

STAND. COM. REP. NO.

342

Honolulu, Hawaii

Feb 16, 2011

RE: H.B. No. 1037

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1037 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYER CONTRIBUTIONS TO THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose of this bill is to stabilize the Employees' Retirement System (ERS) and work to address its current accrued unfunded liability by specifically increasing the contribution rates for employer contributions to the ERS beginning in fiscal year 2013.

The ERS Board of Trustees and Hawaii Government Employees Association testified in support of this bill. The Department of Budget and Finance supported the intent of this measure. The City and County of Honolulu provided comments.

Currently, the ERS has an Unfunded Actuarial Accrued Liability (UAAL) of \$7.1 billion. Under Hawaii law, contribution rates to the ERS are subject to adjustment if the period required to amortize the UAAL of the ERS exceeds 30 years. According to the ERS's actuary, present contribution rates are not sufficient to amortize the UAAL in 30 years and the ERS faces a significant funding shortfall that must be made up with either increasing employer contributions, increasing employee contributions, decreasing employee benefits, or a combination of all three. This measure provides for moderate increases to the employer

HB1037 HSCR LAB HMS 2011-2039



contribution rates over the next several years to address part of this issue.

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 H.B. No. 1037 and recommends that it pass Second Reading 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-sixth Legislature

HSCR 342

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 1037	Committee Referral: LAB, FIN	Date: 2-8-11		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input 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. CULLEN, Ty	/			
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.	/			
7. LUKE, Sylvia	/			
8. SAIKI, Scott K.				/
9. SOUKI, Joseph M.	/			
10. TAKUMI, Roy M.	/			
11. FONTAINE, George R.	/			
12. JOHANSON, Aaron Ling	/			
TOTAL (12)	11	-	-	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				