

DAVID Y. IGE  
GOVERNOR



THOMAS WILLIAMS  
EXECUTIVE DIRECTOR

KANOE MARGOL  
DEPUTY EXECUTIVE DIRECTOR

**STATE OF HAWAII**  
**EMPLOYEES' RETIREMENT SYSTEM**

TESTIMONY BY THOMAS WILLIAMS  
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII

TO THE HOUSE COMMITTEE ON FINANCE

HOUSE BILL NO. 2606, H.D. 1

MARCH 1, 2016, 1:00 P.M.

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Chair Luke, Vice Chair Nishimoto, and Members of the Committee,

H.B. 2606, H.D. 1 provides for a retirement benefit incentive for members of the Employees' Retirement System (ERS) who are eligible for retirement and serve in positions that have been identified for layoff due to the consolidation or abolition of functions, or the privatization of the functions of the positions under Act 103, Session Laws of Hawaii 2015. These members would be eligible for additional retirement service credit of up to three years.

As of the submittal of this testimony, the Board of Trustees of the Employees' Retirement System (ERS) has not yet reviewed H.B. 2606, H.D. 1 and therefore has not yet taken a formal position on the "special retirement benefit" offered by this proposal. However, the ERS Board has been unwavering in its position that any benefit provided must include the funding necessary to cover its cost and/or amortize the cost of the benefit over time thereby avoiding any increase in the plan's unfunded liability.

The loss to the ERS of ongoing employer and employee contributions as envisioned by Act 103, SLH 2015, even absent of other special provisions, is forecast to increase the plan's unfunded



Employees' Retirement System  
of the State of Hawaii

liability substantially. This increase in the unfunded liability may result in higher contribution requirements or the maintenance of existing contributions for a longer period of time.

The ERS staff has the following comments and concerns on H.B. 2606, H.D. 1:

1. It is unclear whether the identified members must lose their position as part of a layoff when their position is privatized. In other words, is the member entitled to the retirement benefit incentive even if the member remains employed with the privatized entity? It is unclear whether the member would be eligible to retire and commence their benefit from ERS even if they have continued employment with the private entity or in another State or county position, this would seem a superfluous benefit if they have continued employment. The identified member could also take the retirement benefit incentive, retire, and then immediately return to work in another ERS covered position.
2. The additional service credit provided by this bill potentially increases a general employee's retirement benefit by an additional 3.75 to 6 percent. The percentage increase would be greater for other employee categories. This provision would violate Section 88-99, HRS, regarding the moratorium on benefit enhancements until the ERS is fully funded.
3. There is no funding provided in this bill; in other words, there is no requirement that either the employer or employee would have to make contributions for or pay for the actuarial cost of the enhanced benefit. This means that the unfunded liability will be increased and all employers would absorb the increased costs of this special retirement benefit through increased contribution rates or by maintaining the current rates for a longer period of time.
4. The ERS actuary is reviewing the cost of the enhanced retiree benefit. However, the expected impact on ERS funding due to the loss of payroll for the employees and the employer due to Act 103, SLH 2015, will be significantly greater. With the loss of approximately \$100 million in covered payroll, the ERS will receive \$11 to \$15 million less in contributions in fiscal year 2017 towards the payment of its unfunded actuarial accrued liability. The present value of these lost future contributions over the next 26

years is approximately \$213 million. In order to make the ERS whole, the contribution rates for the remaining employers would need to increase by an additional .39 percent.

If "special" enhanced benefits will be provided, the reason for providing the benefits, and the associated costs, should be carefully balanced. ERS staff believes that this cannot be achieved by a one-size fits all solution and that this bill does not address the concerns of employees who are laid off due to privatization before they "vest" or specifically for those employees who are eligible to commence retirement benefits.

On behalf of the Board of Trustees and staff of ERS we wish to thank you for the opportunity to testify.

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**Sent:** Monday, February 29, 2016 8:09 AM  
**To:** FINTestimony  
**Cc:** suekaulukukui@yahoo.com  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

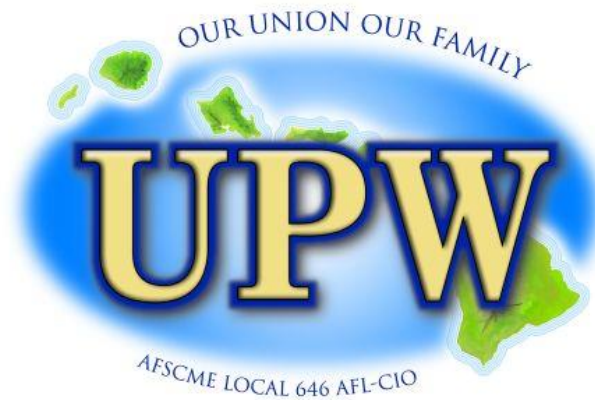
Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Suzanne Kaulukukui	HGEA	Support	No

Comments:

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THE HAWAII STATE HOUSE OF REPRESENTATIVES  
The Twenty-Eighth Legislature  
Regular Session of 2016

COMMITTEE ON FINANCE

The Honorable Sylvia J. Luke, Chair  
The Honorable Scott Y. Nishimoto, Vice Chair

DATE OF HEARING: Tuesday, March 1, 2016  
TIME OF HEARING: 1:00 p.m.  
PLACE OF HEARING: State Capitol, 415 South Beretania Street  
Conference Room 308

**TESTIMONY IN SUPPORT OF HB2606, HD1 RELATING TO EMPLOYEES'  
RETIREMENT SYSTEM**

By DAYTON M. NAKANELUA,  
State Director of the United Public Workers (UPW),  
AFSCME Local 646, AFL-CIO

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO. The UPW is the exclusive bargaining representative for approximately 12,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

HB2606, HD1 Relating to the ERS establishes a retirement benefit incentive for public employees otherwise eligible to retire, whose positions are subject to layoff due to the consolidation or abolition of functions or the privatization of the functions of the position as a result of Act 103 (2015). The bill sunsets on June 30, 2017.

This is an urgent bill. The UPW **strongly supports** HB2606, HD1.

Thank you for the opportunity to submit this testimony.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 8:43 AM  
**To:** FINTestimony  
**Cc:** championhome@hotmail.com  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Arnold Abe	Individual	Support	No

Comments:

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Aloha and thank you for your time today.  
Our state workers who have served the public do not deserve to have the  
benefits they have earned stripped away.  
I support this measure to protect and give fair treatment to those who  
are affected by privatization of public facilities.  
Mahalo,  
Katherine Kamealoha RN, Hawaii State Hospital



**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 28, 2016 10:28 PM  
**To:** FINTestimony  
**Cc:** palakiko96744@yahoo.com  
**Subject:** Submitted testimony for HB2606 on Mar 1, 2016 13:00PM

**HB2606**

Submitted on: 2/28/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
James Palakiko	Individual	Support	No

Comments: Dear Sirs/ Madams, I support this bill in its current form. Mahalo

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**Sent:** Sunday, February 28, 2016 10:24 PM  
**To:** FINTestimony  
**Cc:** tagaran33@gmail.com  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/28/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Tina	Individual	Support	No

Comments:

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TESTIMONY BY Joshua Capp  
Employed by the Department of Human Services, State of Hawaii  
HGEA Member

TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT AND THE HOUSE COMMITTEE ON  
TRANSPORTATION ON  
HOUSE BILL NO. 2606  
FEBRUARY 9, 2016, 9:30AM  
RELATING TO PUBLIC EMPLOYEES.

My name is Joshua Capp and I am a State of Hawaii employee and a member of the Hawaii Government Employees Association. I write in support of House Bill 2606 HD 1, as employees at the Maui Memorial Hospital, Kula Hospital, and Lanai Hospital are caught in having their employment privatized through no fault of their own. The career plans that they have contributed to all their lives and have counted upon are now in dire jeopardy. This disruption of their future financial status will put many in further hardship. These employees are hardworking middle class people that are already being caught in the economic struggle of making a decent future. I ask for your support for working families across Hawaii and for House Bill 2606 HD 1. Thank you.

Joshua Capp

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 28, 2016 5:59 PM  
**To:** FINTestimony  
**Cc:** angiegoodbody@gmail.com  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/28/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Angela Goodbody	Individual	Support	No

Comments:

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 28, 2016 5:02 PM  
**To:** FINTestimony  
**Cc:** timkawana@aol.com  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/28/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Tim Kawana	Individual	Support	No

Comments:

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**Sent:** Sunday, February 28, 2016 3:54 PM  
**To:** FINTestimony  
**Cc:** sbunny808@aol.com  
**Subject:** Submitted testimony for HB2606 on Mar 1, 2016 13:00PM

**HB2606**

Submitted on: 2/28/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Josette Kawana	Individual	Support	No

Comments: I am in support of HB 2606. This bill may help employees who are close to being vested but need additional service credits to qualify for ERS benefits.

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**Sent:** Monday, February 29, 2016 9:29 AM  
**To:** FINTestimony  
**Cc:** goodhone@gmail.com  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Virgil Medeiros	Individual	Support	No

Comments:

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TESTIMONY By Priscilla Badua  
HGEA Board of Director (Kauai Island Division)  
Employed by the Department of Human Services, State of Hawaii  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
AND  
THE HOUSE COMMITTEE ON TRANSPORTATION  
ON HOUSE BILL NO. 2606  
MARCH 1, 2016, 1:00 PM  
RELATING TO PUBLIC EMPLOYEES

My name is Priscilla Badua and I am a State of Hawaii employee, a Board of Director of the Hawaii Government Employees Association and participant in the Employees Retirement System. I write in support of House Bill 2606 HD1. Employees at the Maui Memorial Hospital, Kula Hospital and Lanai Hospital are caught in having their employment privatized through no fault of their own. The career plans they have counted upon are in dire jeopardy. This disruption of their future financial status will put many in a hardship situation. These employees are hard working middle class people that are already caught in the economic struggles of making a decent future. I ask for your support of working people and for HB 2606 HD1.



**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 9:26 AM  
**To:** FINTestimony  
**Cc:** dmatsuda@hhsc.org  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
D Matsuda	Individual	Support	No

Comments:

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**Sent:** Monday, February 29, 2016 9:25 AM  
**To:** FINTestimony  
**Cc:** uglowgurl@gmail.com  
**Subject:** Submitted testimony for HB2606 on Mar 1, 2016 13:00PM

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Shelly Ogata	Individual	Support	No

Comments: I am in support of this measure to address the significant challenges employees face under the privatization of the HHSC, Maui region. Although I am not directly affected, I have friends who are and this will help mitigate the impact.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 9:22 AM  
**To:** FINTestimony  
**Cc:** takano.joan@gmail.com  
**Subject:** Submitted testimony for HB2606 on Mar 1, 2016 13:00PM

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joan Takano	Individual	Support	No

Comments: I strongly support these measures (HB 2445, HD1; HB 2446, HD 1; and HB 2606, HD1) and urge you to pass the bills. The employees of the Hawaii Health Systems Corporation Maui Region could face serious economic hardship through no fault of their own, but because of the privatization action of their employer. They have provided valuable service to the Maui community and these measures could bring welcome relief to the employees. Our Maui community is already hurting because of the closure of HC&S and hundreds of our sisters and brothers losing their jobs. I urge you to pass these bills. Thank you for the opportunity to testify.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 9:07 AM  
**To:** FINTestimony  
**Cc:** ketmars@msn.com  
**Subject:** Submitted testimony for HB2606 on Mar 1, 2016 13:00PM

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Marshall Takafuji	Individual	Support	No

Comments: I currently work with an awesome scheduler who is 2 months short of being vested. He understands the option of RIF which will require him in relocating away from his family who assists in supporting. Our unit has had several schedulers, that could not handle the demand of the position. Dave is an extraordinary person, who is calm and compassionate with the patients, doctors offices, and staff. Please allow him an additional 3 months to then be vested. Our hospital will benefit, since Kaiser's outpatient unit also has a designated clerk, in keeping Dave on the unit. thank you

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Aloha,

My name is Ginet Hayes, a proud public employee and member of the Hawaii Government Employees Association.

I am writing in support of HB 2606. This legislation is specific to the employees of HHSC Maui Region that has been affected by privatization through Act 103, Session Laws of Hawaii 2015. This bill, with a sunset date of June 30, 2017 allows for a special retirement incentive that fairly benefits the employees impacted by Act 103.

I stand in support of this legislation and kindly ask that the committee vote in favor of the bill.

Thank you for your kind consideration.

Sincerely,

**Ginet Hayes**

Kapolei Resident

Public Employee

2/29/2016

I support this bill and stand in solidarity with the people affected under the privatization of the Hawaii Health System Corporation, Maui Region.

Sincerely,

A handwritten signature in black ink, appearing to be 'Noel Jose', with a long horizontal flourish extending to the right.

Noel Jose

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 9:45 AM  
**To:** FINTestimony  
**Cc:** diane.nakashima@gmail.com  
**Subject:** Submitted testimony for HB2606 on Mar 1, 2016 13:00PM

**HB2606**

Submitted on: 2/29/2016

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<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Diane Nakashima	Individual	Support	No

Comments: I support this bill. This bill may help employees who are close to being vested, but need additional service credit to qualify for ERS benefits.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 9:41 AM  
**To:** FINTestimony  
**Cc:** markyap501@gmail.com  
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**HB2606**

Submitted on: 2/29/2016

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<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mark Yap	Individual	Support	No

Comments:

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**Sent:** Monday, February 29, 2016 10:15 AM  
**To:** FINTestimony  
**Cc:** dkai377@yahoo.com  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

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<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Debra Kaina	Individual	Support	No

Comments:

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 10:43 AM  
**To:** FINTestimony  
**Cc:** ketmars@msn.com  
**Subject:** Submitted testimony for HB2606 on Mar 1, 2016 13:00PM

**HB2606**

Submitted on: 2/29/2016

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<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Marshall Takafuji	Individual	Support	No

Comments: there is a security officer at Maui Memorial Medical Center that is always so cheerful, except when it comes to the topic of loosing the opportunity to become vested. he shares moments, when his thought of being only 5 months away from obtaining his full 10 years at MMMC, are very depressing. he realizes that there is nothing that can be done about the privatization, but we collectively do not understand why staff that have been here for a long time, are not given the option to remain on Maui to receive the EUTF benefits for our families. Please allow at least a 5 month leeway for longevity staff like this officer. thank you

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**To:** FINTestimony  
**Cc:** cfuke@hhsc.org  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

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<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Cindy Fuke	Individual	Support	No

Comments:

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 11:06 AM  
**To:** FINTestimony  
**Cc:** bradshields808@gmail.com  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

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<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Bradley	Individual	Support	No

Comments:

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**Sent:** Monday, February 29, 2016 11:09 AM  
**To:** FINTestimony  
**Cc:** spatrack@hhsc.org  
**Subject:** Submitted testimony for HB2606 on Mar 1, 2016 13:00PM

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Submitted on: 2/29/2016

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<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Solange	Individual	Support	No

Comments: I want to support individuals who are close to being vested to obtain additional service credit under a specific formula. Particularly, individuals who were emergency hire in the beginning of their profession at MMMC as well as individuals who are short by a few months or a couple of years of being vested. There are many angles to assess and evaluate. However, as healthcare professionals taking care of patients and community, my hope is that employees are taken care of for their service and dedication appropriately by the State and other parties involved in this transition. Thank you.

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**Cc:** gbair@hhsc.org  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ginger Moreira	Individual	Support	No

Comments:

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**Sent:** Monday, February 29, 2016 11:35 AM  
**To:** FINTestimony  
**Cc:** maili.diver@gmail.com  
**Subject:** Submitted testimony for HB2606 on Mar 1, 2016 13:00PM

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Cal	Individual	Support	No

Comments: We need to support those who helped the Public.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 11:43 AM  
**To:** FINTestimony  
**Cc:** chpacheco@hhsc.org  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
christine pacheco	Individual	Support	No

Comments:

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TESTIMONY BY Eric Inouye

Employed by the County of Kauai, Department of Finance, Information Technology Division,  
Specialist IV

HGEA – Kauai Division Political Action Committee Chair, Unit 13 Member

TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

AND

THE HOUSE COMMITTEE ON TRANSPORTATION

ON

HOUSE BILL NO. 2606

FEBRUARY 9, 2016, 9:30 A.M.

RELATING TO PUBLIC EMPLOYEES

Aloha State House of Representatives Committee Members,

My name is Eric Inouye and I am a County of Kauai employee, Hawaii Government Employees Association Unit 13 Member, and a participant in the Employees retirement system. I write in support of House Bill 2606 HD1. Employees at the Maui Memorial Hospital, Kula Hospital and Lanai Hospital are caught in having their employment privatized due to a situation that is out of their control and through no fault of their own. The career plans they have counted upon are in dire jeopardy. This disruption of their future financial status will put many in a hardship situation. These employees are hard-working middle class people that are already being caught in the economic struggles of making a decent future. I ask for your support of working people and for HB 2606 HD 1.

Charles R Kroner, Jr  
2420 Waipua Street  
Paia, Maui, HI 96779  
[KronerChuck@yahoo.com](mailto:KronerChuck@yahoo.com)  
(H) 808-871-6007  
(C) 808-269-5973

February 29, 2016

RE: HB 2446 HD1 - SUPPORT  
HB 2445 HD1 - SUPPORT  
HB 2606 HD1 – SUPPORT

I have dedicated my career to being a nurse at MMMC since 1996. I had intentions of retiring from the state when I met eligibility next year. I am at the point where I need to wait till February 2017 to meet my years of service requirement of 20 years. If my first year of e-hire was counted, I would meet the years of service for early retirement now. I will be 55 this year on 9/21/16. If our current contract expiring June 2017 was honored I would have been able to reach my goal. Please allow for special consideration for those of us that are within a year of meeting eligibility, &/or have 20 + years of service irregardless of age. I urge you to support penalty free options for those of us that have invested our lives to caring for the health & welfare of Maui County residents & visitors.

Since my job is being abolished I am faced with life changing decisions that will have a huge impact on my future, especially my retirement plans. In a perfect world, I would have all my options clearly available at the same time, so I can make fully informed decisions that directly impact my future economic stability. However, we have been forced to make decisions regarding the RIF (reduction in force) directly resulting from Act 103 to privatize Maui Region without full disclosure.

We have no confirmation of an offer, nor input on what our options will be once our jobs are abolished. In an effort to not burn any bridge before knowing what is on the other side, a lot of employees said yes to the RIF, to buy time for more information & for these bills to become law. Even at this juncture we have no guarantee as to how the final bills will read, nor if we qualify. Please include language to forbid any penalties for inquiring about a RIF offer. For many of us, working a year or more with the state may be the best option. This is extremely significant, especially if we do not qualify to meet the requirements that you are setting when our state positions at HHSC Maui Region are abolished.

I can only hope & pray that you remember all of us that supported you throughout the years, & plead for you to not turn your back on us now. We are proud dedicated members of our community & intend to continue to be productive members of society. We will continue to reinvest our hard earned money as we support local businesses & our communities.

Thank you for considering my testimony. You can feel free to contact me if you have any questions or for further discussion.

Mahalo nui loa,

Chuck Kroner, RN  
Med/Surg RPN III

Molokai South (3 South), MMMC

Rose Kroner  
2420 Waipua Street  
Paia, Maui, HI 96779  
[Rose3Chas9@aol.com](mailto:Rose3Chas9@aol.com)  
(H) 808-871-6007  
(C) 808-298-6017

February 29, 2016

RE: HB 2446 HD1 - SUPPORT  
HB 2445 HD1 - SUPPORT  
HB 2606 HD1 – SUPPORT

I have dedicated my career to being a registered nurse at MMMC since 1991. I had intentions of retiring from the state when I had my 30 years. I am at the point where my 25 years qualifies for early retirement, but since I am only 54, I need to wait till March 2017 to meet the age of eligibility. I urge you to support penalty free options for those of us that have invested our lives to caring for the health & welfare of Maui County residents & visitors.

Since my job is being abolished I am faced with life changing decisions that will have a huge impact on my future, especially my retirement plans. In a perfect world, I would have all my options clearly available at the same time, so I can make fully informed decisions that directly impact my future economic stability. However, we have been forced to make decisions regarding the RIF (reduction in force) directly resulting from Act 103 to privatize Maui Region without full disclosure.

We have no confirmation of an offer, nor input on what our options will be once our jobs are abolished. In an effort to not burn any bridge before knowing what is on the other side, a lot of employees said yes to the RIF, to buy time for more information & for these bills to become law. Even at this juncture we have no guarantee as to how the final bills will read, nor if we qualify. Please be sure to include language to forbid any penalties for inquiring about a RIF offer. For many of us, working a year or more with the state may be the best option. This is extremely significant, especially if we do not qualify to meet the requirements that you are setting when our state positions at HHSC Maui Region are abolished.

I can only hope & pray that you remember all of us that supported you throughout the years, & plead for you to not turn your back on us now. We are proud dedicated members of our community & intend to continue to be productive members of society. We will continue to reinvest our hard earned money as we support local businesses & our communities.

Thank you for considering my testimony. You can feel free to contact me if you have any questions or for further discussion.

Mahalo nui loa,

Rose Kroner, RN  
Endoscopy RPN III, MMMC



**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 12:15 PM  
**To:** FINTestimony  
**Cc:** clwt@ymail.com  
**Subject:** Submitted testimony for HB2606 on Mar 1, 2016 13:00PM

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Candace Tablit	Individual	Support	No

Comments: Being employed in the healthcare industry, I can certainly understand the need for partnering with private entities as medical costs increase when reimbursements do not. However, I can also empathize with MMC employees faced with financial hardship as well as job uncertainty - many after having given the best part of their lives to their careers. Quite a few chose to forgo higher paying opportunities in the private sector on the hope of a bright future when they retired. I would like to request that you pass this bill so that all HHSC employees may retire in a way that rewards them for their sacrifices, hard work and dedication.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 1:38 PM  
**To:** FINTestimony  
**Cc:** jkuwabar@hgea.org  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Wendy Oyadomari	Individual	Support	No

Comments:

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**To:** FINTestimony  
**Cc:** jkuwabar@hgea.org  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Sharon Fong	Individual	Support	No

Comments:

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**Sent:** Monday, February 29, 2016 3:03 PM  
**To:** FINTestimony  
**Cc:** jkuwabar@hgea.org  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Roberta Mann	Individual	Support	No

Comments:

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**Sent:** Monday, February 29, 2016 3:06 PM  
**To:** FINTestimony  
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**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Joy Ring	Individual	Support	No

Comments:

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**Sent:** Monday, February 29, 2016 3:08 PM  
**To:** FINTestimony  
**Cc:** jkuwabar@hgea.org  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Suzanne Okino	Individual	Support	No

Comments:

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Submitted on: 2/29/2016

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<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
vernon verzon	Individual	Support	No

Comments:

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**To:** FINTestimony  
**Cc:** jkuwabar@hgea.org  
**Subject:** \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Merle Chun	Individual	Support	No

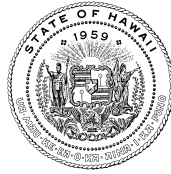
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DAVID Y. IGE  
GOVERNOR

**LATE**



WESLEY K. MACHIDA  
DIRECTOR

RODERICK K. BECKER  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 2606, H.D. 1**

March 1, 2016  
1:00 p.m.

**RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM**

House Bill No. 2606, H.D. 1, amends Chapter 88, Hawaii Revised Statutes (HRS), by adding a new section to Subpart C of Part II, to establish a retirement benefit incentive for public employees, otherwise eligible to retire, whose positions are subject to layoff due to the consolidation or abolition of functions, or the privatization of the functions of the position as a result of Act 103, SLH 2015. This measure will sunset on June 30, 2017.

The Department of Budget and Finance opposes this bill that will provide an enhancement to retirement benefits. This measure provides retirement-eligible employees of the Hawaii Health Systems Corporation with a retirement incentive of 1/12 of a year for each year of service, up to a maximum of three years of service credit. The cost for this incentive is unknown at this time but could be significant. Furthermore, it is unclear as to the need for a retirement benefit enhancement for someone who is already eligible to retire.

In addition, this benefit enhancement is counter to Section 88-99, HRS, which places a moratorium on benefit enhancements until such time as the actuarial value of the Employees' Retirement System's (ERS) assets is 100% of the ERS' unfunded actuarial accrued liability (UAAL). This bill will only add to the ERS' UAAL by enhancing benefits to employees who are already eligible to retire.

**LATE**

From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, March 01, 2016 6:38 AM  
To: FINTestimony  
Cc: llexier@hpsc.org  
Subject: \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 3/1/2016  
Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Leslie Lexier	Individual	Support	No

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From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, March 01, 2016 6:10 AM  
To: FINTestimony  
Cc: dmatsuda@hpsc.org  
Subject: \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 3/1/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
D Matsuda	Individual	Support	No

Comments:

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**LATE**

February 29, 2016

Dear Legislator,

I am writing to inform you of the impact of the Public-Private partnership on a personal level. While I am happy to hear that services will be expanded and that healthcare on Maui will get an infusion of cash, expertise and energy, I am concerned about some of the impact on individual workers. I apologize that this testimony is late, but we are only given short notice to get this to you.

Here is my personal story/situation:

I have an 84 yo mother who lives alone on the mainland. I would like to be able to assist her if needed using FMLA benefits. If my vacation/sick leave balances are zero'd as a result of this transition, I may be in a situation to have to take leave without pay. I have worked at MMMC since 1988, and I have banked a considerable amount of time since I have stayed fairly healthy and not abused my benefits.

I am unable to take retirement at this time without a 22% penalty since there is an age reduction factor. I will be 58 years old when the transition occurs. I am an RN with a Master's Degree in Nursing Science, and I have dedicated the bulk of my career as a nurse to Maui Memorial. Due to emergency hire and other unusual HR policies/practices, my calculated years of service fall short of the 30 years needed to retire without penalty-- by 3 years and 2 months per their calculation. I worked part time in the Critical Care Unit while job sharing another position in Quality and Utilization Management. Unfortunately, HR/ERS will only count this as part-time for that time period. Having both of those jobs simultaneously was enriching for me professionally, and it allowed for my clinical expertise to be used in the Quality realm. But now I pay the price of less years of service for my retirement calculation. I have actually been employed at MMMC since 1988 and the majority of time I worked 40 or more hours per week—in Critical Care, Quality, Education, Case Management, and as an instructor at Maui Community College. IT is uncertain at this time what Kaiser offers for retirement and how many more years I would need to work in that system to be eligible for retirement.

I could use my RIF benefits to try to finish my last 3 years, but this would create a hardship due to travel, and I would not like the karma associated with "bumping" another employee. This is simply a trickle down solution in which I will not participate. I pay taxes and work hard to thrive on Maui, so this option does not seem to be viable. The remaining State nursing jobs on Maui are not available for RIF since they are outside my jurisdiction of HHSC: Public Health, school nursing, and UH Maui College instructors. The number of people employed in those positions is very small and cannot accommodate a large number of MMMC employees. Lastly, I also have an small egg farm, and my partner would be completely burdened by caring for the animals by himself.

I am unable to defer any payout of my vacation (3 months) since I already contribute the maximum amount into my 403b (deferred comp). So this will affect my tax situation.

I realize that even if I receive my retirement, I will need to find supplemental income as it is less than half of my current net monthly income. I have done my best to continue life-long learning—in part to prepare financially for retirement. I recently studied and passed a certification exam to become a medical coder—again on my own time and my own dime.

On a less personal note as I am not currently in a staff RN position, I hope that there is also consideration to nurse-patient staffing ratios as we move forward. I am not familiar with how this has worked in the private sector, but as a potential patient and as a patient advocate with concern about quality care, I hope that this will be addressed on some level.

The bills before the legislation show compassion for employees in the Maui Region to ease the transition. All of these bills have merit. Additionally, utilizing accumulated sick time to offset age reduction penalty or qualify those who are a bit short for retirement eligibility could be considered. Thank you for any consideration that you give to the impact of this transition on staff and patient care, and thank you for working to improve health care on Maui.

Respectfully,

Penny Souder RN MS

Maui Memorial Medical Center

- August 1988 Began working as “Emergency Hire” RN at Maui Memorial Medical Center in August of 1988 in the Intensive Care Unit (ICU). Emergency Hire status is without benefits, without service towards retirement, and without extra pay. I find this ironic since Hawaii was touted as the “Health State”
- September 1989 Hired as permanent to continue my employment as an ICU staff RN
- Worked full time with ICU RN staff as half of my job and job shared a Quality Management/UR position with an RN from the Surgical Floor – unfortunately it only counted as part-time even though I was scheduled full time
- Obtained my Master’s Degree in the Nursing Program at UH through an outreach program. I did this on my own time over 5 years and my own dime including travel to Oahu for the clinical portion of my education
- I worked part-time as an Instructor at MCC Nursing Program but this does not count toward my retirement since I was a clinical instructor for 2.5 days per week
- I worked ICU as a staff RN again
- I worked 10 years as an RN Case Manager
- I worked as a Clinical Educator and coordinated American Heart Association Programs
- I worked again as an ICU staff RN]
- I worked as a Clinical Appeals Coordinator
- I am currently working in the new Clinical Documentation Improvement Department



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

**RANDY PERREIRA**, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

**LATE**

The Twenty-Eighth Legislature, State of Hawaii  
House of Representatives  
Committee on Finance

Testimony by  
Hawaii Government Employees Association  
March 1, 2016

H.B. 2606, H.D. 1 – RELATING TO THE  
EMPLOYEES' RETIREMENT SYSTEM

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 2606, H.D. 1, with a proposed amendment. Under this bill, employees whose positions are identified for layoff due to privatization will become eligible for a retirement incentive up to a maximum of three years of service credit as of the date of retirement.

As drafted, H.B. 2606 only applies to employees who are already eligible for a service retirement as of the date of application for retirement. However, we respectfully request that this benefit be extended to include all employees who are only a few years short of being eligible for retirement. Without such assistance, employees may face economic hardship that will be permanent through no fault of their own. We cannot allow that to occur.

Thank you for the opportunity to testify in support of H.B. 2606, H.D. 1 with the suggested amendment.

Respectfully submitted,

Randy Perreira  
Executive Director

**LATE**

From: mailinglist@capitol.hawaii.gov  
Sent: Monday, February 29, 2016 8:18 PM  
To: FINTestimony  
Cc: karenho@hawaii.edu  
Subject: \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 2/29/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Ho	Individual	Support	No

Comments:

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**LATE**

DAVID Y. IGE  
GOVERNOR



THOMAS WILLIAMS  
EXECUTIVE DIRECTOR

KANOE MARGOL  
DEPUTY EXECUTIVE DIRECTOR

**STATE OF HAWAII  
EMPLOYEES' RETIREMENT SYSTEM**

**SUPPLEMENTAL TESTIMONY BY THOMAS WILLIAMS  
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII**

**TO THE HOUSE COMMITTEE ON FINANCE**

**HOUSE BILL NO. 2606, H.D. 1**

**MARCH 1, 2016, 1:00 P.M.**

**RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM**

Chair Luke, Vice Chair Nishimoto, and Members of the Committee,

H.B. 2606, H.D. 1 provides for a retirement benefit incentive for members of the Employees' Retirement System (ERS) who are eligible for retirement and serve in positions that have been identified for layoff due to the consolidation or abolition of functions, or the privatization of the functions of the positions under Act 103, Session Laws of Hawaii 2015. These members would be eligible for additional retirement service credit of up to three years.

The ERS adds the following to our submitted testimony:

This bill would also set a precedent for an ERS member to receive service credit for "time" in which the member had not actually been employed by the State or a county, serving in the military, or otherwise engaged in a government function.

Thank you for this opportunity to provide testimony on H.B. 2606, H.D. 1.



Employees' Retirement System  
of the State of Hawaii



From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, March 01, 2016 1:05 PM  
To: FINTestimony  
Cc: hazwell@gmail.com  
Subject: \*Submitted testimony for HB2606 on Mar 1, 2016 13:00PM\*

**HB2606**

Submitted on: 3/1/2016

Testimony for FIN on Mar 1, 2016 13:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
joycelyn iyo	Individual	Support	No

Comments:

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