

William P. Kenoi  
Mayor



Michael R. Ben, SPHR  
Director of Human Resources

Ronald K. Takahashi  
Deputy Director of Human Resources

**LATE**

County of Hawai'i  
Department of Human Resources

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February 13, 2009

The Honorable Karl Rhoads, Chair  
And Members of the Committee on Labor & Public Employment  
House of Representatives  
State Capitol  
Honolulu, HI 96813

Dear Chair Rhoads and Members of the Committee:

**Re: HB 1106 Relating to Public Employment**

I am Michael R. Ben, Director of Human Resources for the County of Hawai'i.

HB 1106 is intended to protect the rights of public employees by preserving health, retirement, leave, and other benefits if furloughs are implemented in fiscal years 2009 to 2013. As written, it is only the rights of State employees which will be protected.

HB 1106 is very similar to Act 283, SLH 1996, except for the fact that Act 283 also extended to County employees, the office of Hawaiian affairs, the judiciary, and the legislative bodies of the State and counties.

As HB 1106 is a "contingency" bill in that its provisions would apply only upon an actual furlough taking place, and that the County of Hawai'i, like the State, faces fiscal and economical challenges in the coming fiscal years, we ask that the County of Hawai'i, both its executive and legislative branches, be included in the coverage of the bill. We ask for the same protection afforded State employees in the event of a furlough.

We suggest then, that the definition of "Department," under SECTION 2, Definitions, be amended to read as follows:

"Department" means any department, board, commission, or agency, or other body of the state executive branch, including the department of

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

The Honorable Karl Rhoads, Chair  
And Members of the Committee on Labor & Public Employment  
February 13, 2009  
Page 2 of 2

education and the University of Hawai'i, and the County of Hawai'i, both  
its executive and legislative branches of government.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Michael R. Ben".

Michael R. Ben, SPHR  
Director of Human Resources

LATE

TESTIMONY BY DAVID SHIMABUKURO  
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
HOUSE BILL NO. 1106  
RELATING TO PUBLIC EMPLOYMENT

FEBRUARY 13, 2009

Chairperson Rhoads and Members of the Committee:

H.B. 1106 proposes to preserve the rights of certain employee's health, retirement, and other benefits if furloughs are implemented in fiscal years 2009 through 2013.

We have the following comments and concerns on this measure:

- Item 5 of Section 3 of this Bill states that any furlough of an employee shall not cause or be deemed to cause "any change on right, privilege, or benefit that the employee is entitled to or would have been entitled to by law but for the furlough."

The language in this section is not clear as to whether the "unpaid" salary as a result of the furlough will be included in the employee's retirement benefit computations. Under current law, the employee's actual salary is used for retirement benefit computation purposes.

Example:

An employee's regular salary is \$1,000 per month.

This employee is placed on furlough for one day each month and receives \$950.

If the intent of this Bill is to use the employee's regular monthly salary of \$1,000 instead of the actual paid salary of \$950 for retirement benefit calculation purposes, we note that the employers and employees

would not be making contributions on the "unpaid" salaries.

The ERS Board of Trustees opposes this interpretation of the Bill as it would increase the ERS' unfunded liability and be contrary to the provisions of Act 256, Session Laws of Hawaii 2007, which placed a moratorium on benefit enhancements until January 2, 2011.

- If the intent of this Bill is to continue to use the employee's actual salary for retirement benefit computation purposes, we are attaching a technical revision for your Committee's consideration.
- The Bill will not have an impact on an employee's retirement service credit as long as the employee is not furloughed 15 or more calendar days during the month, or 14 or more calendar days for the month of February.

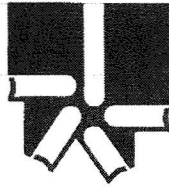
Thank you for the opportunity to testify on this measure.

Attachment

**ATTACHMENT TO ERS TESTIMONY FOR H.B. No. 1106**

Add to Item 5 of Section 3 in H.B. No. 1106 the following underscored language as follows:

- (5) Any change on any right, privilege, or benefit that the employee is entitled to or would have been entitled to by law but for the furlough; provided that an employee's retirement allowances and other benefits under chapter 88, Hawaii Revised Statutes, shall be based on the employee's actual compensation during the furlough.



LATE

House Committee on Labor and Public Employment

February 13, 2009

8:30 a.m.

**H.B 1106 Relating to Public Employment**

The University of Hawaii Professional Assembly strongly opposes the intent of any measure that assumes furloughs of public employees can be unilaterally implemented by the Governor without negotiating the impact upon bargaining units. The Constitution requires that a public employer has an obligation to bring to the bargaining table any attempts to reduce the compensation and working conditions of employees previous to implementation. This has not occurred.

This bill represents a cynical approach to make assurances that rights to rights, privileges, and benefits will be maintained during a furlough. This is being debated at the same time the legislature contemplates taking away benefits. Further it assumes facts not yet established that all public employers will run out of funds. This is simply incorrect and does not reflect the reality of the University of Hawaii and its ability to access funds independent of the state's general fund.

The University of Hawaii Professional Assembly believes this legislation is detrimental to the interests of public employees.

Respectfully Submitted,

Kristeen Hanselman  
Associate Executive Director

UNIVERSITY OF HAWAII  
PROFESSIONAL ASSEMBLY

1017 Palm Drive · Honolulu, Hawaii 96814-1928  
Telephone: (808) 593-2157 · Facsimile: (808) 593-2160  
Web Page: <http://www.uhpa.org>



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**

AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii  
Hawaii State House of Representatives  
Committee on Labor and Public Employment

**LATE**

Testimony by  
Hawaii Government Employees Association  
February 13, 2009

**H.B. 1106 – RELATING TO**  
**PUBLIC EMPLOYMENT**

The Hawaii Government Employees Association opposes H.B. 1106. The purpose of this bill is to preserve employee rights and benefits if an employee of the executive branch, including the Department of Education and the University of Hawaii, is furloughed. It also claims to assert the Governor's "inherent and explicit authority to institute furloughs."

The HGEA maintains that any discussion or consideration of furloughs is clearly a matter for collective bargaining under Chapter 89, HRS (Section 89-9 [d], HRS), because it directly affects wages, hours and other terms and conditions of employment. None of our collective bargaining agreements contain a provision that would allow management the option of instituting a furlough without mutual consent.

Also, Chapter 89, HRS, takes precedence over all conflicting statutes governing collective bargaining and preempts all executive orders, legislation or rules adopted by the State of Hawaii, a county or any department, including the Department of Human Resources Development. In conclusion, any attempt to initiate employee furloughs must be negotiated with the exclusive representative of the various bargaining units. We consider any attempt to unilaterally implement an employee furlough a prohibited practice under Section 89-13 (a), HRS.

Thank you for the opportunity to testify in opposition of this measure.

Respectfully submitted,

Randy Perreira  
Executive Director

**yamashita1- Kathy**

---

**From:** chefdevo@gmail.com on behalf of Devan Rosen [rosend@hawaii.edu]  
**Sent:** Thursday, February 12, 2009 2:54 PM  
**To:** LABtestimony  
**Subject:** Testimony for HB 1106

**LATE**

From:  
Dr. Devan Rosen  
Assistant Professor  
University of Hawaii

To: COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

DATE: Friday, February 13, 2009

TIME: 8:30 A.M.

PLACE: Conference Room 309, State Capitol, 415 South Beretania Street

Measure number: House Bill 1106

3 Copies Requested

Testimony:

I do NOT support the passing of HB 1106. It seeks to protect the rights of public employees to health, retirement, leave and other benefits if furloughed. Implies that furloughs are a certainty without negotiating impact with unions. There is an assumption that furloughs will be imposed.

Also doesn't preclude other legislation from taking current benefits away.

They are punitive in nature doing substantial harm to families and will make it hard to maintain a quality higher education workforce. Faculty will not see UH as a viable career option nor will faculty invest in staying.



**yamashita1- Kathy**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 12, 2009 2:37 PM  
**To:** LABtestimony  
**Cc:** JuanitaLauti@aol.com  
**Subject:** Testimony for HB1106 on 2/13/2009 8:30:00 AM

**LATE**

Testimony for LAB 2/13/2009 8:30:00 AM HB1106

Conference room: 309  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: Juanita Lauti  
Organization: Individual  
Address: 1440 Ward Avenue Honolulu, HI 96822  
Phone: 808-531-4364  
E-mail: [JuanitaLauti@aol.com](mailto:JuanitaLauti@aol.com)  
Submitted on: 2/12/2009

**Comments:**

I believe this bill to apply to all government employees. If so, then I support this bill. It's better to have a job then non at all and do understand we need to do something due to the economy.

Rep. Karl Rhoads, Chair  
Rep. Kyle T. Yamashita, Vice-Chair  
Committee on Labor & Public Employment

LATE

Jeannie Lum, Associate Professor  
University of Hawaii  
citizen  
808- 227-6752

Feb 13, 2009, 8:30am

I object to HB 1106 Relating to Public Employment

My name is Jeannie Lum. I am an Associate Professor at the University of Hawaii., College of Education. The Governor does not have an “inherent and explicit authority ...to institute furloughs” of state employees. This is an issue which must be negotiated with the labor unions. Also, why does this bill identify the period from 2008-2009 and 2010-2013 to be applicable, when other bills (such as HB 1536) identify the period of applicability from 2008-2009 and 2010-2011? These bills are discriminatory in their language, intent, implications, and application to different sectors of public employees. They do not provide enough specific information to ensure the elimination of political malfeasance.

I strongly do NOT support Bill HB 1106!!

HB 1536

Thank you for the opportunity to submit testimony this morning. My name is Allan ALMEIDA.

As a Sheriff Deputy for the State of Hawaii and a public employee for 12 years, I am deeply upset by the bill introduced by Speaker Calvin Say.

**Specifically: HB 1106**

HB 1106 is supposed to 'protect the rights of public employees' in the event of a furlough.

Speaker Say has said that a furlough would cause the "least amount of disruption to public service."

**QUESTIONS FOR SPEAKER SAY:**

- What about the private contractors who are working as ( Law Enforcement Officers) LEO's at all State of Hawaii/ DOT AIRPORTS! Are they being considered to be furloughed?
- Does HB 1106 apply to private contractors doing work under the State of Hawaii?

Along these questions, I want to state a comment- If as a Sheriff Deputy- I'm furloughed and employed as a part-time LEO for the Private Security Company at the airport.

**MY ACTIONS:**

Elect to work on my scheduled furlough day at the airport as a LEO. . . going to get paid. So where is the savings with furloughs. I may not receive the same Sheriff Deputy pay, but if I work a double shift as a private LEO- I will make more on my scheduled furlough day.

If ( Sheriff Deputies) I'm furloughed, I can guarantee you that, I will work on ALL my furloughed days!!

I have a beautiful family to support and I will do what ever it takes to keep my family operation running!!

To reiterate- I disagree with HB 1106 whole heartedly!

Would like to state more, but duty calls. . .

Best regards,

Allan ALMEIDA

**yamashita2 - Kristen**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 12, 2009 4:51 PM  
**To:** LABtestimony  
**Cc:** ctoguchi@hawaii.edu  
**Subject:** Testimony for HB1106 on 2/13/2009 8:30:00 AM

**LATE**

Testimony for LAB 2/13/2009 8:30:00 AM HB1106

Conference room: 309  
Testifier position: support  
Testifier will be present: No  
Submitted by: Charlotte Toguchi  
Organization: Individual  
Address: 4303 Diamond Head Rd HI  
Phone: 808 734-9179  
E-mail: [ctoguchi@hawaii.edu](mailto:ctoguchi@hawaii.edu)  
Submitted on: 2/12/2009

Comments:

**yamashita1- Kathy**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 12, 2009 2:07 PM  
**To:** LABtestimony  
**Cc:** gtatsuyama@yahoo.com  
**Subject:** Testimony for HB1106 on 2/13/2009 8:30:00 AM

**LATE**

Testimony for LAB 2/13/2009 8:30:00 AM HB1106

Conference room: 309  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Grady Tatsuyama  
Organization: Honolulu Police Department  
Address: 801 South Beretania St. Honolulu, HI  
Phone: 529-3159  
E-mail: [gtatsuyama@yahoo.com](mailto:gtatsuyama@yahoo.com)  
Submitted on: 2/12/2009

**Comments:**

HB 1106 is supposed to protect the rights of public employees' in the event of a furlough. Speaker Say has said that a furlough would cause the least amount of disruption to public service. I pose this question to the Speaker: What about the disruption to us as residents of this state? A reduction in our salaries is hugely disruptive at a time when we find ourselves more and more the sole breadwinners for our entire families. How can we afford a reduction to our salaries when we are some of the last remaining wage earners in the unstable economy? I also strongly disagree with Section 4 of HB 1106. The Governor does not have the authority to unilaterally furlough state employees.

Chair Rhoads, Vice Chair Yamashita, and members of the committee:

Thank you for the opportunity to submit testimony on H.B. No. 1106.

As a public employee for 3 years and my husband being a public employee for 15 years, I am deeply upset by the bills introduced by Speaker Calvin Say. Specifically: HB No. 1106 is supposed to 'protect the rights of public employees' in the event of a furlough. Speaker Say has said that a furlough would cause the "least amount of disruption to publicservice."

What about the disruption to us?

A reduction in our salaries is hugely disruptive with cost of basic necessities skyrocketing, how can we afford a reduction to our salaries. This bill is discriminatory towards public employees. I was dumbfounded when I read what this bill and other bills introduced by Speaker Say entails. As it is, public employees get paid less than the private sector. This bill, if passed, will take food off the table, and necessary medical care unattainable. Please vote against this bill.

Dawn Shimabukuro

Testimony re: Take away Bills

HB 1106

Representative Karl Rhoads, Chair Labor Committee  
Representative Kyle Yamashita, Vice Chair, Labor Committee,  
Members of the Committee on Labor,

LATE

PLEASE DO NOT PASS THE SIX YEAR RECESSION EXTENSION PACKAGE OF 2009

The proposed take away bills are counterproductive to the philosophy that the government should be doing everything in it's power to stimulate the economy, and not to drag it down.

The numerous attacks that these bills have on government employees pay and benefits are short-sighted and foolhardy.

Let's look at just a few ways that these legislative proposals in question stimulate Hawaii's economy:

- 1) Drastically reduce the take home pay of the 40,000+ government employees in the range through furloughs that equal a 5% reduction in pay per day for each furlough day
- 2) Reduce the workers take home pay by an additional \$250+ monthly to cover an increase to proposed family plan medical insurance premiums. This would also cause a severe reduction in spending by the largest employee group in the state. These draconian reductions are GAURANTEED to further drag down the state's economy as nearly ALL 40,000 employees who are presently scrapping by will restrict their spending.
- 3) Force the workers who retire after 6-30-09 to incur huge increases in the cost of medical insurance premiums due to non-payment by the state. This will result in no spending (economic stimulus) by anyone retiring in the near future due to lack of affordability. This is also a great way to thank workers who have given decades of service to the State of Hawaii who will now be on fixed incomes.
- 4) The state will need to pay out millions of dollars in cash to buy out the exodus of employees that will retire before 6-30-09. The state still owes them their vacation pay, up to 112 days of wages for each forced retirement.

The state and county governments do not produce widgets and gadgets that we sell to the residents and visitors to Hawaii to generate revenue for the government. We provide critical services to the people of Hawaii by taking care of the less fortunate, protecting our food and water supplies, and saving people's lives from criminals and disasters alike. In other words, governments' role is to allow the people of Hawaii to live in a manner to which they have become accustomed. The HGEA had no role in creating any of the governments programs or personnel in State or City government, this was the role of our lawmakers who decided that the people of Hawaii needed some type of service in order to make life in Hawaii better for all our visitors and residents.

Therefore the product we sell is shared by all the people in Hawaii, and we should ALL share in the costs of this economic downturn. This means that all residents and visitors must share equally in the "pain" that the lawmakers speak of.

Balancing the state's budget on the backs of government employees is not "sharing the pain". If the proposed cuts go through all that will be accomplished is to extend the recession in Hawaii until 2015.

Aloha,  
Peter Oshiro, HGEA Member  
95-1076 Pikoakea St.  
Mililani, HI 96789

LATE

yamashita2 - Kristen

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**From:** fccadizpal@aol.com  
**Sent:** Thursday, February 12, 2009 8:20 PM  
**To:** LABtestimony; Rep. K. Mark Takai; Lisa Vargas; Rep. Karl Rhoads; Rep. Kyle Yamashita; Rep. Kymberly Pine; Rep. Joey Manahan; Sen. Will Espero  
**Subject:** HB 1106

To: The Honorable Representatives and Senator Espero

Fr: Fred Cadiz  
A State Employee

RE: HB1106

I have had the privilege and honor to work during Legislative Sessions and have insider experience to know that my "voice" can be heard through my elected officials.

Unfortunately, my representative (Representative Takai) is on a greater mission serving with our own National Guard overseas and I am unable to express MY voice through him.

Therefore, I express to each and all of you directly and to all your colleagues, my EXTREME OPPOSITION to ANY and ALL House "takeaway" bills introduced to alter the present conditions and benefits of employment for all State employees.

State employees serves the public in a manner not greatly appreciated, and working for even less than what we now have, will be the "straw that will break the camel's back."

I urge you and all your colleagues to NOT SUPPORT HB1106.

Respectfully,

Fred Cadiz  
256-4111  
454-0821

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yamashita2 - Kristen

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**From:** fccadizpal@aol.com  
**Sent:** Thursday, February 12, 2009 8:24 PM  
**To:** LABtestimony; Rep. K. Mark Takai; Lisa Vargas; Rep. Karl Rhoads; Rep. Kyle Yamashita; Rep. Kimberly Pine; Rep. Joey Manahan; Sen. Will Espero  
**Subject:** HB ~~1719~~ 1106

February 12, 2009

To: The Honorable Representatives and Senator Espero

Fr: Fred Cadiz  
A State Employee

RE: HB1106

I have had the privilege and honor to work during Legislative Sessions and have insider experience to know that my "voice" can be heard through my elected officials.

Unfortunately, my representative (Representative Takai) is on a greater mission serving with our own National Guard overseas and I am unable to express MY voice through him.

Therefore, I express to each and all of you directly and to all your colleagues, my EXTREME OPPOSITION to ANY and ALL House "takeaway" bills introduced to alter the present conditions and benefits of employment for all State employees.

State employees serves the public in a manner not greatly appreciated, and working for even less than what we now have, will be the "straw that will break the camel's back."

I urge you and all your colleagues to NOT SUPPORT HB1106.

Respectfully,

Fred Cadiz  
256-4111  
454-0821

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 12, 2009 8:25 PM  
**To:** LABtestimony  
**Cc:** makaneole@yahoo.com  
**Subject:** Testimony for HB1106 on 2/13/2009 8:30:00 AM

**LATE**

Testimony for LAB 2/13/2009 8:30:00 AM HB1106

Conference room: 309  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: laurie makaneole  
Organization: Individual  
Address: P.o box 438 Hanapepe HI 96716  
Phone: 808-241-3387  
E-mail: [makaneole@yahoo.com](mailto:makaneole@yahoo.com)  
Submitted on: 2/12/2009

Comments:

I have over 25 years of employment with the State of Hawaii. I would be agreeable to furloughing employees on a voluntary basis. I would also be in agreement to allow employees to have peroid of time off with no pay and keep benefits on a voluntary basis. In addition I would be ageeable to all state employees have a 1 day a month furlough- except if this would create an unasfe work environment. I 'am opposed to reducing any of the other existing benefits.

**yamashita1- Kathy**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, February 12, 2009 10:16 AM  
**To:** LABtestimony  
**Cc:** michele.ikeda@gmail.com  
**Subject:** Testimony for HB1106 on 2/13/2009 8:30:00 AM

**LATE**

Testimony for LAB 2/13/2009 8:30:00 AM HB1106

Conference room: 309  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Michele Ikeda  
Organization: Individual  
Address:  
Phone:  
E-mail: [michele.ikeda@gmail.com](mailto:michele.ikeda@gmail.com)  
Submitted on: 2/12/2009

Comments:

**From:** Debbe Lee [manoadebbe@yahoo.com]  
**Sent:** Thursday, February 12, 2009 9:35 AM  
**To:** LABtestimony  
**Subject:** HB 1106  
**Attachments:** stat7576.jpg

**LATE**

Chair Rhoads, Vice Chair Yamashita, and members of the committee:

Thank you for the opportunity to submit testimony this morning. My name is Deborah Lee. As a public employee for 9 years, I am deeply upset by the bills introduced by Speaker Calvin Say. Specifically HB 1106.

HB 1106 is supposed to 'protect the rights of public employees' in the event of a furlough. Speaker Say has said that a furlough would cause the "least amount of disruption to public service."

I ask the Speaker: What about the disruption to us as residents of this state? A reduction in our salaries is hugely disruptive at a time when we find ourselves more and more the sole breadwinners for our entire families. How can we afford a reduction to our salaries when we are some of the last remaining wage earners in this unstable economy?

I also strongly disagree with Section 4 of HB 1106. The Governor does not have the authority to unilaterally furlough state employees.

**From:** Jerry Levinson [levinson@hawaii.edu]  
**Sent:** Thursday, February 12, 2009 9:05 AM  
**To:** LABtestimony  
**Subject:** HB 1106, etc.

**LATE**

My name is Jerry Levinson. If you may recall any of my missives to the Honolulu Advertiser, I am given to being sarcastic, so please read this with that in mind. Much of this text comes from HGEA but I've added a few bits here and there.

As a public employee for 16 years, I am deeply upset by the bills introduced by Speaker Calvin Say. All of them. Well, OK, not HB1536, that's one that should have been passed years ago. Along with one freezing the legislators' salaries, but you'd never pass that, would you? (Sarcasm)

HB 1106 is supposed to 'protect the rights of public employees' in the event of a furlough. Speaker Say has said that a furlough would cause the "least amount of disruption to public service."

Let Speaker Say take a furlough of, say, the rest of the legislative term. That would cause the least amount of disruption to public service!

Let Speaker Say take a reduction in salary. I see that HB 1536 freezes, NOT reduces, the salary of the Governor and Lt. Governor. Why are they exempt from a reduction?

HB 1719 is also of concern to me. As a civil servant, I chose to work for less pay to be able to contribute to the community. On balance, I believed that I would be able to count on a safe retirement. Speaker Say's bill, which disregards my years of service and reduces medical benefits until the Medicare retirement age, is irresponsible. Instead of supporting public service, Speaker Say is telling us that public employees don't mean much and promises to us can be broken mid-stream.

He is saying to us, "You are suckers for believing in your government's promises, nyah-ha-ha-hah!!" OK, I'm being sarcastic, but a government should keep its promises, shouldn't it?

Speaker Say is backing us into a corner, and it's not responsible (the original text from HGEA said "not irresponsible" but I guess they missed that in the rush to get this out to the members) for him to suggest that this economic crisis should be resolved by sacrificing the health and well being of me and my family. Also, by forcing people into retirement before July 1, 2009, we are gambling with the future of state programs. The loss to institutional knowledge and expertise that we could experience is putting our families in Hawai'i at risk. State programs that protect Hawai'i's children, elderly and public will lose a wealth of knowledge that is not easy to recover when state hiring freezes are overburdening our already overburdened workforce. I strongly encourage this committee to vote "no" on HB 1719 and to send a strong message to Speaker Say, that he cannot punish civil servants for their dedication and commitment to the State of Hawai'i.

Wait, here's an idea. I work at a community college where I am the only person who knows how to get data in and out of UH's student management system, Banner. I could retire now (a couple of years early) and then get rehired by the college to continue my work, without which no classes can be scheduled, no new courses created, etc. It has taken my years to get to my current point of skill and knowledge and, since there is a hiring freeze on and I can't be replaced I, would have an easy time being rehired as a "temporary" worker, thus doubling my income. Hmmm... (More sarcasm here, I wouldn't really do that.)

Early retirement was a foolish idea the last time it was tried (on a voluntary basis) and is a stupid idea now. I think you will find that the last attempt actually raised State expenses rather than lowering them.

HB 1725 says that from July 1, 2009 to June 30, 2015, public employees will have to bear THE ENTIRE burden of prescription drug coverage.

This is stupid. Are YOU giving up your prescription drug coverage? Is Speaker Say? It will also increase State costs for emergency medical care.

HB 1727 prohibits dental and vision coverage? What are these people smoking? Would you sit still to have these benefits taken away from you? If Speaker Say is serious, let's see him give up all his benefits first. And the benefits his family members have. And his employees.

All in all, I'm not sure how you can simply override your collective bargaining agreements. Maybe Speaker Say has an agreement with a bunch of lawyers to give them a whole bunch of new business to tide them over the recession.

Please vote "no" on all of these bills that take away benefits from public employees. Have a nice day.

Thanks,  
Jerry Levinson

**LATE**

TESTIMONY BY DAVID SHIMABUKURO  
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
HOUSE BILL NO. 1106  
RELATING TO PUBLIC EMPLOYMENT  
FEBRUARY 13, 2009

Chairperson Rhoads and Members of the Committee:

H.B. 1106 proposes to preserve the rights of certain employee's health, retirement, and other benefits if furloughs are implemented in fiscal years 2009 through 2013.

We have the following comments and concerns on this measure:

- Item 5 of Section 3 of this Bill states that any furlough of an employee shall not cause or be deemed to cause "any change on right, privilege, or benefit that the employee is entitled to or would have been entitled to by law but for the furlough."

The language in this section is not clear as to whether the "unpaid" salary as a result of the furlough will be included in the employee's retirement benefit computations. Under current law, the employee's actual salary is used for retirement benefit computation purposes.

Example:

An employee's regular salary is \$1,000 per month.

This employee is placed on furlough for one day each month and receives \$950.

If the intent of this Bill is to use the employee's regular monthly salary of \$1,000 instead of the actual paid salary of \$950 for retirement benefit calculation purposes, we note that the employers and employees

**LATE**

would not be making contributions on the "unpaid" salaries.

The ERS Board of Trustees opposes this interpretation of the Bill as it would increase the ERS' unfunded liability and be contrary to the provisions of Act 256, Session Laws of Hawaii 2007, which placed a moratorium on benefit enhancements until January 2, 2011.

- If the intent of this Bill is to continue to use the employee's actual salary for retirement benefit computation purposes, we are attaching a technical revision for your Committee's consideration.
- The Bill will not have an impact on an employee's retirement service credit as long as the employee is not furloughed 15 or more calendar days during the month, or 14 or more calendar days for the month of February.

Thank you for the opportunity to testify on this measure.

Attachment



**ATTACHMENT TO ERS TESTIMONY FOR H.B. No. 1106**

Add to Item 5 of Section 3 in H.B. No. 1106 the following underscored language as follows:

- (5) Any change on any right, privilege, or benefit that the employee is entitled to or would have been entitled to by law but for the furlough; provided that an employee's retirement allowances and other benefits under chapter 88, Hawaii Revised Statutes, shall be based on the employee's actual compensation during the furlough.