

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR  
ON  
HOUSE BILL NO. 1035, H.D. 1

March 15, 2011

RELATING TO EMPLOYEES' RETIREMENT SYSTEM BENEFIT ENHANCEMENT  
MORATORIUM

House Bill No. 1035, H.D. 1, institutes a moratorium on the enhancement of Employees' Retirement System benefits until the system's fund ratio is one hundred percent.

The Department of Budget and Finance strongly supports this amended Administration bill which will allow the Employees' Retirement System to improve and protect its funded status. Placing a moratorium on the enhancement of Employees' Retirement System benefits until the system's fund ratio is one hundred percent will prevent the unfunded liability from growing through enactment of benefit enhancements during this period.

The Administration believes that stability in the level of benefits received by current and former employees is an important factor in facilitating the Employees' Retirement System's ability to eventually eliminate its unfunded liability and ensure the long-term viability of the system.



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TESTIMONY BEFORE THE SENATE COMMITTEE ON  
JUDICIARY & LABOR

RE: **HB 1035**, HD1 – RELATING TO EMPLOYEES' RETIREMENT SYSTEM  
BENEFIT ENHANCEMENT MORATORIUM.

Tuesday, March 15, 2011

**WIL OKABE**, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION

Chair Hee and Members of the Committee:

The Hawaii State Teachers Association **opposes** HB1035, HD1, which institutes a moratorium on the enhancement of Employees' Retirement System benefits until the system's funded ratio is one hundred percent. We agree that this bill is an attempt to ensure the continuation of a sound and viable retirement system.

However, we feel that prohibiting benefit enhancements without proper assessment of the impact and the employment needs of the public employee is premature. The effect of these changes may negatively impact the future of Hawaii's ability to attract and retain highly qualified teachers. With Hawaii's high cost of living, our future teacher work force will look at other career opportunities outside of Hawaii.

We urge this committee to reassess the action for this bill and to take a less harsh approach in ensuring the stability of our Retirement System.

Thank you for the opportunity to submit testimony.