

STAND. COM. REP. NO.

469

Honolulu, Hawaii

Feb 18 , 2011

RE: H.B. No. 1038  
H.D. 1

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. 1038 entitled:

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

begs leave to report as follows:

The purpose of this bill is to provide retirement benefits for State and county employees who become members of the Employees' Retirement System (ERS) of the State of Hawaii after June 30, 2012, that are different from the retirement benefits of current employees. Changes for employees who become members of ERS after June 30, 2012, include raising the employee contribution rates, increasing the period for calculating average final compensation from three years to five years, and increasing the vesting period from five to ten years.

The ERS Board of Trustees supported this bill. The Department of Budget and Finance supported the intent of the measure. The City and County of Honolulu and the Hawaii Fire Fighters Association provided comments. The University of Hawaii Professional Assembly opposed this bill.

If the public employee retirement benefit structure is not changed:

- (1) The financial soundness of the retirement system will be threatened;

HB1038 HD1 HSCR LAB HMS 2011-2042



- (2) Public employer costs will become increasingly burdensome to the employers and ultimately to the taxpayers; and
- (3) Vital government programs may be jeopardized because of the need to use operational funds to pay for employee benefits.

Technical, nonsubstantive amendments have been made for clarity, consistency, and style.

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. 1038, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1038, 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,

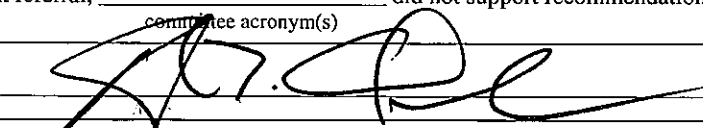


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KARL RHOADS, Chair



Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: <b>HB 1030</b>	Committee Referral: <b>LAB, FIN</b>	Date: <b>2-8-11</b>		
<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. 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	/			
<b>TOTAL (12)</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>1</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				