equitable system all state and county retirees. Our organization's COLA Fairness Committee will continue to focus on this issue. We know this bill will help the older retirees and ask that it be passed and referred to the Senate Ways and Means Committee.

Thank you for the opportunity to speak in support of S.B. 2039.

Odetta Fujimori,  
Member of HSTA-R COLA Fairness Committee

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<sup>1</sup> Gabriel Roder Smith & Company, Post Retirement Allowance Study, December 11, 2006, page 5.

**testimony**

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**From:** Beverly Gotelli [bgotelli@msn.com]  
**Sent:** Wednesday, February 06, 2008 5:25 PM  
**To:** testimony  
**Subject:** Support SB 2039

COMMITTEE ON JUDICIARY AND LABOR  
Senator Brian T. Taniguchi, Chair  
Senator Clayton Hee, Vice Chair

DATE: Friday, February 8, 2008  
TIME: 9:00 A.M.  
PLACE: Conference Room 016  
State Capitol  
415 South Beretania Street

February 6, 2008

RE: SB 2039 Relating to the Employee's Retirement System

Senator Taniguchi, Senator Hee,

As a recent retiree I am in support of SB 2039 which would provide for a one time lump sum payment for retirees at least 75 years of age who have been retired for at least 20 years.

Those employees who dedicated their working years to the State and County should be given this one time payment due to the small increases they have received annually in July. When they retired their retirement compensation may have been adequate. Since then cost has steadily increased and the post retirement allowance they receive is not sufficient to provide for their needs today.

I don't think anyone of us would like to be in a situation where we are over eighty years old and receive a retirement check of \$250.00 a month to live on. This legislation will help those who are currently receiving compensation that is not adequate. I urge the Committee to support this legislation.

Thank you for the opportunity to testify.

Beverly A. Gotelli  
HSTA-R COLA Fairness Committee

**testimony**

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**From:** Justin Wong [wongj060@hawaii.rr.com]  
**Sent:** Wednesday, February 06, 2008 9:04 PM  
**To:** testimony  
**Subject:** SB2039

**SENATE COMMITTEE ON JUDICIARY AND LABOR**

Senator Brian Taniguchi, Chair  
Senator Clayton Hee, Vice Chair

DATE: Friday, February 8, 2008  
TIME: 9:00 a.m.  
PLACE: Conference Room 016  
State Capitol  
415 South Beretania Street

**RE: SB2039, Relating to the Employees Retirement System**

Senator Taniguchi and members of the Committee on Judiciary and Labor, thank you for receiving our testimony.

HSTA - Retired, consisting of more than 4,300 retired teachers statewide, supports the passage of **SB2039**. This bill which was crafted by a special committee established by HSTA-R to study the Post Retirement Allowance increases that retirees receive each year, and how they compare with increases in the cost of living. What the committee found was that the 2.5% non-compounding Post Retirement Allowance was not sufficient to offset rises in the cost of living. Over time, the year to year percentage increases provided by the Post Retirement Allowance fell further and further behind the more than 3 percent average increase in the cost of living.

While HSTA-R's ultimate objective is to permanently fix this discrepancy between the Post Retirement Allowance and inflation, we have chosen at this time to attempt to help only those retirees who have already been hurt the most by inflation, older retirees who retired many years ago. **SB2039** attempts to help those older retirees.

**SB2039** provides for a one-time bonus to all state and county retirees in the Employees Retirement System, who have been retired at least 20 years and who are at least 75 years old. The bonus paid will be \$1.00 for each month of service with the state and county governments. The ERS estimates that approximately 7,800 current retirees would qualify for the bonus.

Please, support **SB2039!**

Justin Wong, President  
Hawaii State Teachers Association - Retired

COMMITTEE ON JUDICIARY AND LABOR  
Senator Brian T. Taniguchi, Chair  
Senator Clayton Hee, Vice Chair

DATE: Friday, February 8, 2008  
TIME: 9:00 a.m.  
PLACE: Conference Room 016  
State Capitol  
415 South Beretania Street

February 4, 2008

RE: SB2039 Relating to the Employees' Retirement System

Dear Senator Taniguchi and Members of the Judiciary and Labor Committee,

I strongly support SB2039 which will give all retirees who are at least 75 years of age and who have been retired 20 years or more, an additional income which they can surely use to help sustain themselves. The July 1st Post Retirement Allowance which all retirees enjoy, does not adequately meet these members' needs since it is based on their first PRA which was computed on a smaller salary base 20 or more years ago.

I feel each person's appropriation is fair because it is based on \$1 per month or \$12 a year for each year of employment to the State or City and County. This recognizes a person who worked for the State for their life time vs. just 10 years to become vested for example. In contrast, the last "bonus bill" awarded in 2002 was the same lump sum amount of \$200.

It would be more gratifying if this bill was on-going for those retirees who are the most needy, but at this time this proposal is a step forward. Also thanks to the ERS, there are statistics available showing how many members are in this group and the approximate cost.

Thank you for the opportunity to testify.

Sincerely,

/s/ Donna Higashi,  
HSTA-Retired  
State Vice-President and  
Member of the  
HSTA-R COLA Fairness Committee



## testimony

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**From:** Joe Tanaka [jtan@interpac.net]  
**Sent:** Thursday, February 07, 2008 4:19 PM  
**To:** testimony  
**Cc:** "HSTA-R CFC"  
**Subject:** Email testimony re. SB 2039

THE SENATE  
THE TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OR 2008

Senate Committee on Judiciary and Labor  
9:00 a.m., Friday, February 8, 2008  
Conference Room 016

Senator Brian Taniguchi, Chair, Senator Clayton Hee, Vice Chair, and Members of the Senate Committee on Judiciary and Labor,

Aloha! and Mahalo for this opportunity to submit testimony in support of SB 2039. My name is Yoshiichi "Joe" Tanaka, and I am a 15- year retired high school counselor. I am also serving my 8th year as the Chair of the HSTA-R COLA Fairness Committee (CFC) whose role and function is to spearhead the Association's commitment to attain more equity and fairness in the Post Retirement Allowance (PRA) currently granted to all retirees through the state Employees Retirement System. The PRA is a supplement of 2-1/2% of a retiree's original pension which is added to her/his pension on a monthly basis on July 1 of each year. The purpose of PRA is to serve as a supplement, not a cure, to help "public" retirees cope with the inevitable rising cost of living, INFLATION, in the economy. PRA is a significant benefit and it does credit to the state ERS to have this as part of its program.

SB 2039 is targeted toward helping longer term and thereby older retirees who constitute the group most severely affected by rising prices for goods and services. More precisely, it offers an important beginning point for improving PRA. There are flaws in the PRA system, despite the wonderful intent that underlies it. But, that is not what this hearing is all about and can come later. First things first: help retirees with 20 years in retirement and age 75 with \$1.00 a month per each month of state/county service which the bill seeks to do as a so-called "catch-up." While not a whole lot in terms of dollars per person, it at least has a connection with the phenomenon of inflation---something that is lacking in PRA.

So please lend your support to SB 2039 and do your part to do justice to these long-term retirees who really have been short-changed by the system.

Mahalo! and best to all for a successful 2008 legislative session. Keep up the good work.  
Joe Y. Tanaka

The key to making PRA more of

--

No virus found in this outgoing message.  
Checked by AVG Free Edition.

Version: 7.5.516 / Virus Database: 269.19.21/1263 - Release Date: 2/6/08 8:14 PM

**SB 3004**

TESTIMONY BY DAVID SHIMABUKURO  
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR  
ON  
SENATE BILL NO. 3004

FEBRUARY 8, 2008

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Chair Taniguchi and Members of the Committee:

S.B. 3004 amends various provisions of Chapter 88, Hawaii Revised Statutes to clarify and conform existing statutes to current practice. In addition to the housekeeping amendments, this Bill proposes the following:

- Require employers to transmit payroll and personnel transactions electronically to the ERS. The prospective implementation date of July 1, 2010 will give the State and counties two years to make the necessary changes in their payroll and personnel computer systems in order to comply with this new retirement reporting requirement.
- Require direct deposit for lump sum refunds of accumulated contributions greater than \$250 if the member does not elect to roll over the payment into an eligible retirement plan. This method may be waived if another method is determined more appropriate. The proposed amendment is consistent with the current requirement of depositing monthly or semimonthly retirement checks into a financial institution.
- Clarify the definition of "beneficiary" to include mandatory designations "statutorily required by law" such as Noncontributory Plan ordinary death benefits which can only be paid to the spouse, reciprocal beneficiary or children.
- In order to receive membership credit, Contributory and Hybrid plan members must make retirement contributions while on leave of absence for professional improvement or when performing a governmental function.

- Automatically increase the annual ceiling on pension benefits to parallel the increases in the federal ceiling under Section 415 of the Internal Revenue Code.
- Instead of remitting the employee's retirement contributions based on the employee's "rate of compensation prior to inception of military service", the State and county governments must remit the employee's contributions based on the compensation that the member would have received (including all salary increases) had the member not been on active military duty in the armed forces. This revision is required in order to comply with the federal Uniform Services Employment and Reemployment Rights Act (USERRA).
- Clarify the language that accidental death benefits for Noncontributory Plan members are not subject to the 10-year service credit requirement that is applicable to ordinary death benefits in the Noncontributory Plan.

The Board of Trustees supports this Administration bill and recommends its passage.

Thank you for the opportunity to testify on this measure.

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR  
ON  
SENATE BILL NO. 3004

February 8, 2008

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Senate Bill No. 3004 makes various amendments to Chapter 88, Hawaii Revised Statutes, which govern the Employees' Retirement System (ERS). These changes clarify existing language and conform current statutes with ERS' operating practices, address federal requirements, and make various streamlining and housekeeping amendments.

The Department of Budget and Finance supports this administration measure. This bill will result in improved ERS performance and streamline day-to-day operations.

**SB 3005**

TESTIMONY BY DAVID SHIMABUKURO  
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR  
ON  
SENATE BILL NO. 3005

FEBRUARY 8, 2008

RELATING TO FEDERAL TAX QUALIFICATION  
OF THE EMPLOYEES' RETIREMENT SYSTEM

Chair Taniguchi and Members of the Committee:

Congressional legislation requires the Internal Revenue Service (IRS) to determine whether governmental public pension plans are complying with federal income tax laws. In this regard, ERS and other pension plans are now required to submit determination letters to the IRS and make remedial plan amendments based on a 5-year cycle system. The deadline for the initial 5-year cycle will be January 31, 2009.

It is critical that ERS comply with the Internal Revenue Code so our members can continue to benefit from tax advantages that a qualified governmental plan can provide, some of which are:

- Deferral of federal income taxes to the member on employer contributions and plan investment earnings until distribution is made.
- Deferral of federal income taxes on employee contributions to the ERS and service credit purchases.

The following provisions are required to comply with the federal income tax laws and maintain the ERS' tax-qualified status:

- Adds a new section which allows certain newly elected officials to make a one-time irrevocable election to join the ERS. At the present time, elected officials can elect to become ERS members or withdraw from ERS membership at any time during their term of office.
- Current elected officials will be given the opportunity to remain, join or terminate membership in the ERS before October 1, 2008. If no election is made, the elected official will retain the same ERS membership status.

- Current elected officials who are retirees will be given the opportunity to continue or terminate their pension before October 1, 2008. If no election is made, their pension will continue and they cannot return to active membership while serving as an elected official.
- Sets forth the circumstances under which retirants may return to service as elected officials without suspension of their retirement benefits.
- Repeals the provision that allows elected officials and judges who have reached the 75% statutory cap on retirement benefits to withdraw from ERS membership by retiring even though they remain in office.

The Board of Trustees supports this Administration Bill and recommends its passage.

Thank you for the opportunity to testify on this Bill.



TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON JUDICAIRY AND LABOR

ON  
SENATE BILL NO. 3005

February 8, 2008

RELATING TO THE FEDERAL TAX QUALIFICATION OF THE EMPLOYEES'  
RETIREMENT SYSTEM

Senate Bill No. 3005 amends statutes governing the Employees' Retirement System (ERS) to protect its tax qualified status.

The Department of Budget and Finance supports this administration measure.

The amendments eliminate optional membership in the ERS and include 1) implementation of a one-time irrevocable election (at the time of initial election to office) to join the ERS by elective officers and 2) prohibition of the current practice by elective officers and judges to retire upon reaching the statutory cap on retirement benefits but delaying receipt of the benefits until a future separation date. Entrance into membership is currently at the option of elective officers and this optional membership jeopardizes the ERS' tax qualified status. The practice of retiring but delaying receipt of benefits until a future separation date while the judge or elective officer continues in office raises tax qualification issues on optional membership and in-service distribution of pre-tax contributions. The bill also sets forth conditions under which a retiree may return to service as an elective officer and continue to receive their pension.

Senate Bill 3005 protects the ERS' tax qualified status and ensures the continued favorable tax treatment of employee contributions made on pre-tax basis.



**Testimony to the Senate Committee on Judiciary and Labor**

Senator Brian T. Taniguchi, Chair  
Senator Clayton Hee, Vice Chair  
Friday, February 8, 2008, 9:00 a.m.  
State Capitol, Conference Room 016

By

Sharen Tokura  
Human Resources Director

**WRITTEN TESTIMONY ONLY**

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**Bill No. and Title:** Senate Bill No. 3005, Relating to Federal Tax Qualification of the Employees' Retirement System.

**Purpose:** To repeal the provisions of chapter 88, Hawai'i Revised Statutes, that provide for optional membership in the Employees' Retirement System (ERS).

**Judiciary's Position:**

The Judiciary supports the intent of Senate Bill No. 3005 in retaining the tax-qualified status of ERS. However, we are concerned about the impact of repealing Section 88-61(c) without consequent changes to Sections 88-74(2) and (3).

The repeal of Section 88-61(c) removes the provision which allows an elective officer or judge to nominally retire upon reaching the statutory cap on retirement benefits while still remaining in service and not making further contributions to the ERS. The repeal will require elective officers and judges who have reached the maximum retirement allowance to continue to be active members and contribute to the ERS without any added retirement benefits.

Sections 88-74(2) and (3) set the maximum retirement allowance for elective officers and judges at seventy-five per cent of the member's average final compensation and provide for the return to the member of the excess accumulated member contributions held by ERS upon retirement. The withholding of member funds for no retirement purpose does not appear appropriate.



Senate Bill No.3005, Relating to Federal Tax Qualification of the Employees'  
Retirement System  
Senate Committee on Judiciary and Labor  
Friday, February 8, 2008  
Page 2

It would appear that members who continue to make contributions are active members and should be provided with retirement benefits based on the total contributions made to ERS while on active status. To do so, however, may jeopardize the plan for reasons unknown at this time to the Judiciary. Therefore, we are using this vehicle to raise this concern.

The Judiciary understands the impact to the larger membership should ERS lose its tax exempt status and fully supports the retention of the tax-exempt status through legislative amendments to the retirement program. However, we ask that consideration be given to either lifting the 75% ceiling or permit the elective officers and judges to continue to accrue retirement benefits based on their contributions to ERS while on active status.

Thank you for the opportunity to provide testimony on Senate Bill No. 3005.

**SB 3066**

LINDA LINGLE  
GOVERNOR



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 7, 2008

TESTIMONY TO THE  
SENATE COMMITTEE ON JUDICIARY AND LABOR  
For Hearing on  
Friday, February 8, 2008  
9:00 a.m., Conference Room 016

BY

MARIE C. LADERTA, DIRECTOR

**Senate Bill No. 3066**

**Relating to the State of Hawaii  
Deferred Compensation Plan**

TO CHAIR BRIAN TANIGUCHI AND MEMBERS OF THE COMMITTEE:

My name is Marie Laderta, and I am the Director of the Department of Human Resources Development ("**DHRD**"). I am also the Chairperson of the Board of Trustees ("**Board**") for the State of Hawaii Deferred Compensation Plan ("**Plan**").

S.B. No. 3066 encourages employees to save for retirement by automatically enrolling newly hired employees into the Deferred Compensation Plan unless the new employee opts out of the Plan.

**DHRD and the Board support this administration bill.**

Currently, approximately 35% of eligible State, Hawaii County, Maui County, and Kauai County employees participate in the Plan.

The Plan's Board of Trustees is concerned that the Plan seems to have a low participation rate. Industry experts and financial consultants believe that relying on retirement income from an employee's pension (i.e., the ERS) and Social Security alone may not be sufficient to keep up with rising inflation costs. These experts and consultants have concluded that individuals are spending more, saving less, and living longer lives. Therefore, they feel that there is a need for employees to take advantage of tax-deferred compensation plans to assist in saving for retirement. To achieve this, industry experts and financial consultants suggest automatically enrolling employees into these tax-deferred retirement plans.

After carefully considering this matter, the Board unanimously agreed with this suggestion and so support this bill which would automatically enroll all new State, Hawaii County, Maui County, and Kauai County employees into the Plan. To accomplish this, this bill proposes to deduct 1% of each employee's gross monthly wages and deposit it into a default investment option selected by the Board. However, this bill also provides flexibility to those employees who do not want to participate in the Plan by allowing them to opt out of the Plan within 90 calendar days after being automatically enrolled in the Plan. Employees who timely opt out of the plan shall have their mandatory contributions returned back to them without a penalty, subject to changing market prices and the payment of all applicable federal and state taxes.

The Board believes that more employees need to take advantage of this important employee benefit to assist them in saving more for retirement and that this bill helps to accomplish that goal.

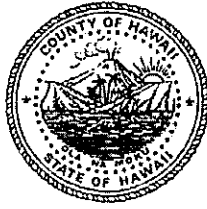
Thank you for the opportunity to testify on this matter.

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

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

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February 8, 2008

The Honorable Brian T. Taniguchi, Chair  
And Members of the Committee on Judiciary and Labor  
The Senate  
State Capitol  
Honolulu, HI 96813

Dear Chairman Taniguchi and Members of the Committee on Judiciary and Labor:

### **Re: SB 3066 Relating to the State of Hawai'i Deferred Compensation Plan**

I am Michael R. Ben, Director of Human Resources for the County of Hawai'i. I am testifying in general support of SB 3066.

Given the characteristics of Generation Y and Z employees entering our workforce, this program would required our new hires to stop and think about their retirement, although such an event is furthest from their thoughts at their time of hire. It takes a positive first step towards saving and investing for their retirement years.

However, I am concerned about this bill providing the Board of Trustees with the authority to triple the mandatory contribution amount (1% to 3%), without a requirement to consult with the chief human resources officer and chief financial officer of each political subdivision. Also, the increase, when it happens, should only apply to new hires, and not employees who have already been "mandatorily enrolled" in the deferred compensation plan. No employee should be mandated to contribute additional sums into deferred compensation.

Also, I firmly believe that the plan administer should be required to meet with all new hires within 60 days of their hire to personally educate and explain the features and benefits of the deferred compensation program so that these new hires may make an intelligent decision within ninety days of their date of hire, on whether to opt out of the plan. It would not suffice to have educational materials provided to these new hires or have them seek information on the website or have this education done by telephone conversation. A subject

*Hawai'i County is an Equal Opportunity Provider and Employer.*



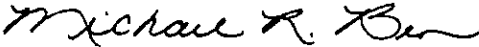
The Honorable Brian T. Taniguchi, Chair  
And Members of the Committee on Judiciary and Labor  
February 8, 2008  
Page 2 of 2

matter such as this demands face to face contact and discussion with plan representatives.

With these two concerns addressed, I would be in support of SB 3066.

Thank you.

Sincerely,

A handwritten signature in black ink that reads "Michael R. Ben". The signature is written in a cursive, flowing style.

Michael R. Ben, SPHR  
Director of Human Resources