

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: . . .

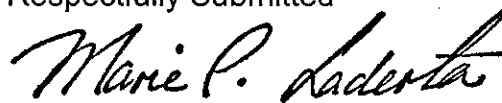
**(3) Shall join the appropriate bargaining unit if hired in a position covered by collective bargaining."**

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.”**

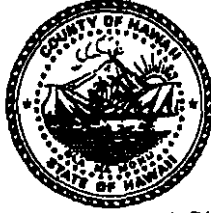
Thank you for the opportunity to testify on this very important measure as a separate legislative authority that addresses the above provisions will provide state government with a workforce staffing tool that balances the needs of state services and the state taxpayers' concerns.

Respectfully Submitted



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 Kualini 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

**TESTIMONY OF THE  
COUNTY OF KAUA'I  
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 Kaua'i (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.

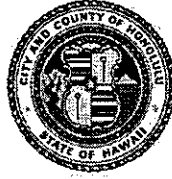
Our county would appreciate the relief offered by this bill. In the next five years, approximately 32 per cent of our employees will be eligible for retirement. Many of these employees occupy key, one-of-a kind positions which require in-depth knowledge of the County and its operations, such as fiscal 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](http://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,

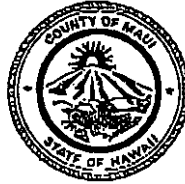
A handwritten signature in black ink, appearing to read "Kenneth G. Silva".

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.maui-county.gov/departments/Personnel](http://www.maui-county.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

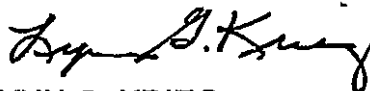
Honorable Brian T. Taniguchi and  
Honorable Lorraine R. Inouye  
Page 2  
February 5, 2008

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  
KAHULUI, 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.

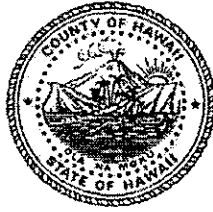
Sincerely,

A handwritten signature in black ink that reads "Neal A. Bal".

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

# HAWAII COUNCIL OF MAYORS

# LATE

February 8, 2008

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

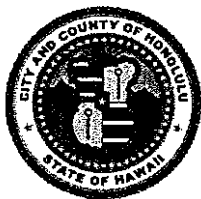
Before the  
**Senate Committee on Judiciary and Labor**  
**Senate Committee on Intergovernmental and Military Affairs**

S.B. 2710: Relating to the Re-employment of Retirees

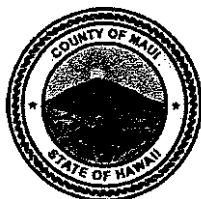
The Hawaii Council of Mayors—Bryan Baptiste, Mufi Hannemann, Harry Kim, and Charmaine Tavares—supports S.B. 2710, which would enable the county governments to rehire retiring employees. The county governments continue to face a protracted shortage of skilled workers caused by the retirements of baby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

The counties are proposing that we be permitted to rehire retirees immediately upon retirement and with no employer contributions to the Employees Retirement System. We met with the public employee unions and our preliminary discussions were favorable. We will work with them and other affected parties, should concerns arise.

Mahalo.



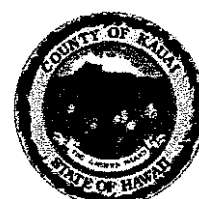
**Mayor Mufi Hannemann**  
City and County of Honolulu  
530 South King Street  
Honolulu, Hawaii 96813



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



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



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

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

850 SOUTH KING STREET 10<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
 TELEPHONE: (808) 768-8500 • FAX: (808) 527-5565 • INTERNET: www.honolulu.gov/hr

# LATE

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, and I am speaking on behalf of the Council of Mayors. Senate Bill 2710 proposes to allow the rehiring of retirees by county governments. This is an important measure that will assist the county governments in meeting our workforce needs, and we strongly support this measure.

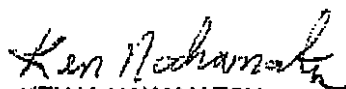
The retirement of the baby boomer generation and the unprecedented challenges it will create for all employers has been widely discussed. To successfully meet this challenge and ensure the continuation of the services upon which our public relies, the Mayors recognize that the counties will need to have available to us all possible tools. Accordingly, the Mayors have made the passage of this bill a priority. They view this bill as an essential tool that will put us on equal footing with the private sector and federal government employers as we compete for the sought after skills held by our retirees. Currently, we are at a distinct disadvantage as retirees who return to full-time work for us for more than three months must give up their pension and retiree medical benefits—a loss not required if they go to work for a private employer or the federal government.

We recognize that the Employees Retirement System (ERS) has some concerns about the bill as currently written. We understand that one of their concerns is about the effect of such legislation on their tax exempt status. We are in complete agreement with the ERS on this issue—their tax exempt status must be protected. Accordingly, we are working with the ERS to address this and their other concerns. We are also keeping our lines of communications open with the Unions on this matter. As we continue our discussions with the interested parties, we respectfully request that the current measure be moved forward—this will provide us with time to identify and recommend amendments to the bill.

In light of the forgoing we urge you to pass this measure.

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

Sincerely,

  
 KEN Y. NAKAMATSU  
 Director of Human Resources



# HAWAII FIRE FIGHTERS ASSOCIATION

INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS LOCAL 1463, AFL-CIO  
2305 S. BERETANIA ST., RM. 202, HONOLULU, HAWAII 96826-1493  
TEL: (808) 949-1566 FAX: (808) 952-6003  
[www.hawaii firefighters.org](http://www.hawaii firefighters.org)

# LATE

The Twenty Fourth Legislature  
The Senate  
Committees on Judiciary and Labor  
And Intergovernmental and Military Affairs

Testimony by  
Hawaii Fire Fighters Association

**S.B. No. 2178**            **Relating to the Re-Employment of Retirees by State or Counties**  
**S.B. No. 2710**            **Relating to the Re-Employment of Retirees**

My name is Robert H. Lee and I am the President of the Hawaii Fire Fighters Association, Local 1463, IAFF, AFL-CIO. On behalf of the 1,800 professional and 800 retired fire fighters throughout the State, the Hawaii Fire Fighters Association appreciates the opportunity to comment on these bills and supports the intent of S. B. No. 2178 and S.B. No. 2710, which permits the rehiring of state and county retirees without affecting retirement benefits.

The Hawaii Fire Fighters Association recognizes the situation that the public sector workforce faces in the near future and believes this measure will address some of the challenges that are ahead.

Both measures afford the appointing authority the flexibility to re-employ retirees with no impact on the retirement benefits being received. One of the core functions of the Hawaii Fire Fighters Association is to represent our active members in the workplace which includes conditions of employment, wages and benefits. While we believe this will attract well-experienced and well-qualified retirees to return to public service, it is critical that the filling of positions through this procedure does not impact any promotional opportunities or minimum manning hiring and staffing for our members. As this proposal does not address the definition of "critical to fill or labor shortage" position, we request that some type of definition is reflected. Also, with regard to determining the positions that is being sought to fill, it is important that the employers through good faith consultation with the exclusive bargaining representative engage in discussions regarding the rehiring process and procedure.

As an aside, in 2003, H.B. 569, Relating to Public Employees was introduced on our behalf. H.B. No. 569 would have established a Deferred Optional Retirement Plan (DROP). The DROP is similar to what is being proposed in this bill in that retirees could continue to be employed, receive retirement health benefits, cease to make the contributions to the ERS but in return, the pension amount due to the retiree would be maintained by the ERS for lump sum payout (with interest) upon separation from service.

Recognizing Act 256-07, we do not see this bill as a benefit enhance. Rather it is allowing public employees to receive their well earned and deserved pension while meeting the need to maintain the continuity of excellent public services.

Thank you for the opportunity to testify on these bills.





**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

**LATE**

The Twenty-Fourth Legislature, State of Hawaii  
Hawaii State Senate  
Committee on Judiciary and Labor  
Committee on Intergovernmental and Military Affairs

Testimony by  
HGEA/AFSCME, Local 152, AFL-CIO  
February 8, 2008

**S.B. 2710 – RELATING TO THE  
RE-EMPLOYMENT OF RETIREES**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports this measure with an amendment. S.B. 2710 proposes rehiring state and county retirees into any vacant position without adversely affecting their retirement benefits. Changing demographics and low unemployment rates makes rehiring experienced and well qualified retirees an important consideration.

However, we believe the future of civil service depends upon active recruitment of those applicants with the skills, abilities and commitment to a government career. This includes current employees who should be considered for promotional opportunities under the civil service merit system. Widespread reliance upon retirees will not encourage the recruitment and promotion of these career employees.

We believe this bill might adversely affect civil service and therefore should be limited to “hard to fill” or shortage category positions as in H.B. 2848. Thank you for the opportunity to testify in support of this measure with the suggested amendment.

Respectfully submitted,

Nora A. Nomura  
Deputy Executive Director

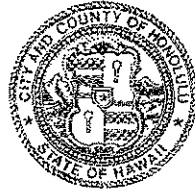


POLICE DEPARTMENT  
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813  
TELEPHONE: (808) 529-3111 · INTERNET: www.honoluluupd.org

**LATE**

MUFI HANNEMANN  
MAYOR



BOISSE P. CORREA  
CHIEF

PAUL D. PUTZIGLO  
MICHAEL D. TUCKER  
DEPUTY CHIEFS

OUR REFERENCE JM-PT

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 96813

Dear Chair Taniguchi, Chair Inouye, and Members:

Subject: Senate Bill No. 2710, Relating to the Reemployment of Retirees

I am John McEntire, Captain of the Human Resources Division of the Honolulu Police Department, City and County of Honolulu.

The Honolulu Police Department submits the following testimony in strong support of Senate Bill No. 2710.

The purpose of Senate Bill No. 2710 is to allow county governments to rehire state and county retired employees as permanent workers, without the retirees incurring any negative impact on their normal retirement benefits.

All employers, including the Honolulu Police Department, are finding it very difficult to hire quality employees. County agencies have to compete with the private sector employers. Rather than having civil service retirees work for the private sector, they can be a solution to the county government agencies ongoing struggle to fill vacancies.

Currently, the system does not allow county agencies to employ state and county retired employees for a meaningful length of time. They can only be rehired for up to 89 days at a time or for less than twenty hours a week without the retirees' normal retirement being affected. This is too brief a period to make a difference. In the end, we will still have the vacancies.

The Honorable Brian T. Taniguchi, Chair, and Members  
The Honorable Lorraine R. Inouye, Chair, and Members  
Committee on Intergovernmental and Military Affairs  
Page 2  
February 8, 2008

This bill provides a solution as it will allow county governments to reemploy state and county retired employees as permanent workers without negatively affecting their retirement benefits.

Sincerely,



JOHN MCENTIRE  
Captain  
Human Resources Division

APPROVED:

  
for: BOISSE P. CORREA  
Chief of Police

Bryan J. Baptiste  
Mayor

Robert F. Westerman  
Fire Chief

John T. Blalock  
Deputy Fire Chief



COUNTY OF KAUAI  
Fire Department  
Mo'ikeha Building  
4444 Rice Street, Suite 295  
Lihue, Kauai, Hawaii 96786

# LATE

February 11, 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 Robert F. Westerman, Fire Chief of the Kauai Fire Department (KFD). The KFD 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 KFD believes this proposal to be a win-win situation for employers and employees.

The KFD strongly urges your committees' support and passage of S.B. 2710.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert F. Westerman', written over a horizontal line.

Robert F. Westerman  
Fire Chief

RFW/cz

LINDA LINGLE  
GOVERNOR



**LATE**

**STATE OF HAWAII**  
EMPLOYEES' RETIREMENT SYSTEM

February 12, 2008

✓ The Honorable Brian T. Taniguchi, Chair  
Senate Committee on Judiciary and Labor  
Twenty-Fourth State Legislature  
State Capitol, Room 219  
Honolulu, HI 96813

The Honorable Lorraine R. Inouye  
Senate Committee on Intergovernmental  
And Military Affairs  
Twenty-Fourth State Legislature  
State Capitol, Room 201  
Honolulu, HI 96813

Dear Chairs Taniguchi and Inouye:

RE: S.B. 2710 - Relating to the Re-employment of Retirees

The Board of Trustees met on February 11, 2008 and voted to oppose S. B. 2710 in its current form. The Board noted that the proposed language in the Bill could jeopardize the ERS' tax-exempt status and will increase the ERS' unfunded actuarial accrued liability (UAAL) because of the immediate rehiring of retirants.

However, the Board recommended that your Committees consider the following amendments which will address the tax and UAAL issues:

- "To qualify for full-time rehiring under this section, the person shall have been retired for at least one calendar year prior to reemployment."
- "Employers shall contribute to the pension accumulation fund the required percentage of the rehired employee's compensation to amortize the system's unfunded actuarial accrued liability."

The Honorable Brian T. Taniguchi  
February 12, 2008  
Page 2

The following is the breakdown of the employers' contributions to the Pension Accumulation Fund beginning July 1, 2008:

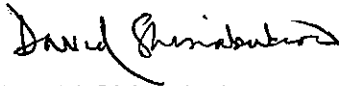
	<u>Police &amp; Fire</u>	<u>All Others</u>
Employer Normal Cost	6.56%	5.75%
UAAL Amortization	<u>13.14%</u>	<u>9.25%</u>
Total Contribution	19.70%	15.00%

As indicated by the above table, the contribution for rehired police officer and fire fighter retirants would be 13.14% and 9.25% for all other rehired retirants.

We would be willing to work with your Committees on additional technical amendments to carry out the purpose of this Bill as mentioned on page 2 of our February 8, 2008 testimony.

Please share this information with the members of your Committees. If you have any questions, please call me at 586-1700.

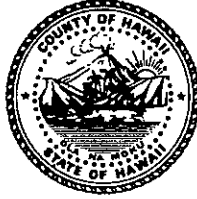
Very truly yours,



David Shimabukuro  
Administrator

c: ERS Board of Trustees  
The Honorable Georgina K. Kawamura, Director of Finance

**BOB JACOBSON**  
Councilmember

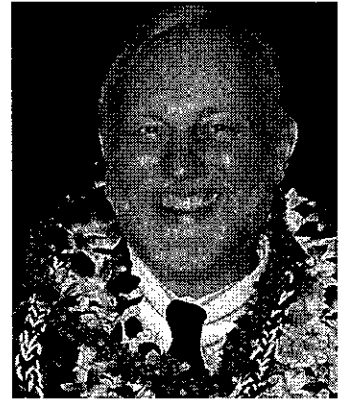


*Chair, Environmental Management Committee*  
*Vice-Chair, Finance Committee*

**HAWAII COUNTY COUNCIL**

*County of Hawai'i*

333 Kīlauea Avenue, Second Floor  
Ben Franklin Building, Hilo, Hawai'i 96720  
Mailing Address: 25 Aupuni Street, Suite 200  
Phone: (808) 961-8263  
Fax: (808) 961-8912  
E-Mail: [bjacobson@co.hawaii.hi.us](mailto:bjacobson@co.hawaii.hi.us)



February 25, 2008

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

Conference Room 016  
State Capitol  
415 South Beretania Street

Hearing February 26, 2008 at 10:00 a.m.

Aloha Chairpersons, and Committee Members,

I strongly support Senate Bill 2170 Relating to Public Lands. This Senate bill protects counties from liability as a result of natural conditions on or near a public beach park. This Bill has the full support of the Hawaii Association of Counties (HSAC) and would give the counties the same protection that the State currently has relating to public beach parks. The public beach parks are an important part of the public park system and should not single out as different from other park and trail venues.

**I humbly ask for your support of House Bill 2170.**

Mahalo nui loa,

A handwritten signature in cursive script that reads "Bob Jacobson".