

TESTIMONY BY DAVID SHIMABUKURO
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2855, H.D. 1

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

FEBRUARY 22, 2010

Chair Oshiro and Members of the Committee:

The ERS Board of Trustees supports the intent of H.B. 2855, H.D. 1 which directs the Board to conduct a comprehensive review and to propose a plan to fully amortize the ERS' unfunded actuarial accrued liability over a 30 year period commencing July 1, 2012.

The Board will also review the ERS' actuarial experience for the 5-year period ending June 30, 2010 in early 2011 as the new assumptions could impact the results of this study. The proposed amortization plan and enabling legislation will be submitted to the Legislature by January 1, 2012.

Thank you for the opportunity to testify on this measure.

DEPARTMENT OF HUMAN RESOURCES
CITY AND COUNTY OF HONOLULU
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MUFI HANNEMANN
MAYOR



NOEL T. ONO
ACTING DIRECTOR

February 22, 2010

Representative Marcus R. Oshiro, Chair
and Members of the
Committee on Finance
The House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

Subject: House Bill No. 2855, House Draft 1
Relating to the Employee's Retirement System

The City and County of Honolulu, Department of Human Resources offers the following **comment** on House Bill 2855, House Draft 1, which directs the Board of Trustees of the Employees' Retirement System (ERS Board) to study and recommend legislation to amortize the unfunded actuarial accrued liability of the fund over a thirty year period.

The City notes that this study and the resulting legislation will have far reaching and long term effects on our budget and our employees. This highlights the urgent need for county representation on the ERS Board. Without county representation on the Board we will have no real input into the design of the study and the recommendations made to the Legislature—recommendations which may include increases in employer and employee contributions.

The Hawaii Council of Mayors has made county representation on the ERS Board one of its legislative priorities for this year. We urge you to provide for that representation so that the counties may be actively involved in efforts such as this one of finding solutions to the very complex challenge of addressing the unfunded actuarial accrued liability.

Thank you for the opportunity to testify.

Yours truly,

A handwritten signature in black ink, appearing to read "Noel T. Ono".

Noel T. Ono
Acting Director