

## DEPARTMENT OF BUDGET &amp; FISCAL SERVICES

## CITY AND COUNTY OF HONOLULU

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PETER B. CARLISLE  
MAYOR



## LATE TESTIMONY

MICHAEL R. HANSEN  
DIRECTOR

March 31, 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: Senate Bill No. 1341, S.D.2 and H.D.1  
Relating to the Employees' Retirement System

The City and County of Honolulu (City) is well aware of the serious challenges the Retirement System is facing and recognizes the need for significant course corrections. The City views Senate Bill 1341, Senate Draft 2, House Draft 1 as part of a package of proposals aimed at addressing the Retirement System's unfunded liability. The City supports **these bills as a collective package designed to address the unfunded liability issue in a comprehensive manner**—with reasonable changes to benefits and increases in the Employer contribution rate.

The changes included in S.B. 1341, S.D. 2, H.D.1 which will update the benefits structure making it more realistic and sustainable are essential to reforming the system.

In addition to changes in the benefits, we recognize increases in the Employer contributions are a necessary element in this comprehensive reform effort. We are on record as supporting these increases even though we know they will have a severe negative impact on our budget. The adoption of all these changes will, we hope, ultimately result in a system that is more stable and Employer costs that are more predictable.

The Honorable Marcus R. Oshiro, Chair  
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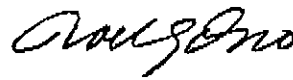
We realize this Committee is facing very difficult decisions on many matters, including this one. We urge the Committee to take the comprehensive approach needed to set the Retirement System on a sustainable path.

Thank you for the opportunity to testify on this measure.

Yours truly,



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



Noel T. Ono, Director  
Department of Human Resources