



LATE TESTIMONY

EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

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

February 11, 2011
9:15 a.m. Room 016

Governor Neil Abercrombie
Testimony in SUPPORT on SB 1269
Relating to the Definition of Compensation for Purposes
of the Employees' Retirement System

Chair Hee, Vice-Chair Shimabukuro and members of the Senate Judiciary and Labor Committee:

Thank you this opportunity to provide testimony in support of Senate Bill (SB) 1269, Relating to the Definition of Compensation for Purposes of the Employees' Retirement System (ERS).

Passage of this measure would save the state \$13 million in its ERS payments and the counties \$19 million. In addition, the unfunded liability for the ERS would decrease by \$500 million. Moody's Investors Service now plans to include unfunded pension liabilities into its credit rating. I have included a copy of this news article with my testimony. This bill will help maintain the state's good credit rating, which has a direct impact on our bonding authority.

Pension should be calculated off base pay and should not include overtime and other types of extra payments. As a former probation officer, I understand the need to work overtime. However, overtime pay is applicable only for that time and the State and counties should not be paying additional pension benefits for overtime.

We cannot continue this practice that will further erode our pension system and has a direct effect on our credit rating.

Thank you for this opportunity to provide testimony in support.

NEIL ABERCROMBIE
GOVERNOR



DWIGHT TAKAMINE
INTERIM DIRECTOR

AUDREY HIDANO
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.hawaii.gov/labor
Phone: (808) 586-8842 / Fax: (808) 586-8089
Email: dir.director@hawaii.gov

LATE TESTIMONY

February 10, 2011

The Honorable Clayton Hee, Chair
Committee on Judiciary and Labor
The State Senate
State Capitol, Room 407
Honolulu, Hawaii 96813

Dear Chair Hee:

Subject: S.B. 1269 Relating to the Definition of Compensation for Purposes of the Employees' Retirement System

I am Kenneth G. Silva, Chair of the State Fire Council (SFC) and Fire Chief of the Honolulu Fire Department (HFD). The SFC and the HFD oppose S.B. 1269, which proposes to amend the definition of compensation for the purpose of calculating retirement benefits.

As defined in this bill, compensation for fire fighters is provided as normal periodic payments which accrue in proportion to services performed. In addition to normal services, fire fighters also perform services under conditions involving overtime, stand-by duty, temporary unusual work hazards, or temporary differentials. These conditions are as much a part of the work performed as the normal work, and compensation for such conditions are included in the collective bargaining process.

Services performed under these conditions often involve prolonged hazardous exposures, higher levels of danger, or increased emergency responsibilities. When fire fighters perform these functions, they are giving their full service to the community at required levels. For that reason, pay for these conditions should continue to be included in calculations for retirement benefits.

The SFC and the HFD respectfully urge your committee's deferral of S.B. 1269.

Should you have any questions, please call SFC Administrator Socrates Bratakos at 723-7151.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kenneth G. Silva".

KENNETH G. SILVA
Chair

KGS/LR:cn



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January 27, 2011

Moody's to Factor Pension Gaps in States' Ratings

By MARY WILLIAMS WALSH

Moody's Investors Service has begun to recalculate the states' debt burdens in a way that includes unfunded pensions, something states and others have ardently resisted until now.

States do not now show their pension obligations — funded or not — on their audited financial statements. The board that issues accounting rules does not require them to. And while it has been working on possible changes to the pension accounting rules, investors have grown increasingly nervous about municipal bonds.

Moody's new approach may now turn the tide in favor of more disclosure. The ratings agency said that in the future, it will add states' unfunded pension obligations together with the value of their bonds, and consider the totals when rating their credit. The new approach will be more comparable to how the agency rates corporate debt and sovereign debt. Moody's did not indicate whether states' credit ratings may rise or fall.

Under its new method, Moody's found that the states with the biggest total indebtedness included Connecticut, Hawaii, Illinois, Kentucky, Massachusetts, Mississippi, New Jersey and Rhode Island. Puerto Rico also ranked high on the scale because its pension fund for public workers is so depleted that it has virtually become a pay-as-you-go plan, meaning each year's payments to retirees are essentially coming out of the budget each year.

Other big states that have had trouble balancing their budgets lately, like New York and California, tended to fare better in the new rankings. That is because Moody's counted only the unfunded portion of states' pension obligations. New York and California have tended to put more money into their state pension funds over the years, so they have somewhat smaller shortfalls.

In the past, Moody's looked at a state's level of bonded debt alone when assessing its creditworthiness. Pensions were considered "soft debt" and were considered separately from the bonds, using a different method.

"A more standard analysis would view both of these as liabilities that need to be paid and put stress on your operating budgets," said Robert Kurtter, managing director for public finance at Moody's.

In making the change, Moody's sidestepped a bitter, continuing debate about whether states and cities were accurately measuring their total pension obligations in the first place. In adding together the value of the states' bonds and their unfunded pensions, Moody's is using the pension values reported by the states. The shortfalls reported by the states greatly understate the scale of the problem, according to a number of independent researchers.

"Analysts and investors have to work with the information we have and draw their own conclusions about what the information shows," Mr. Kurtter said.

In a report that is being made available to clients on Thursday, Moody's acknowledges the controversy, pointing out that governments and corporations use very different methods to measure their total pension obligations. The government method allows public pension funds to credit themselves for the investment income, and the contributions, that they expect to receive in the future. It has come under intense criticism since 2008 because the expected investment returns have not materialized. Some states have not made the required contributions either.

Moody's noted in its report that it was going to keep using the states' own numbers, but said that if they were calculated differently, it "would likely lead to higher underfunded liabilities than are currently disclosed."

After adding up the values of each state's bonds and its unfunded pensions, Moody's compared the totals to each state's available resources, something it did in the past only for each state's bonds. It found that some relatively low-tax states, like Colorado and Illinois, had very high total debts compared with their revenue, suggesting that their finances could be improved by collecting more taxes.

But some states that are heavily indebted, like New Jersey, also have among the highest tax rates, suggesting other types of action may be needed to reduce their debt burdens.

Moody's also ranked total indebtedness on the basis of each state's total economic output and its population. It did not factor state promises for retiree health care into its analysis, on the thinking that pensions are a fixed debt like bonds, but retiree health plans can usually be renegotiated.

Mr. Kurtter said Moody's was not suggesting that any state was in such serious trouble that it was about to default on its bonds, something considered extremely unlikely by many analysts.

Some state officials have complained about a recent tendency to focus on total pension obligations, calling it a scare tactic by union opponents who want to abolish traditional pensions and make all state workers save for their own retirements.

Mr. Kurtter said Moody's had decided it was important to consider total unfunded pension obligations because they could contribute to current budget woes.

"These are really reflections of the budget stress that states and local governments are now feeling," he said. A company with too much debt could close its doors, he said, but governments do not have that option.

"They have a tax base. They have contractually obligated themselves to make these payments. These are part of the ongoing budget stress," he said. "It ultimately all comes back to being an operating cost. Addressing those problems is really what's happening today."



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

February 11, 2011
9:15 a.m. Room 016

Governor Neil Abercrombie
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Relating to the Definition of Compensation for Purposes
of the Employees' Retirement System

Chair Hee, Vice-Chair Shimabukuro and members of the Senate Judiciary and Labor Committee:

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LATE TESTIMONY

TESTIMONY BY KALBERT K. YOUNG
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR
ON
SENATE BILL NO. 1269

February 11, 2011

RELATING TO THE DEFINITION OF COMPENSATION FOR PURPOSES OF THE
EMPLOYEES' RETIREMENT SYSTEM

Senate Bill No. 1269 amends the definition of "compensation" for the purpose of calculating retirement benefits by excluding overtime, bonuses, lump sum salary supplements, and differentials.

The Department of Budget and Finance strongly supports this Administration bill.

Salary adjustments in addition to an employee's base pay can significantly affect the average final compensation for retirement benefits. For example, the following data provided by the Employees' Retirement System's actuary illustrates the significant impact that overtime has on "compensation" for one segment of employees in the System, police and firefighters:

<u>Year</u>	<u>No. of Retirees</u>	<u>Base Pay</u>	<u>Average</u>	<u>Total Overtime Cost</u>
2010	4,940	\$61,895	\$12,393	\$61,221,420
2009	4,955	\$59,691	\$13,882	\$68,785,310
2008	4,919	\$56,199	\$13,521	\$66,509,799

When all other additional salary adjustments plus the overtime for other State and county employees are factored in, the total cost of adjustments above base pay will be significantly higher.

The Employees' Retirement System's actuary (see attached letter dated January 31, 2011) estimates that this measure will save the State approximately \$13.2 million in Fiscal Year 2012 and save the counties approximately \$19.0 million. In addition, the System's unfunded liability is estimated to be reduced by at least \$500 million.

Thus, this measure will produce a near-term benefit of reducing the public employers' annual contributions, and a long-term benefit of reducing the unfunded liability, thereby improving the long-term viability of the Employees' Retirement System.

Attachment

DEPARTMENT OF BUDGET & FISCAL SERVICES
CITY AND COUNTY OF HONOLULU

LATE TESTIMONY

530 SOUTH KING STREET 2ND Floor • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov/hr

PETER B. CARLISLE
MAYOR



MICHAEL R. HANSEN
DIRECTOR

February 11, 2011

The Honorable Clayton Hee, Chair
and Members of the Committee on Judiciary and Labor
The Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chair Hee and Members:

Subject: Senate Bill No. 1269
Relating to the Definition of Compensation for Purposes
of the Employees' Retirement System

The City and County of Honolulu strongly supports Senate Bill 1269 which will amend the definition of "compensation" used in calculating retirement benefits. The City views this as being one of the bills which is necessary to address the Retirement System's unfunded liability.

As noted in our testimony on Senate Bill 1264, we recognize the need to increase employer contributions to the Retirement System, but consider it essential that the increase be accompanied by comprehensive reforms to the benefits. Included in these reforms is this proposed change to exclude overtime from the computation of retirement benefits.

The City appreciates the time, effort and sacrifice made by our employees who work overtime. We note these employees receive additional compensation for their efforts while they are working. However, the practice of including overtime in the retirement calculations, which results in added retirement compensation over the retiree's lifetime, on top of the additional overtime compensation already paid, can no longer be sustained.

The Honorable Clayton Hee, Chair
and Members of the Committee on Judiciary and Labor
The Senate
February 11, 2011
Page 2

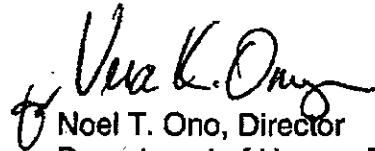
We realize this Committee is facing very difficult decisions on many matters, including this one. We urge the Committee to take a comprehensive approach in addressing this matter to include reasonable changes to benefits as well as increases in the Employer contribution rate.

Thank you for the opportunity to testify on Senate Bill 1269.

Yours truly,



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



Noel T. Ono, Director
Department of Human Resources

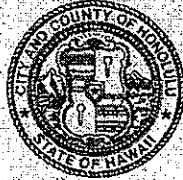


POLICE DEPARTMENT
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET • HONOLULU, HAWAII 96813
TELEPHONE: (808) 529-3111 • INTERNET: www.honolulu-pd.org

LATE TESTIMONY

PETER B. CARLISLE
MAYOR



LOUIS M. KEALOHA
CHIEF

DELBERT T. TATSUYAMA
RANDAL K. MACADANGANG
DEPUTY CHIEFS

OUR REFERENCE CO-VYH

February 11, 2011

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and Members
Committee on Judiciary and Labor
The Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chair Hee and Members:

Subject: Senate Bill No. 1269, Relating to the Definition of Compensation for Purposes
of the Employees' Retirement System

I am Cary Okimoto, Captain of the Human Resources Division of the Honolulu Police
Department (HPD), City and County of Honolulu.

The HPD opposes the passage of Senate Bill No. 1269, which would amend the definition of
"compensation" used in calculating retirement benefits.

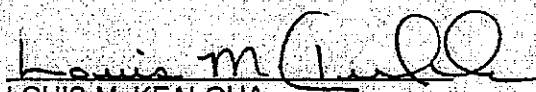
We realize your committee is faced with very difficult decisions on many matters. However, the
passage of this bill will hamper the retention of front-line and secondary supervisors who are
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process, and train journey level police officers to replace the expected number of vacancies that
will occur as a result of this bill. This will definitely impact operations and delivery of services to
the community. Further, the vacancies will hamper the staffing for the Asia-Pacific Economic
Cooperation summit and other major events.


The HPD strongly opposes the passage of this bill as it will fracture its staffing and operations.

Thank you for the opportunity to testify.

APPROVED:

Sincerely,

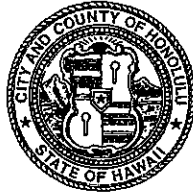

LOUIS M. KEALOHA
Chief of Police


CARY OKIMOTO, Captain
Human Resources Division

Serving and Protecting With Aloha

POLICE DEPARTMENT
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813
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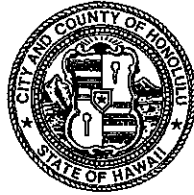
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CARY OKIMOTO, Captain
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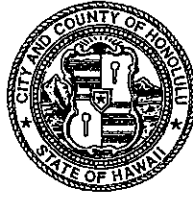
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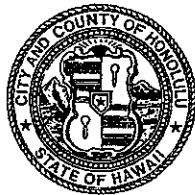
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Honolulu, Hawaii 96813

Dear Chair Hee and Members:

Subject: Senate Bill No. 1269, Relating to the Definition of Compensation for Purposes
of the Employees' Retirement System

I am Cary Okimoto, Captain of the Human Resources Division of the Honolulu Police
Department (HPD), City and County of Honolulu.

The HPD opposes the passage of Senate Bill No. 1269, which would amend the definition of
"compensation" used in calculating retirement benefits.

We realize your committee is faced with very difficult decisions on many matters. However, the
passage of this bill will hamper the retention of front-line and secondary supervisors who are
eligible to retire. Additionally, the HPD does not have sufficient time and resources to recruit,
process, and train journey level police officers to replace the expected number of vacancies that
will occur as a result of this bill. This will definitely impact operations and delivery of services to
the community. Further, the vacancies will hamper the staffing for the Asia-Pacific Economic
Cooperation summit and other major events.

The HPD strongly opposes the passage of this bill as it will fracture its staffing and operations.

Thank you for the opportunity to testify.

APPROVED:

Sincerely,

Handwritten signature of Louis M. Kealoaha in black ink.

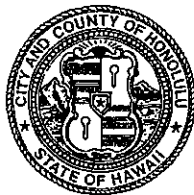
LOUIS M. KEALOHA
Chief of Police

Handwritten signature of Cary Okimoto in black ink.

CARY OKIMOTO, Captain
Human Resources Division

POLICE DEPARTMENT
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813
TELEPHONE: (808) 529-3111 · INTERNET: www.honolulu.org



PETER B. CARLISLE
MAYOR

LOUIS M. KEALOHA
CHIEF

DELBERT T. TATSUYAMA
RANDAL K. MACADANGDANG
DEPUTY CHIEFS

OUR REFERENCE CO-VYH

February 11, 2011

The Honorable Clayton Hee, Chair
and Members
Committee on Judiciary and Labor
The Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chair Hee and Members:

Subject: Senate Bill No. 1269, Relating to the Definition of Compensation for Purposes
of the Employees' Retirement System

I am Cary Okimoto, Captain of the Human Resources Division of the Honolulu Police
Department (HPD), City and County of Honolulu.

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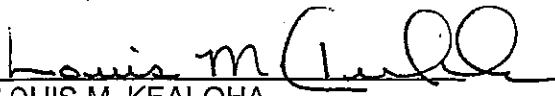
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Thank you for the opportunity to testify.

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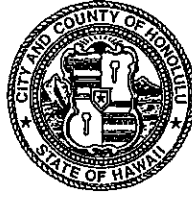
Sincerely,


LOUIS M. KEALOHA
Chief of Police


CARY OKIMOTO, Captain
Human Resources Division

POLICE DEPARTMENT
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET • HONOLULU, HAWAII 96813
TELEPHONE: (808) 529-3111 • INTERNET: www.honolulu-pd.org



PETER B. CARLISLE
MAYOR

LOUIS M. KEALOHA
CHIEF

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RANDAL K. MACADANGDANG
DEPUTY CHIEFS

OUR REFERENCE CO-VYH

February 11, 2011

The Honorable Clayton Hee, Chair
and Members
Committee on Judiciary and Labor
The Senate
State Capitol
Honolulu, Hawaii 96813

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Subject: Senate Bill No. 1269, Relating to the Definition of Compensation for Purposes
of the Employees' Retirement System

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Department (HPD), City and County of Honolulu.

The HPD opposes the passage of Senate Bill No. 1269, which would amend the definition of
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Cooperation summit and other major events.

The HPD strongly opposes the passage of this bill as it will fracture its staffing and operations.

Thank you for the opportunity to testify.

APPROVED:

Sincerely,

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LOUIS M. KEALOHA
Chief of Police

A handwritten signature in black ink, appearing to read "Cary Okimoto", written over a horizontal line.

CARY OKIMOTO, Captain
Human Resources Division

LATE TESTIMONY

SHOPO



February 10, 2011

Senator Clayton Hee and the members of the Judiciary & Labor Committee

DATE: February 11, 2011
TIME: 9:15AM
PLACE: State Capitol
Conference Room 016
Honolulu, Hawaii 96813

Testimony Re: SB1269 - RELATING TO THE DEFINITION OF COMPENSATION FOR THE PURPOSE OF CALCULATING RETIREMENT BENEFITS

Senator Clayton Hee and the members of the Judiciary & Labor Committee

I, Tenari Ma'afala, President of The State Of Hawaii Organization of Police Officer ("SHOPO") who represent approximately 3000 members across the State, does not support the passage of SB1269 to become law. We do not support an amendment of the definition of "compensation" to calculate retirement benefits effective June 30, 2011.

This bill, in its form, would cause a mass exodus of the 353 Police Officers across the state eligible to retire which would add to the already 513 vacancies aggregate of all four county Police Departments.

Sincerely,

Tenari Ma'afala
SHOPO-President

*Sued ERS
non-adjusted fund 2m
health fund 3m*

- PRESIDENT
Tenari R. Ma'afala
- VICE PRESIDENT
Malcolm Lutu
- TREASURER
James "Kimo" Smith
- SECRETARY
Bryson M. Ponce
- DIRECTORS AT LARGE
Michael Cusumano
John Haina
Jeffrey-James Lee
- HONOLULU CHAPTER CHAIR
Stanley Aquino
- HAWAII CHAPTER CHAIR
John Stewart
- KAUAI CHAPTER CHAIR
Jesse Guirao
- MAUI CHAPTER CHAIR
Michael Bates

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Mau Chapter Office
1687 Wai Pa Loop, Suite #2
Waipuu, Hawaii 96759
Ph: (808) 242-8129
Fax: (808) 242-9519

Kauai Chapter Office
3146 Akahi Street, Unit 2
Lihue, Hawaii 96766
P.O. Box 1703
Lihue, Hawaii 96766
Ph: (808) 246-8911

**BARGAINING UNIT 12, POLICE
MANPOWER AND EMPLOYEES WITH 25 YEARS OF SERVICE IN 2011**

	Sum of Positions	Sum of Employees	Sum of Positions	Sum of Employees	
Honolulu	Included BU12 Positions, Except Recruits	2111	188	1923	244
Honolulu	Recruits	310	230	80	N/A
Honolulu	Excluded BU12 Positions	73	5	68	46
Honolulu Total		2504	423	2081	290
Maui	Included BU12 Positions, Except Recruits	281	69	212	22
Maui	Recruits	36	0	36	N/A
Maui	Excluded BU12 Positions	16	2	14	8
Maui Total		333	71	282	30
Kauai	Included BU12 Positions, Except Recruits	141	16	125	3
Kauai	Recruits	0	0	0	N/A
Kauai	Excluded BU12 Positions	7	3	4	Unknown
Kauai Total		148	19	129	3
Hawaii	Included BU12 Positions, Except Recruits	390	0	390	30
Hawaii	Recruits	25	0	0	N/A
Hawaii	Excluded BU12 Positions	19	0	0	Included in 30
Hawaii Total		434	0	390	30
Statewide	Included BU12 Positions, Except Recruits	2923	273	2650	299
Statewide	Recruits	371	230	116	0
Statewide	Excluded BU12 Positions	115	10	86	54
STATEWIDE TOTAL		3409	513	2852	353

Source: 2011 Police Department Personnel Rosters and Seniority Lists
 Prepared by: Jessie Oshiro, Executive Secretary, SHOPO, February 9, 2011
 Requested by: Tenari Maafala, President SHOPO
 Purpose: Testimony for 2011 Legislation Impacting Police

**BARGAINING UNIT 12, POLICE
MANPOWER AND EMPLOYEES WITH 25 YEARS OF SERVICE IN 2011**

County	Position Category	2011 Statewide Roster	2011 Statewide Recruits	2011 Statewide Excluded	2011 Statewide Total
Honolulu	Included BU12 Positions, Except Recruits	2111	188	1923	244
Honolulu	Recruits	310	230	80	N/A
Honolulu	Excluded BU12 Positions	73	5	68	46
HONOLULU TOTAL		2514	423	2071	291
Maui	Included BU12 Positions, Except Recruits	281	69	212	22
Maui	Recruits	36	0	36	N/A
Maui	Excluded BU12 Positions	16	2	14	8
MAUI TOTAL		333	71	262	30
Kauai	Included BU12 Positions, Except Recruits	141	16	125	3
Kauai	Recruits	0	0	0	N/A
Kauai	Excluded BU12 Positions	7	3	4	Unknown
KAUAI TOTAL		148	19	129	3
Hawaii	Included BU12 Positions, Except Recruits	390	0	390	30
Hawaii	Recruits	25	0	0	N/A
Hawaii	Excluded BU12 Positions	19	0	0	Included in 30
HAWAII TOTAL		434	0	390	30
Statewide	Included BU12 Positions, Except Recruits	2923	273	2650	299
Statewide	Recruits	371	230	116	0
Statewide	Excluded BU12 Positions	115	10	86	54
STATEWIDE TOTAL		3409	513	2852	353

Source: 2011 Police Department Personnel Rosters and Seniority Lists
 Prepared by: Jessie Oshiro, Executive Secretary, SHOPO, February 9, 2011
 Requested by: Tenari Maafala, President SHOPO
 Purpose: Testimony for 2011 Legislation Impacting Police

**BARGAINING UNIT 12, POLICE
MANPOWER AND EMPLOYEES WITH 25 YEARS OF SERVICE IN 2011**

	Short Service	25 Years of Service	30 Years of Service	35 Years of Service	Total
Honolulu	Included BU12 Positions, Except Recruits	2111	188	1923	244
Honolulu	Recruits	310	230	80	N/A
Honolulu	Excluded BU12 Positions	73	5	68	46
HONOLULU TOTAL		2494	423	2071	291
Maui	Included BU12 Positions, Except Recruits	281	69	212	22
Maui	Recruits	36	0	36	N/A
Maui	Excluded BU12 Positions	16	2	14	8
MAUI TOTAL		333	71	282	30
Kauai	Included BU12 Positions, Except Recruits	141	16	125	3
Kauai	Recruits	0	0	0	N/A
Kauai	Excluded BU12 Positions	7	3	4	Unknown
KAUAI TOTAL		148	19	129	3
Hawaii	Included BU12 Positions, Except Recruits	390	0	390	30
Hawaii	Recruits	25	0	0	N/A
Hawaii	Excluded BU12 Positions	19	0	0	Included in 30
HAWAII TOTAL		434	0	390	30
Statewide	Included BU12 Positions, Except Recruits	2923	273	2650	299
Statewide	Recruits	371	230	116	0
Statewide	Excluded BU12 Positions	115	10	86	54
STATEWIDE TOTAL		3409	513	2852	383

Source: 2011 Police Department Personnel Rosters and Seniority Lists

Prepared by: Jessie Oshiro, Executive Secretary, SHOPO, February 9, 2011

Requested by: Tenari Maafala, President SHOPO

Purpose: Testimony for 2011 Legislation Impacting Police

**BARGAINING UNIT 12, POLICE
MANPOWER AND EMPLOYEES WITH 25 YEARS OF SERVICE IN 2011**

County	Category	Positions	Recruits	Positions	Recruits
Honolulu	Included BU12 Positions, Except Recruits	2111	188	1923	244
Honolulu	Recruits	310	230	80	N/A
Honolulu	Excluded BU12 Positions	73	5	68	46
Honolulu Total		2494	423	2071	290
Maui	Included BU12 Positions, Except Recruits	281	69	212	22
Maui	Recruits	36	0	36	N/A
Maui	Excluded BU12 Positions	16	2	14	8
Maui Total		333	71	262	30
Kauai	Included BU12 Positions, Except Recruits	141	16	125	3
Kauai	Recruits	0	0	0	N/A
Kauai	Excluded BU12 Positions	7	3	4	Unknown
Kauai Total		148	19	129	3
Hawaii	Included BU12 Positions, Except Recruits	390	0	390	30
Hawaii	Recruits	25	0	0	N/A
Hawaii	Excluded BU12 Positions	19	0	0	Included in 30
Hawaii Total		434	0	390	30
Statewide	Included BU12 Positions, Except Recruits	2923	273	2650	299
Statewide	Recruits	371	230	116	0
Statewide	Excluded BU12 Positions	115	10	86	54
STATEWIDE TOTAL		3409	513	2852	353

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 Prepared by: Jessie Oshiro, Executive Secretary, SHOPO, February 9, 2011
 Requested by: Tenari Maafala, President SHOPO
 Purpose: Testimony for 2011 Legislation Impacting Police

**BARGAINING UNIT 12, POLICE
MANPOWER AND EMPLOYEES WITH 25 YEARS OF SERVICE IN 2011**

Island	Position Category	Number of Positions	Number of Employees	Number of Employees with 25+ Years of Service	Number of Employees with 25+ Years of Service (as a percentage of total employees)
Honolulu	Included BU12 Positions, Except Recruits	2111	188	1923	244
Honolulu	Recruits	310	230	80	N/A
Honolulu	Excluded BU12 Positions	73	5	68	46
HONOLULU TOTAL		2494	423	2071	290
Maui	Included BU12 Positions, Except Recruits	281	69	212	22
Maui	Recruits	36	0	36	N/A
Maui	Excluded BU12 Positions	16	2	14	8
MAUI TOTAL		333	71	282	38
Kauai	Included BU12 Positions, Except Recruits	141	16	125	3
Kauai	Recruits	0	0	0	N/A
Kauai	Excluded BU12 Positions	7	3	4	Unknown
KAUAI TOTAL		148	19	129	3
Hawaii	Included BU12 Positions, Except Recruits	390	0	390	30
Hawaii	Recruits	25	0	0	N/A
Hawaii	Excluded BU12 Positions	19	0	0	Included in 30
HAWAII TOTAL		434	0	390	30
Statewide	Included BU12 Positions, Except Recruits	2923	273	2650	299
Statewide	Recruits	371	230	116	0
Statewide	Excluded BU12 Positions	115	10	86	54
STATEWIDE TOTAL		3409	513	2852	353

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 Prepared by: Jessie Oshiro, Executive Secretary, SHOPO, February 9, 2011
 Requested by: Tenari Maafala, President SHOPO
 Purpose: Testimony for 2011 Legislation Impacting Police

**BARGAINING UNIT 12, POLICE
MANPOWER AND EMPLOYEES WITH 25 YEARS OF SERVICE IN 2011**

	25 yrs. Service to 2011 2011 2011 2011	25 yrs. Service to 2011 2011 2011 2011	25 yrs. Service to 2011 2011 2011 2011	25 yrs. Service to 2011 2011 2011 2011	25 yrs. Service to 2011 2011 2011 2011
Honolulu	Included BU12 Positions, Except Recruits	2111	188	1923	244
Honolulu	Recruits	310	230	80	N/A
Honolulu	Excluded BU12 Positions	73	5	68	46
	HONOLULU TOTAL	2494	423	2071	290
Maui	Included BU12 Positions, Except Recruits	281	69	212	22
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 Requested by: Tenari Maafala, President SHOPO
 Purpose: Testimony for 2011 Legislation Impacting Police

**BARGAINING UNIT 12, POLICE
MANPOWER AND EMPLOYEES WITH 25 YEARS OF SERVICE IN 2011**

		2011 Positions	2011 Recruits	2011 Positions	25 Years of Service Positions
Honolulu	Included BU12 Positions, Except Recruits	2111	188	1923	244
Honolulu	Recruits	310	230	80	N/A
Honolulu	Excluded BU12 Positions	73	5	68	46
HONOLULU TOTAL		2494	423	2071	290
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 Prepared by: Jessie Oshiro, Executive Secretary, SHOPO, February 9, 2011
 Requested by: Tenari Maafala, President SHOPO
 Purpose: Testimony for 2011 Legislation Impacting Police

**BARGAINING UNIT 12, POLICE
MANPOWER AND EMPLOYEES WITH 25 YEARS OF SERVICE IN 2011**

	Statewide	Honolulu	Maui	Kauai	Hawaii	25 Yrs Service to 21 Months of Dept. Job Rate
Honolulu	Included BU12 Positions, Except Recruits	2111	188	1923	244	
Honolulu	Recruits	310	230	80	N/A	
Honolulu	Excluded BU12 Positions	73	5	68	46	
	HONOLULU TOTAL	2494	423	2071	290	
Maui	Included BU12 Positions, Except Recruits	281	69	212	22	
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	STATEWIDE TOTAL	3409	513	2852	353	

Source: 2011 Police Department Personnel Rosters and Seniority Lists

Prepared by: Jessie Oshiro, Executive Secretary, SHOPO, February 9, 2011

Requested by: Tenari Maafala, President SHOPO

Purpose: Testimony for 2011 Legislation Impacting Police

**BARGAINING UNIT 12, POLICE
MANPOWER AND EMPLOYEES WITH 25 YEARS OF SERVICE IN 2011**

	Smart Personnel	Market Strength	Contracted	State Strength	25 Yrs Service Employees with 25 Yrs Service Date
Honolulu	Included BU12 Positions, Except Recruits	2111	188	1923	244
Honolulu	Recruits	310	230	80	N/A
Honolulu	Excluded BU12 Positions	73	5	68	46
	HONOLULU TOTAL	2494	423	2071	290
Maui	Included BU12 Positions, Except Recruits	281	69	212	22
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Source: 2011 Police Department Personnel Rosters and Seniority Lists

Prepared by: Jessie Oshiro, Executive Secretary, SHOPO, February 9, 2011

Requested by: Tenari Maafala, President SHOPO

Purpose: Testimony for 2011 Legislation Impacting Police

**BARGAINING UNIT 12, POLICE
MANPOWER AND EMPLOYEES WITH 25 YEARS OF SERVICE IN 2011**

County	Position Category	Authorized Strength	Employees	Full Strength	25+ Years Service in 2011 and Earliest Termination Date
Honolulu	Included BU12 Positions, Except Recruits	2111	188	1923	244
Honolulu	Recruits	310	230	80	N/A
Honolulu	Excluded BU12 Positions	73	5	68	46
HONOLULU TOTAL		2494	423	2071	290
Maui	Included BU12 Positions, Except Recruits	281	69	212	22
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 Prepared by: Jessie Oshiro, Executive Secretary, SHOPO, February 9, 2011
 Requested by: Tenari Maafala, President SHOPO
 Purpose: Testimony for 2011 Legislation Impacting Police



HAWAII FIRE FIGHTERS ASSOCIATION

INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS LOCAL 1463, AFL-CIO
2305 S. BERETANIA ST., RM. 202, HONOLULU, HAWAII 96826-1493
TELEPHONE (808) 949-1566 FAX: (808) 952-6003
WEBSITE: www.hawaiifirefighters.org

The Twenty-Sixth Legislature
The Senate
Committee on Judiciary and Labor
February 11, 2011

LATE TESTIMONY

Testimony by
Hawaii Fire Fighters Association

S.B. No. 1269 . RELATING TO THE DEFINITION OF COMPENSATION FOR PURPOSES OF THE EMPLOYEES'
RETIREMENT SYSTEM

My name is Robert H. Lee and I am the President of the Hawaii Fire Fighters Association, Local 1463, IAFF, AFL-CIO. HFFA represents the 2,800 active and retired professional fire fighters throughout the State. HFFA strongly opposes S.B. No. 1269, which amends the definition of "compensation" for the purpose of calculating retirement benefits beginning July 1, 2011.

As a matter of public safety and to ensure fire fighter safety, maintaining safe staffing levels is paramount. This sometimes requires fire fighters to be on duty in addition to their regularly scheduled shifts and it is only fair that compensation based on work performed be included in the calculations of retirement benefits. In addition, fire fighter's employee contributions made to the ERS are based on their entire compensation, including overtime.

HFFA strongly opposes S.B. No. 1269.

TESTIMONY BY WESLEY K. MACHIDA
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII
TO THE SENATE COMMITTEE ON LABOR
ON
SENATE BILL NO. 1269

LATE TESTIMONY

FEBRUARY 11, 2011

RELATING TO THE DEFINITION OF COMPENSATION FOR PURPOSES
OF THE EMPLOYEES' RETIREMENT SYSTEM

Chair Hee and Members of the Committee:

The ERS Board of Trustees has not had an opportunity to review and discuss S.B.1269 and therefore takes no position at this time. However, the ERS provides the following cost information for the Committee.

S.B.1269 amends the definition of "compensation" for eligible service beginning on July 1, 2011 for the purpose of calculating retirement benefits. This bill is estimated to save about \$32 million in the 2012 fiscal year in employer contribution payments from the State and counties based on the FY 2012 contribution rates of 15% for All Other employees and 19.7% for Police & Fire (State savings are estimated at \$13 million and the counties savings are estimated at about \$19 million). The unfunded actuarial accrued liability will decrease by about ½ billion dollars.

As noted above, the bill is expected to produce savings in fiscal year 2012 due to the reduction of the amount of compensation on which contributions will be made. However, a consequence of the bill will also be a reduction in the payment made to pay off the unfunded actuarial accrued liabilities (UAAL) of the ERS. While the UAAL would decrease as a result of the bill, the resulting reduction in the amortization payment of the UAAL may not be equal to the reduction in contributions received and it may be possible that future contribution rates will need to increase to make up for the reduced dollar contributions towards the UAAL now.

Thank you for the opportunity to testify on this bill.

LATE TESTIMONY

February 10, 2011

Senator Clayton Hee and the members of the Judiciary & Labor
Committee

DATE: February 11, 2011
TIME: 9:15AM
PLACE: State Capitol
Conference Room 016
Honolulu, Hawaii 96813

Testimony Re: SB1269 - RELATING TO THE DEFINITION OF
COMPENSATION FOR THE PURPOSE OF CALCULATING RETIREMENT BENEFITS

Senator Clayton Hee and the members of the Judiciary & Labor
Committee

I, Dayton Nakanelua, Executive Director of United Public Workers
(UPW), does not support the passage of SB1269 to become law. UPW
does not support an amendment of the definition of "compensation" to
calculate retirement benefits for those who begin service after June 31,
2011

Sincerely,

Dayton Nakanelua
United Public Workers

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 13, 2011 8:33 AM
To: JDLTestimony
Cc: bkmkoa1@aol.com
Subject: Testimony for SB1269 on 2/14/2011 9:15:00 AM

Testimony for JDL 2/14/2011 9:15:00 AM SB1269

Conference room: 016
Testifier position: oppose
Testifier will be present: No
Submitted by: Byron
Organization: Individual
Address:
Phone:
E-mail: bkmkoa1@aol.com
Submitted on: 2/13/2011

Comments:

LATE TESTIMONY

Aloha everyone,

I am currently employed as a veteran with nearly twenty five years with the Honolulu Police Department. I am currently assigned to District 2, Wahiawa Police Station, as the Second Watch Lieutenant (I am also a nineteen year resident of Mililani). I want to make this perfectly clear to all of you, I would not change careers for anything. During my service with the Honolulu Police Department, I have, and hope too in the future, continue serving the public. I thoroughly enjoy putting on the HPD uniform and being part of the "The Thin Blue Line" that protects the public from those who wish to inflict personal and property harm against the everyday citizen, addressing community concerns, and working to make Honolulu a better place to live and play.

I am sending you this e-mail on the current proposed bills that are on the agenda for the 2011 Legislative Session. I am strongly against these bills, but before I begin let me explain this is my view point only and from what I have heard from the officers that I work or associate with. This is not an official view from the HPD. These are the primary concerns:

1. Calculations of retirement / medical benefits
2. Attrition rates by HPD officers if bills turn into law on July 1, 2011
3. APEC convention that will be coming to Honolulu November 2011
4. Upcoming contract negotiations

CALCULATIONS OF RETIREMENT / MEDICAL BENEFITS :

When I was looking at career choices a long time ago, I was encouraged by my brother, a recently retired Lieutenant with thirty years of service, to join the HPD. The first thing that registered with me is to give back to the community where I was born and raised and I truly believed (and still believe) that I could make a difference. The second thing I looked at was how was this going to impact my young family, would I be put food on the table. At that time the pay was terrible but the long term benefits package was there, and I believed that it would still be there when I took that path. Now that I am finally coming to the end of the road of retirement, the carpet is about to be pulled from under me because I will be seventeen days short of retirement when these bills take effect.

The overtime that a great deal of officers accumulated was through court testimony. Officers simply do not have the luxury of declining a subpoena to attend court, department policy clearly dictates that officers who are subpoena to court shall attend court regardless of planned activities. I can remember many days when I worked and I had to attend court right after working the night shift. But I had to attend court because it was my job, but it did nothing to take away the pain from sleep deprivation.

We also work in a very static environment where everything changes day by day. There are numerous days where officers made arrests at the end of their shifts, and as a result end up staying late due to the incredible amount of paper work that comes with making an arrest. I am sure some officer if given a choice of eating dinner with their family or typing numerous amounts of reports would clearly choose being at home with their family, but regardless they stay late because they know it is part of their job.

My perspective of overtime abuse in my area of responsibility is that it is simply not there. We are constantly reminded to keep the budget tight, watch overtime expenditures. Some times we have to fill beats with overtime due to vacation, personnel leave, compensatory time off, training, and sick leave (and no, there is no tie in to sick leave / overtime abuse). And I will go through the entire shift day off roster and I cannot find personnel to come in on overtime, and as a result we work short on the beat. When officers or supervisors come in they are filling in on the beat or they are attending their supervisory responsibilities. The bottom line, they are at work and doing their job.

The culmination of all the overtime at the end of an officers career should begin when that officer steps into retirement and collects their first pension check. No other employee in the City and the County of Honolulu or the State of Hawaii can say that they endured the hardships of an HPD officer, this is a right that was earned and not given. And to make matters worst, our diminished pension will be taxed by the State of Hawaii. Another officer, Jayson Kauwenaole, e-mailed his representative, Sharon Har, and she was for an exemption for calculations of overtime for law enforcement officers, and this is something I totally agree with.

While I have not read or heard anything on medical proposals, many of us are "bracing for impact" when they are proposed. And I ensure you, this will be a major contributing factor on officers moving towards retirement.

ATTRITION RATE OF HPD OFFICERS / APEC CONVENTION:

The last I heard that approximately three hundred fifty officers are on the eligibility list to retire. And a great deal of them are looking at the aforementioned topics very carefully and see what transpires on July 1, 2011. I work with numerous talented and dedicated HPD sworn personnel who unfortunately feel that they will have to retire prior to July 1, 2011. Many of them do not want to retire but feel they have no other choice. Every police officer is replaceable, but the "Brain Drain", and filling in vacated positions with diminished benefits will take us years to catch up.

For the nearly twenty five years with the HPD, I have never seen a bigger event and so much preparation going into the APEC convention. I don't know if our elected officials understand the scope, preparation, training, and resources that the HPD is putting into this event. How are we going to address the community, or the world for that matter, when possibly hundreds of active duty officers suddenly retire July 1, 2011 with the APEC convention only four months away from July 1, 2011?

CONCLUSION:

The road to economic recovery is going to be a difficult one. Your job, like the HPD officer, is a difficult one with many difficult choices. Do not penalize us, if I am not mistaken, we are the biggest contributor to the ERS system. There are many other government agencies out there that do not contribute anything into the ERS yet they are able to draw a pension. It is simple, you want to retire with a pension, contribute something. Something is better than nothing. The path the every HPD takes is paved with stress, conflict, and addressing

the many issues from the public. The right thing to do is let an HPD officer go off into the sunset and enjoy a reasonable retirement

I thank each one of you and I hope you take all of this into consideration.

Mahalo

Byron Martin