

Honolulu, Hawaii

March 16, 2010

RE: S.B. No. 2394
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. 2394 entitled:

"A BILL FOR AN ACT RELATING TO THE BOARD OF TRUSTEES OF THE DEFERRED COMPENSATION PLAN,"

begs leave to report as follows:

The purpose of this bill is to increase the decision-making authority of employee beneficiaries of the State's Deferred Compensation Plan by:

- (1) Altering the composition of the Board of Trustees of the Deferred Compensation Plan (Board) by making the Director of Human Resources Development (Director) an ex officio member and not requiring the Director to be the chairperson;
- (2) Increasing the number of elected public employees who represent employee interests from three to five; and
- (3) Requiring that the five public employees be elected, rather than nominated, subject to the advice and consent of the Senate, and appointed by the Governor.

The Hawaii Government Employees Association testified in support of this bill. The Board and Department of Human Resources Development opposed this measure.



The current composition of the Board requires that only three of the seven trustees be public employees. This provides public employees with a minority voice on the Board even though funds of public employees are deposited into the State's Deferred Compensation Plan. Restructuring the Board to increase public employee membership will provide employee-beneficiaries with increased decision-making authority over the operations of the Deferred Compensation Plan.

However, your Committee finds that appointment, rather than election, of public employee members to the Board may be a better alternative and result in more qualified individuals being placed on the Board. Accordingly, your Committee has amended this bill by deleting the provision requiring the public employee members of the Board be elected by employee-beneficiaries and that the Board adopt rules to carry out these elections.

Technical, nonsubstantive amendments were also 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. 2394, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2394, 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 786-10

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 2394	Committee Referral: LAB, FIN	Date: 3-9-10		
<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. committee acronym(s)				
Vice Chair's or designee's signature: _____ 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				