

Honolulu, Hawaii

FEB 17 2016

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

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 2077 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize an employee who is entitled to reduction-in-force rights under chapter 76 or 89, Hawaii Revised Statutes, and receives official notification that the employee's position is being abolished or who is directly affected by a reduction-in-force or workforce restructuring plan, including privatization, to elect to receive a voluntary severance benefit, in lieu of receiving other applicable rights; provided that the payment of voluntary severance benefits are prohibited from being paid to an employee discharged for lawful disciplinary reasons;
- (2) Authorize a vested member of the Employees' Retirement System who meets certain criteria and receives official notification that the employee's position is being abolished or who is directly affected by a reduction-in-force or workforce restructuring plan, including privatization, to elect to receive a special retirement benefit, in lieu of receiving other applicable rights; provided that the payment of special retirement benefits



are prohibited from being paid to an employee discharged for lawful disciplinary reasons;

- (3) Require an employee who has received either a voluntary severance benefit or a special retirement benefit and returns to public service within two years as an employee or contractor to repay the voluntary severance benefit or the special retirement benefit;
- (4) Require department heads that provide voluntary severance benefits or special retirement benefits to transmit a report of abolished and vacated positions to the Directors of Finance and Human Resources Development;
- (5) Require the Governor to submit a report of abolished and vacated positions to the Legislature no later than twenty days prior to the convening of each regular session beginning with the Regular Session of 2017;
- (6) Require the Department of Human Resources Development and Department of Budget and Finance to develop and administer guidelines and time frames with the affected public employee unions to implement voluntary separation benefits and special retirement benefits;
- (7) Require the Department of Human Resources Development and Department of Budget and Finance to report to the Legislature on any restructuring activities initiated because of this measure no later than twenty days prior to the convening of each regular session beginning with the Regular Session of 2017; and
- (8) Authorize the Governor to provide funds to obtain matching federal monies to retrain state employees of the Executive branch who are separated from service under this measure.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO and three individuals. Your Committee received comments on this measure from the Employees' Retirement System.

Your Committee finds that public employees who are displaced through privatization or the closure of a state or county facility



frequently face excessive economic hardship. Displaced employees may have only a few years of creditable service or be close to retirement but still need additional years of service. Implementation of this measure addresses the complexity of displaced employees who are at different life stages and will decrease economic hardship associated with layoffs.

Your Committee has amended this measure by:

- (1) Defining "actuarial present value";
- (2) Eliminating any waiver from the requirement that an employee repay the voluntary severance benefit or the special retirement benefit;
- (3) Inserting a sunset date of July 1, 2018;
- (4) Inserting an effective date of January 7, 2059, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,


GILBERT S.C. KEITH-AGARAN, Chair



