

LATE TESTIMONY

Date: 02/22/2010

Committee: House Finance

Department: Education

Person Testifying: Kathryn Matayoshi, Interim Superintendent of Education

Title of Bill: HB 2533 (HSCR306-10) RELATING TO THE EMPLOYMENT OF EMPLOYEES' RETIREMENT SYSTEM RETIRANTS.

Purpose of Bill: Establishes the conditions under which state and county retirees may be reemployed while still receiving employees' retirement system benefits; and requires reimbursement of retirement allowances and payment of contributions for retirees reemployed in violation of the conditions for reemployment.

Department's Position: The Department of Education does not support HB 2533 (HSCR306-10). The Department is aware of the Employees' Retirement System (ERS) goal to maintain its tax-qualified status under section 401(a) of the Internal Revenue Code of 1986, as amended (Code). The Department has strived to be in compliance with current Hawaii Revised Statutes and has been proactive in auditing and changing any relevant policies in terms of reemploying retirees since the passage of Act 286 SLH 2006 and Act 156 SLH 2008. HB 2533 (HSCR306-10) appears to give remedies to the ERS if any State of County agency employs a retirant in violation of the law or code. The Department does not support this measure because there could be unexpected employee and employer ramifications; for example, when an employer or an employee is determined by the administrator to be at fault and there is disagreement in the finding. If HB 2533 (HSCR306-10) is passed, the Department suggests that the law be amended to include an appeals process as part of the implementation.