

Honolulu, Hawaii
March 24, 2016

RE: S.B. No. 2077
S.D. 1
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 2077, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO SEPARATION BENEFITS,"

begs leave to report as follows:

The purpose of this measure is to authorize the state executive branch and other jurisdictions to offer a voluntary severance benefit or a special retirement benefit to employees who elect to separate from service when their positions are identified for abolishment or when they are directly affected by a reduction-in-force or workforce restructuring plan, including privatization.

Specifically, the measure establishes the following benefits for separated public employees:

- (1) A voluntary severance benefit of five percent of the employee's base annual salary for each year of service, up to a maximum of ten years, provided that the amount is not more than fifty percent of the employee's base annual salary; and
- (2) A special retirement benefit that allows the employee to receive an unreduced pension benefit if the employee meets certain age and length of service requirements.

The United Public Workers, AFSCME, Local 646, and AFL-CIO, Hawaii Government Employees Association, AFSCME Local 152, AFL-

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CIO, and numerous individuals testified in support of this measure. The Department of Budget and Finance testified in opposition. The Employees' Retirement System and City and County of Honolulu provided comments.

Your Committee has amended this measure by:

- (1) Clarifying which employees qualify for the severance benefit in lieu of exercising any reduction-in-force rights and in lieu of receiving a special retirement benefit;
- (2) Requiring the State, through the Department of Budget and Finance, to pay a percentage of the base Medicare or non-Medicare monthly contribution to the Hawaii Employer-Union Health Benefits Trust Fund calculated based on the years of service worked and one-half of the monthly contributions for the employee-beneficiary or employee-beneficiary with dependent beneficiaries upon the death of the employee;
- (3) Changing the effective date to July 1, 2091, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2077, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2077, S.D. 1, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,


MARK M. NAKASHIMA, Chair



