



Testimony to the Senate Committee on Ways and Means

Senator Rosalyn H. Baker, Chair
Senator Shan S. Tsutsui, Vice Chair
Friday, February 22, 2008, 11:00 a.m.
State Capitol, Conference Room 211

By

Sharen Tokura
Human Resources Director

WRITTEN TESTIMONY ONLY

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

Purpose: This bill allows the county to hire state or county government employees retired at least a year for labor shortage or critical to fill positions. Requires county employers to pay employer contributions.

Judiciary's Position:

The Judiciary supports the intent of Senate Bill No. 2710, S.D. 1, which proposes to permit retirees to be rehired by the county governments without suspension of their retirement benefits. The bill in its current form is limited to county employers. The Judiciary recognizes the value of this measure as an additional tool to enhance staffing capabilities and respectfully requests to be added with the county employers in this initiative.

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, 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.



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

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

The 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 retirees are 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 sets 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.

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, who will be eligible to retire within the next five to ten years.



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This is a staggering number when considering the challenges we will be facing to recruit and train qualified replacements.

The language included in the S. D. 1 which requires a mandatory wait period of at least one (1) calendar year prior to reemployment, limiting the initiative to labor shortage and critical-to-fill positions, prohibiting prior agreements to rehire the employee prior to the employee's retirement, coupled with 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 and respectfully requests to be included in this initiative along with the county governments. We have attached suggested language which expresses our desire for inclusion in this measure.

Thank you for the opportunity to testify on Senate Bill No. 2710, S.D. 1

Attachment

A BILL FOR AN ACT

RELATING TO THE RE-EMPLOYMENT OF REITREES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature recognizes the changing
2 demographics of the workforce -- the workforce is aging with an
3 increasing number of state and county employees becoming
4 eligible to retire with full retirement benefits. The
5 legislature also recognizes that life spans have increased, not
6 only because of advances in medicine and technology, but because
7 people are choosing to live healthier lifestyles.

8 The legislature understands that with the low unemployment
9 rate the State is now experiencing, county governments have more
10 vacancies occurring with a dwindling number of qualified
11 applicants. The counties have many jobs categorized as hard-to-
12 fill, or as being in a labor-shortage category.

13 In 2008, an estimated 12.84 per cent of county public
14 employees are eligible to retire and by 2012, the figure is
15 anticipated to rise to 25.12 per cent. As the baby boomers
16 begin to retire, vacancies in government employment will
17 continue to increase.

1 While retired state and county employees are now permitted
2 to work for temporary periods of eighty-nine consecutive days or
3 for less than twenty hours per week without jeopardizing their
4 retirement benefits, there is no reason not to afford the county
5 governments the ability to hire state and county government
6 retirees regardless of the length of time or number of hours
7 employed, especially since they will otherwise work for the
8 private sector.

9 This Act will address the employment vacancy issue by
10 allowing county employers to recruit from the same group of
11 qualified applicants as private employers and put county
12 government employers on an equal footing with private sector
13 employers in hiring state and county retirees.

14 The legislature intends that the manner in which civil
15 service and exempt positions are filled by retired state or
16 county employees and the manner in which the employed-retiree's
17 status is determined, shall be in accordance with normal
18 processes for recruiting and selecting applicants for these
19 positions. The legislature understands that for county civil
20 service positions, this process will provide due consideration
21 to promotional opportunities for existing employees. To ensure
22 the continued provision of public services, the legislature

1 supports the immediate rehiring of government retirees.
 2 Further, the legislature intends that the collective bargaining
 3 status of these employed-retirees will be determined in
 4 accordance with existing laws governing assignment to, and
 5 inclusion or non-inclusion in, a bargaining unit.

6 The legislature believes this Act will strike a balance
 7 between the county government's need to hire skilled and
 8 qualified employees and retired state and county government
 9 employees' desire to work for county governments. This Act will
 10 allow retired state and county government employees to work for
 11 county governments without incurring any negative retirement
 12 consequences, such as the forfeiture of retirement benefits
 13 already earned and being collected by employees.

14 SECTION 2. Chapter 88, Hawaii Revised Statutes, is amended
 15 by adding a new section to be appropriately designated and to
 16 read as follows:

17 "§88- Re-employment of retirees. (a) Appointing
 18 authorities in [a-county] the state including its political
 19 subdivision(s) and county government(s) may employ retired state
 20 or county government employees who are receiving retirement
 21 benefits under this chapter.

1 (b) In order to qualify for full-time rehiring under this
2 section, the retired state or county government employee shall
3 have been retired for at least one calendar year prior to
4 reemployment.

5 (c) Retired state or county government employees may be
6 rehired under this section for labor shortage positions and for
7 other positions that are deemed by the human resources
8 management chief executive of the respective state or county
9 jurisdiction(s) to be critical-to-fill.

10 (d) Retired state or county government employees rehired
11 for civil service positions shall be recruited, selected, and
12 employed pursuant to applicable civil service and employment
13 laws.

14 (e) The appointing authority and the retired state or
15 county government employee who is rehired shall certify that no
16 agreement to rehire the employee was made prior to the
17 employee's retirement.

18 (f) The human resources management chief executive of the
19 respective state or county jurisdiction(s) in which a retired
20 state or county government employee is hired by [~~that~~] the state
21 or counties shall certify the hiring of the retiree as having

1 been done pursuant to applicable civil service and employment
2 laws.

3 (g) Sections 88-21, 88-42.5, 88-43, 88-45, 88-46, 88-98,
4 88-273, 88-326, and 88-344, and any other law to the contrary
5 notwithstanding, retired state or county government employees
6 who are hired by any of the state or counties shall not earn
7 retirement service credit, contribute to the retirement system,
8 or gain additional retirement system benefits as a result of
9 their subsequent employment with the state or [æ] county and the
10 retired state or county government employee shall continue to
11 receive the retiree's retirement benefits and medical benefits
12 without penalty.

13 (h) This section shall not preclude a retired state or
14 county government employee from returning to work and
15 relinquishing the person's retirement benefits to earn
16 additional service credits and gain additional retirement
17 benefits for a future retirement date as may be allowed by this
18 chapter.

19 (i) The State and [€]county employers shall contribute to
20 the pension accumulation fund the required percentage of the
21 rehired employee's compensation to amortize the system's
22 unfunded actuarial accrued liability."

- 1 SECTION 3. New statutory material is underscored.
- 2 SECTION 4. This Act shall take effect on July 1, 2080.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME LOCAL 152, AFL-CIO

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



Randy Pereira *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 Twenty-Fourth Legislature, State of Hawaii
Hawaii State Senate
Committee on Ways and Means

Testimony by
HGGEA/AFSCME, Local 152, AFL-CIO
February 22, 2008

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

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of S.B. 2710, S.D. 1, which would allow rehiring state and county retirees into hard-to-fill positions 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 the active recruitment of those applicants with the skills, abilities and commitment to a government career. This includes current employees who deserve consideration 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 are concerned that this bill might adversely affect civil service and therefore supports its limitation to labor shortage or critical to fill positions. Thank you for the opportunity to testify in support of this measure.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Nora A. Nomura', is written over a light-colored background.

Nora A. Nomura
Deputy Executive Director

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

February 21, 2008

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

Dear Chair Baker:

RE: S.B. No. 2710, S.D. 1, Relating to Re-Employment of Retirees

S.B. No. 2710, S.D. 1 allows a county to hire state or county government employees who have retired for at least one calendar year prior to reemployment. County employers would be required to contribute the required percentage of the rehired employee's compensation to amortize the ERS' unfunded liability. The rehired employees will continue to receive their pension and health benefits.

We have the following technical comments on this measure:

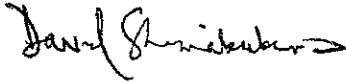
- Reference to "full-time rehiring" on page 3, line 21 should be changed to "a position of at least one-half of a full-time equivalent". This would include a retirant returning to a position that would require membership in the ERS that is at least 50% but less than 100% of a full-time position.
- Reference to "retirees" on the following pages 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:
 - Page 3, line 17
 - Page 4, line 18
 - Page 5, line 6
- Reference to "medical" benefits on page 5, line 6 should be "health" benefits.

We are willing to work with your Committee on these additional amendments to carry out the purpose of this Bill.

The Honorable Rosalyn H. Baker
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Please share this information with the members of your Committee. If you have any questions, please call me at 586-1700.

Very truly yours,

A handwritten signature in black ink, appearing to read "David Shimabukuro", with a long horizontal flourish extending to the right.

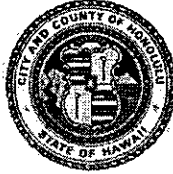
David Shimabukuro
Administrator

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

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 21, 2008

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

Dear Chair Baker:

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

I am Kenneth G. Silva, Fire Chief of the Honolulu Fire Department (HFD). The HFD supports S.B. 2710, S.D. 1, which proposes to allow counties the ability to hire retired state or county employees without restriction as to the length of employment or the number of hours worked per week. This will remedy a county'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 HFD believes this proposal to be a win-win situation for employers and employees.

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

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

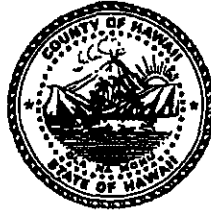
Sincerely,

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

KENNETH G. SILVA
Fire Chief

KGS/LR:cn

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 20, 2008

The Honorable Rosalyn Baker
Chair, Committee on Ways and Means
415 South Beretania Street
Honolulu, HI 96813

Dear Chair Baker and Committee Members:

Re: SB 2710, SD 1

Section 1 of SB 2710, SD 1 does an excellent job of explaining the difficulties that county governments are facing in filling their 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 SB 2710 alive as we try to resolve all outstanding issues.

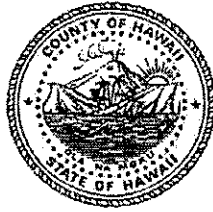
I hope you can give SB 2710 your favorable consideration.

Aloha,

A handwritten signature in black ink that reads 'Harry Kim'.

Harry Kim
MAYOR

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 * Jobs Information: Job Hotline (808) 961-8618 e-mail: jobs@co.hawaii.hi

February 22, 2008

The Honorable Roslyn H. Baker, Chair
And Members of the Committee on Ways and Means
The Senate
State Capitol
Honolulu, HI 96813

Dear Chair Baker and Members of the Committee:

Re: SB 2710 SD 1 Relating to the Re-employment of Retirees

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

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

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

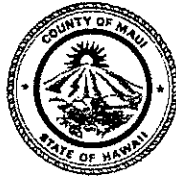
Thank you.

Sincerely,

Handwritten signature of Michael R. Ben in cursive script.

Michael R. Ben, SPHR
Director of Human Resources

CHARMAINE TAVARES
Mayor



LYNN G. KRIEG
Director

LANCE T. HIROMOTO
Deputy Director

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

February 21, 2008

The Honorable Rosalyn H. Baker, Chair
and Members of the Committee on Ways and Means
The Senate
State Capitol
Honolulu, HI 96813

Dear Chair Baker and Members of the Committee:

RE: SB 2710, SD1 Relating to the Re-employment of Retirees

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

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

We ask for your favorable consideration of SB 2710, SD1 to enable us to continue working on this effort.

Thank you.

Sincerely,

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

LYNN G. KRIEG
Director of Personnel Services