

Honolulu, Hawaii

March 16, 2010

RE: S.B. No. 2691
S.D. 1
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. 2691, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to streamline the processing of retirement benefits and provide cost savings to the State by authorizing, beginning March 1, 2011, all retirees and beneficiaries of the state Employees' Retirement System (ERS) to be paid by direct deposit.

The ERS; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; and United Public Workers testified in support of this bill.

According to the ERS, requiring all ERS beneficiaries who do not currently use direct deposit to have their benefits directly deposited to their financial institution instead of receiving paper checks will save approximately \$32,000 each year. Your Committee finds that even greater streamlining and costs savings can be achieved if payments are made monthly rather than semi-monthly. The costs savings resulting from these changes could then be used toward increasing ERS' investment earnings.



Accordingly, your Committee has amended this bill by requiring that payments to beneficiaries be made on a monthly, rather than semimonthly basis. Technical, nonsubstantive amendments have also been made for clarity, consistency, and style.

Your Committee notes that concerns were raised that the changing of payment methods to retirees may present a financial burden to older retirees. Therefore, the ERS is strongly encouraged to clearly inform those affected by these changes well in advance of the change.

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. 2691, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2691, S.D. 1, 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 785-10

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 2691, SD 1	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, Kymerly Marcos		-		
TOTAL (12)	10	1	-	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 100px;">committee acronym(s)</small>				
Vice Chair's or designee's signature:				
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