

LATE TESTIMONY

Date: 02/22/2010

Committee: House Finance

Department: Education

Person Testifying: Kathryn Matayoshi, Interim Superintendent of Education

Title of Bill: HB 2163 RELATING TO SALARY AND PENSION PAYMENTS.

Purpose of Bill: Requires all employees hired prior to July 1, 1998, and who have not designated a financial account into which the State is authorized to deposit the employee's pay, to designate an account no later than a date to be determined.

Department's Position: The Department of Education strongly supports HB 2163. It is imperative with current banking technology, for employees to take advantage of direct deposit of pay. Currently, despite the existence of the current statute, almost 40% of Department of Education employees still have not opted to have direct deposit of pay, since there are no explicitly defined consequences of violating the statute. As recently experienced during the furlough days' implementation and their impact on paycheck processing on paydays that coincided with furloughs, many employees without direct deposit were significantly inconvenienced; whereas, employees with direct deposit had their pay automatically in their bank on payday. The logistics of island-by-island distribution of paychecks were extremely challenging on paydays falling on furlough days. In many cases, employees not on direct deposit had to wait until the following week for their paychecks to be available. In order to improve this measure, we recommend that consequences be defined, for those employees who still refuse to comply with the law. Such consequences may include the unavailability of paychecks until two or more workdays after the pay date, due to the

challenging logistics of distributing paychecks.