



LATE

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813

<http://labor.hawaii.gov>

February 7, 2013

To: The Honorable Suzanne Chun Oakland, Chair, Josh Green, Vice Chair, and
Members of the Senate Committee on Human Services

The Honorable Glenn Wakai, Chair, Clarence Nishihara, Vice Chair, and
Members of the Senate Committee on Technology and the Arts

The Honorable Clayton Hee, Chair, Maile Shimabukuro, Vice Chair, and
Members of the Senate Committee on Judiciary and Labor

Date: Thursday, February 7, 2013

Time: 2:30 p.m.

Place: Conference Room 016, State Capitol

From: Dwight Y. Takamine, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. No. 1331 Relating to Payments by the State

I. OVERVIEW OF PROPOSED LEGISLATION

The intent of this measure is to require the State to issue all payments that recur more than once per year to be made by direct deposit electronic funds transfer or debit card issued under the Hawaii electronic benefit transfer system no later than July 1, 2015.

Section 2 of the bill requires Worker's Compensation payments paid by the State to be made by means of a debit card or direct deposit by July 1, 2015.

The Department supports the intent of this measure that will result in faster benefit payments to claimants, reduction in the number of checks lost or stolen, and reduction in the number of calls to the Department's Administrative Services Office inquiring about the status of checks.

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GOVERNOR



Dean H. Seki
Comptroller

Maria E. Zielinski
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
DEAN H. SEKI, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEES
ON
HUMAN SERVICES,
TECHNOLOGY AND THE ARTS,
AND
JUDICIARY AND LABOR
ON
February 7, 2013

S.B. 1331

RELATING TO PAYMENTS BY THE STATE

Chairs Chun Oakland, Wakai, Hee and members of the Committees, thank you for the opportunity to testify on S.B. 1331.

The Department of Accounting and General Services (DAGS) supports the intent of S.B. 1331, however, based on the following, we respectfully request that this measure be held. Our testimony only addresses the proposed changes to Section 40-53, Hawaii Revised Statutes, which relates to payroll payments made to state employees.

The current payroll system is over forty years old and requires a significant amount of time and resources to make modifications to it. We currently have a direct deposit process that enables the majority of employees to have their pay checks directly deposited to designated

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KATHRYN S. MATAYOSHI
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/07/2013

Committee: Senate Human Services/Senate
Technology and the Arts/Senate Judiciary
and Labor

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 1331 RELATING TO PAYMENTS BY THE STATE.

Purpose of Bill: Requires the State to issue all payments that recur more than once per year by means of a direct deposit electronic funds transfer or debit card issued under the Hawaii electronic benefit transfer system no later than July 1, 2015.

Department's Position:

The Department of Education supports the intent of S.B. 1331, that would require certain state programs to provide payments by means of a debit card or by electronic funds transfer. Our testimony will only address the proposed change to Section 40-53, Salary and Pension payments, which relates to payroll payments made to state employees.

The current payroll system is over forty years old and requires a significant amount of time and resources to make modifications to it. We currently have a direct deposit process that enables the majority of employees to have their pay checks directly deposited to designated financial institutions. The state is currently in the process of procuring a new Enterprise Resource Planning (ERP) system that would replace the state's current human resource, payroll and financial systems. New ERP systems are designed to include various payment methods such as check, debit or pay card, and electronic funds transfer. We believe that the state's limited resources should be directed to the procurement, development and implementation of the new ERP system and therefore we recommend that S.B. 1331 be held.

Thank you for the opportunity to testify on this matter.