
A BILL FOR AN ACT

RELATING TO UNFUNDED LIABILITIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the State has been
2 at best unprepared, and at worst negligent, with regard to its
3 responsibility to ensure adequate funding for the promised
4 pensions and other post-employment benefits for governmental
5 employees. The department of budget and finance reports that
6 the employees' retirement system's unfunded actuarial accrued
7 liability for pensions is \$8,200,000,000. Further, the Hawaii
8 employer-union health benefits trust fund's unfunded actuarially
9 accrued liability is \$13,500,000,000.

10 During testimony on the governor's executive biennium
11 budget, the director of finance placed particular emphasis on
12 the latter unfunded liability, stating that the liability, "if
13 left unaddressed, will continue to grow" and "will negatively
14 impact" Hawaii's "future ability to fund necessary, ongoing
15 State programs and services, as well as the State's bond
16 ratings."

17 The purpose of this Act, therefore, is to create a task
18 force that will study the unfunded actuarial accrued liabilities



1 monitored by the administrations of the Hawaii employer-union
2 health benefits trust fund under chapter 87A and the employees'
3 retirement system under chapter 88.

4 SECTION 2. (a) There shall be established a task force
5 that shall, at a minimum:

6 (1) Study the unfunded actuarial accrued liabilities
7 monitored by the administrations of the Hawaii
8 employer-union health benefits trust fund under
9 chapter 87A and the employees' retirement system under
10 chapter 88;

11 (2) Determine the best means for funding the respective
12 liabilities;

13 (3) Make recommendations for relevant legislation, such as
14 legislation that:

15 (A) Addresses funding for the respective liabilities;
16 and

17 (B) Requires the consideration of the fiscal impact
18 of new governmental positions on the respective
19 liabilities;

20 (4) Solicit policy recommendations from other states; and



- 1 (5) Make recommendations for an educational campaign that
2 will help the average person better understand the
3 unfunded actuarial accrued liabilities.
- 4 (b) The members of the task force shall include:
- 5 (1) The chair of the senate committee on ways and means,
6 to serve as co-chair;
- 7 (2) The chair of the house committee on finance, to serve
8 as co-chair;
- 9 (3) One member of the senate majority caucus, selected by
10 the president of the senate;
- 11 (4) One member of the senate minority caucus, selected by
12 the president of the senate;
- 13 (5) One member of the house majority caucus, selected by
14 the speaker of the house of representatives;
- 15 (6) One member of the house minority caucus, selected by
16 the speaker of the house of representatives;
- 17 (7) The director of finance, or the director's designee;
- 18 (8) The administrator of the Hawaii employer-union health
19 benefits trust fund, or that administrator's designee;
- 20 (9) The administrator of the employees' retirement system,
21 or that administrator's designee;
- 22 (10) An economist employed by the University of Hawaii;



1 (11) Another economist, employed by any public or private
2 institution of higher learning;

3 (12) An attorney familiar with Hawaii employment or labor
4 law, who has generally represented the interests of
5 employers during the course of his or her career; and

6 (13) An attorney familiar with Hawaii employment or labor
7 law, who has generally represented the interests of
8 employees during the course of his or her career.

9 (c) The task force shall meet a minimum of five times
10 before January 1, 2014.

11 (d) The task force shall report its findings and
12 recommendations, including proposed legislation, if any, to the
13 legislature no later than thirty days prior to the convening of
14 the regular session of 2014.

15 (e) The task force shall cease to exist on June 30, 2014.

16 SECTION 3. This Act shall take effect upon its approval.

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INTRODUCED BY:

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H.B. NO. 1462

Report Title:

Unfunded Liabilities; Task Force

Description:

Creates a task force that will study the unfunded actuarial accrued liabilities monitored by the administrations of the Hawaii employer-union health benefits trust fund under chapter 87A and the employees' retirement system under chapter 88.

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