

STAND. COM. REP. NO. 1599

Honolulu, Hawaii

April 8, 2011

RE: S.B. No. 1269  
S.D. 2  
H.D. 2

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 1269, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE DEFINITION OF COMPENSATION FOR PURPOSES OF THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose of this bill is to revise the method of computing Employees' Retirement System (ERS) pension benefits for employees hired after June 30, 2011. Specifically, this bill provides that after June 30, 2011, "compensation", from which an employee's pension benefit is based, shall include:

- (1) The normal periodic payments of money for services performed, and additional payments for any time worked that is required by the employer;
- (2) Shortage differentials;
- (3) Elective salary reduction contributions; and
- (4) Twelve-month differentials for Department of Education employees.

Supportive testimony was received from the Hawaii State Teachers Association. The Honolulu Police Department, State of Hawaii Organization of Police Officers (SHOPO), and a concerned

SB1269 HD2 HSCR FIN HMS 2011-3647



individual opposed this measure. The Department of Budget and Finance, ERS Board of Trustees, and the City and County of Honolulu submitted comments.

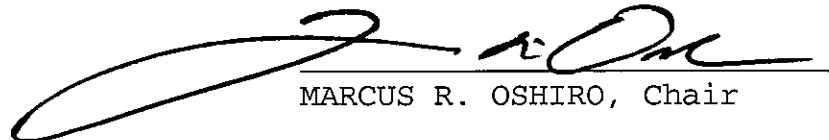
It is noteworthy to mention that your Committee did not receive testimony from neighbor island public workers, nor from the Counties of Hawaii, Kauai, or Maui.

After careful consideration, your Committee has amended this bill by:

- (1) Excluding additional or extra payments, including overtime, bonuses, supplementary payments, lump sum salary supplements, allowances, or differentials, not expressly authorized in statute, from the calculation of the pension benefit for employees entering service after June 30, 2011;
- (2) Changing its effective date to June 1, 2011; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1269, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1269, S.D. 2, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Finance,



MARCUS R. OSHIRO, Chair



