

SB 649

Testimony



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TESTIMONY BEFORE THE SENATE COMMITTEE ON
JUDICIARY & LABOR

RE: SB 649 – RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

February 11, 2011

WIL OKABE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Hee and Members of the Committee:

The Hawaii State Teachers Association supports SB 649 that provides annual lump sum payments for retirees, especially those who have been retired for a great number of years and depend on their state pensions for survival. Their pensions have not increased at the same rate as the cost of living. This bill, in the interest of fairness, is a step towards resolving this inequity. Although \$1.00 per month does not seem like a large amount to some, it is a start and one that will be greatly appreciated by retirees.

Therefore, HSTA supports SB 649.

Thank you for the opportunity to testify.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Twenty-Sixth Legislature, State of Hawaii
The Senate
Committee on Judiciary and Labor

Testimony by
Hawaii Government Employees Association
February 11, 2011

S.B. 649 – RELATING TO THE
EMPLOYEES’ RETIREMENT SYSTEM

The Hawaii Government Employees Association Retirees Unit, AFSCME Local 152, AFL-CIO supports S.B. 649. Our Retirees Unit consists of 9,500+ members and our most elderly members will benefit from this measure. The bill seeks to provide what would be a cost of living adjustment to government retirees who are at least 75 years old and have been retired for at least 20 years as of June 30, 2011.

Section 1 of the bill indicates that the motivation for the bill stems from a concern that the pensions of older retirees have not kept pace with inflation particularly for retirees 75 years and older who have been retired for at least 20 years. The bill also acknowledges that the last time the legislature made an adjustment to retirees’ pension to account for the effects of inflation was during the 2002-2003 fiscal year. S.B. 649 is intended to make a similar adjustment limited to just retirees 75 years and older who have been retired 20 or more years. The amount a retiree would receive within the group would vary based on the age of the retiree and the number of years the retiree has been retired.

We are in agreement with the intent of S.B. 649 and for that reason support the bill.

Respectfully submitted,

Randy Perreira
Executive Director

SENATE COMMITTEE ON JUDICIARY AND LABOR
Senator Clayton Hee, Chair
Senator Maile Shimabukuro, Vice Chair

DATE: Friday, February 11, 2011
TIME: 9:15 a.m.
PLACE: Conference Room 016
State Capitol
415 Beretania Street

RE: Testimony in Support of SB649

Senator Hee and members of the Committee on Judiciary and Labor, the Hawaii State Teachers Association – Retired, consisting of more than 4900 members statewide, supports SB649.

This bill is intended to help older state and county retirees whose pensions are much lower than recent retirees, and whose pensions have fallen further and further behind increases in the cost of living.

The last COLA Bonus Bill was passed approximately nine years ago, another bonus bill is long overdue.

In this bill, to qualify for a bonus a retiree has to be at least seventy-five years old and must have been retired for at least twenty years. The amount of the bonus is based on a retiree's credited service with the state and/or county. A retiree who qualifies for a bonus would receive annual payments of \$1 for each month of credited service. This amounts to \$12 per year of credited service.

These lump sum payments would not increase a retiree's basic monthly pension or normal post retirement benefit.

Please support SB649.

Justin Wong, President
Hawaii State Teachers Association - Retired

Senator Clayton Hee and Members of the Senate Judiciary & Labor Committee
2011 Hawaii State Legislature
State Capitol Building
Honolulu, Hawaii

Aloha Ladies and Gentlemen,

Thank you for the opportunity to present testimony. My name is Yoshiichi "Joe" Tanaka, and I write as Chairman of the HSTA-Retired COLA Fairness Committee (CFC) in support of SB 649 with one reservation. SB 649 models so-called "ad hoc catch-up/bonus bills" that have appeared before the legislature many times. The objective of these bills is to help long-term retirees in particular to cope with cost of living (inflation) increases.

It speaks well for Hawaii's State Retirement System to have a Post Retirement Allowance (PRA) Program currently for all retirees and beneficiaries that is supposed to provide on-going relief from inflation. Unfortunately, the PRA in practice lacks economic logic resulting in retirees best able to cope with rising prices receiving the most help with those least able to cope financially receiving the least help. Further, PRA provides the most help when least needed and the least help when most needed. Until such time that this strange paradox is reformed, there will be a need for bonuses/catch-ups.

For now, the reality is that SB 649 is before us proposing much needed relief for aged, long term retirees. In present form, it is an ad hoc bill for a dollar increase to one's pension. It is a step in the right direction, but inflation is not a one shot phenomenon; but a steady rise in prices for goods and services over time. Hence I support SB649, in hopes that its details would make it an ongoing increase. That connects with the very phenomenon it is designed to combat: inflation. It's first aid that is badly needed.

Mahalo Nui.
Y. Joe Tanaka

70 Akea St.
Hilo, HI 96720
808 959 7693

Senator Clayton Hee and Members of the Senate Judiciary & Labor Committee
2011 Hawaii State Legislature
State Capitol Building
Honolulu, Hawaii

Aloha Ladies and Gentlemen,

Thank you for the opportunity to present testimony. My name is Yoshiichi "Joe" Tanaka, and I write as Chairman of the HSTA-Retired COLA Fairness Committee (CFC) in support of SB 649 with one reservation. SB 649 models so-called "ad hoc catch-up/bonus bills" that have appeared before the legislature many times. The objective of these bills is to help long-term retirees in particular to cope with cost of living (inflation) increases.

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Mahalo Nui.
Y. Joe Tanaka

Beverly A. Gotelli
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Testimony for the Senate Judiciary and Labor Committee
February 11, 2011
Room 016
9:15am

Testimony in support of SB 649 Relating to the Employees' Retirement System

Good morning Senator Hee and members of the Committee:

My name is Beverly Gotelli a retired teacher speaking in strong **support** of **SB 649**. The legislation proposed is not new but is something that is needed at this time. The most senior of our States retirees are those who worked to build what we are enjoying today. They worked for lesser salaries than today's current workers. They put in long hours and never considered it a hardship.

But today, due to the rising cost of everything from bread to prescription drugs these retirees are living on very little. They are the ones who are making the hard choices of what to purchase. They do not have the luxury of retirees of ten years ago. SB 649 addresses the need of those retirees who are seventy five and older with twenty years of retirement as of June 30, 2011.

I believe this will help these retirees who need the assistance the most. I urge you and your committee members to support SB 649 and pass it on to the next committee.

Thank you for the opportunity to testify this morning.

COMMITTEE ON JUDICIARY AND LABOR

Senator Clayton Hee, Chair

Senator Maile S.L. Shimabukuro, Vice Chair

Date: Friday, February 11, 2011

Time: 9:15 a.m.

Place: State Capitol, Conference Room 016

To: Senator Clayton Hee and members of the Judiciary and Labor Committee

Fr: Donna Higashi, member of HSTA-Retired

Re: SB649 RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

As a member of the HSTA-Retired COLA Fairness Committee we are most concerned about assisting our most senior retirees. We have been submitting legislation yearly since 2008 because they are the ones that need it the most since their pensions are the smallest and they need more funds to offset the effects of inflation. Prior to 2002, these retirees received varying bonus amounts due to inflation. In 2002, each of our most senior retirees (age 70+) received a one-time bonus of \$200 and nothing ever since.

This bill recognizes that age (75+), years in retirement (20+) and years of service are critical in determining fairness for all. So the retiree will receive a bonus of \$1.00 for each month of service instead of the same lump sum. We also support the need for this to be on-going instead of stopping just because of age between 75 and 74.

All in all we see the need to address the entire Post Retirement Allowance situation. This PRA benefit is greatly appreciated but until the entire topic of inflation is completely addressed this on-going assistance to our senior retirees will help. I strongly support SB649.

Thank you for the opportunity to provide testimony.