

Honolulu, Hawaii

March 16, 2010

RE: S.B. No. 2174

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 2174 entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose of this bill is to ensure fair representation of the membership of the Employees' Retirement System (ERS) by including county representation on the membership of the Board of Trustees of the ERS (Board).

The Hawaii Council of Mayors, Hawaii Government Employees Association, and Hawaii State Association of Counties testified in support of this bill. The Department of Budget and Finance testified in opposition to this measure. The Board provided comments.

Current representation on the Board is established in such a way as to ensure that a balance exists between members representing the interests of both public employers and employees. However, current Board membership lacks county representation. As counties contribute a considerable share to the ERS costs and their employees and retirees make up a large portion of the ERS membership, it seems only fair that some form of county representation be established on the Board.



However, your Committee finds that simply replacing a public member of the Board with a member appointed by the Council of Mayors to represent the counties may cause an imbalance in membership. Your Committee also notes the concerns raised by the Board that the county member, if appointed as a trustee, represents the entire membership and not just the counties. Furthermore, your Committee is in agreement that the trustee appointed by the Council of Mayors should be confirmed with the advice and consent of the Senate, similar to how those trustees appointed by the Governor are confirmed. Accordingly, your Committee has amended this bill by:

- (1) Increasing the membership of the Board to ten members with an additional member who is appointed by the Council of Mayors and an additional member who is a current member of the system who is a general employee;
- (2) Requiring that the member appointed by the Council of Mayors be subject to confirmation by the Senate in the same manner as trustees appointed by the Governor and clarifying that this member does not simply represent the counties; and
- (3) Retaining the public membership of the Board at three.

Technical, nonsubstantive amendments have also been made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2174, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2174, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR 784-10

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 2174	Committee Referral: LAB, FIN	Date: 3-12-10		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. AWANA, Karen Leinani	/			
5. HANOHANO, Faye P.	/			
6. KEITH-AGARAN, Gilbert S.C.	/			
7. LEE, Marilyn B.	/			
8. NAKASHIMA, Mark M.				/
9. SAIKI, Scott K.	/			
10. SOUKI, Joseph M.	/			
11. TAKUMI, Roy M.				/
12. PINE, Kymberly Marcos	/			
TOTAL (12)	10	-	-	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				