

TESTIMONY BY WESLEY K. MACHIDA
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 174

FEBRUARY 28, 2011

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Chair Oshiro and Members of the Committee:

H.B. 174 proposes to include county representation on the membership of the Board of Trustees of the Employees' Retirement System.

The ERS Board of Trustees opposes this bill. County appointee shouldn't be appointed to represent the counties, but he or she should represent all members. There has always been a representative on the Board from the City over the past 20 or more years. If the Trustee is from the County, then added travel costs of about \$5,000 per year and materials and other costs of about \$800 per year.

Thank you for the opportunity to testify on this important measure.

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 174

February 28, 2011

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

House Bill No. 174 increases the members on the Employees' Retirement System Board of Trustees from eight to ten and allows for one member of the Board of Trustees to represent the counties.

The Department of Budget and Finance supports the general intent of this measure to have one county representative on the Board of Trustees.

DEPARTMENT OF BUDGET & FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
650 SOUTH KING STREET 10TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8500 • FAX: (808) 768-5563 • INTERNET: www.honolulu.gov/hr

PETER B. CARLISLE
MAYOR



MICHAEL R. HANSEN
DIRECTOR

February 28, 2011

The Honorable 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. 174
Relating to Employees' Retirement System

The Departments of Budget and Fiscal Services and Human Resources support House Bill 174, as it provides for county representation on the Employees' Retirement System Board of Trustees.

The counties comprise four of the five public employers contributing to the ERS, but have no votes on its board. The proposed amendment adds a county representative to the board.

The decisions of the ERS board significantly affect the City and all the counties, our employees, and our retirees, yet the state is the only public employer with a seat on the board. Although we acknowledge the service and contributions of the ERS board, no one on the board has direct knowledge of the effect of board decisions on the counties or their employees and retirees. For example, the composition of our workforce—a substantial percentage of which are police officers and fire fighters—is significantly different from that of the state.

The City fully understands that a county representative—like all other board members—would have a fiduciary responsibility to the beneficiaries of the system. We also believe, however, that in this very challenging time the Board would benefit from the addition of a county perspective as they consider and formulate strategies to overcome those challenges.

The Honorable Marcus R. Oshiro, Chair
and Members of the Committee on Finance
The House of Representatives
February 28, 2011
Page 2

For the reasons stated, we strongly support passage of this bill, and thank the committee for the opportunity to present testimony.

Yours truly,



Michael R. Hansen, Director
Department of Budget and Fiscal Services



Noel T. Ono, Director
Department of Human Resources

Council Chair
Danny A. Mateo

Vice-Chair
Joseph Pontanilla

Council Members
Gladys C. Baisa
Robert Carroll
Elle Cochran
Donald G. Couch, Jr.
G. Riki Hokama
Michael P. Victorino
Mike White



Director of Council Services
Ken Fukuoka

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov/council

February 28, 2011

TO: The Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Joseph Pontanilla, Treasurer *Joseph Pontanilla*
Hawaii State Association of Counties

SUBJECT: **HEARING OF FEBRUARY 28, 2011; TESTIMONY IN SUPPORT OF HB 174,
RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM**

Thank you for the opportunity to testify in support of this important measure. The purpose of this measure is to increase the members on the Employees' Retirement System (ERS) Board of Trustees from eight to ten. It further establishes county representation on the ERS Board of Trustees.

I am aware that the President of the Hawaii State Association of Counties (HSAC) has submitted testimony, on behalf of HSAC, in support of this measure, which is in the HSAC Legislative Package. As the Treasurer of HSAC, I concur with the testimony submitted by the President, and urge you to support this measure.

ocs:proj:legis:11legis:11testimony:hb174_paf11-061a_kcw

Hawai'i State Association of Counties (HSAC)
Counties of Kaua'i, Maui, and Hawai'i, and City & County of Honolulu

The Twenty-Sixth Legislature
Regular Session of 2011
House Committee on Finance
Monday, February 28, 2011
State Capitol Conference Room 308 (3:30 p.m.)

The Honorable Marcus R. Oshiro, Chair
House Committee on Finance
and Committee Members
Hawai'i State Capitol
Honolulu, Hawai'i

Aloha Committee Chair Oshiro and Members of the House Finance Committee:

**SUBJECT: HOUSE BILL NO. 174 (RELATING TO THE EMPLOYEES'
RETIREMENT SYSTEM)**

My name is Derek Kawakami from the County of Kaua'i, and I submit this testimony in my capacity as President of the Hawai'i State Association of Counties.

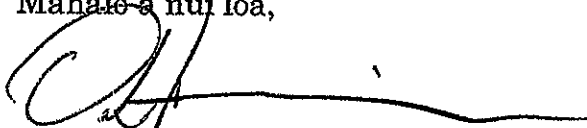
The Hawai'i State Association of Counties (HSAC) is in support of House Bill No. 174, which is part of the 2011 HSAC Legislative Package.

This bill proposes to include a designated representative of the counties on the Board of Trustees of the State employees' retirement system (ERS).

By adding a county-designated trustee to the ERS, county members may be better informed of decisions made and changes to the programs that have a direct impact on our counties' fiscal interests.

Thank you very much for this opportunity to address you, and for your dedication and hard work.

Mahalo a nui loa,



Derek S. K. Kawakami, President
Hawaii State Association of Counties