

DAVID Y. IGE
GOVERNOR



LATE TESTIMONY

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 SENATE COMMITTEE ON JUDICIARY AND LABOR
ON
SENATE BILL NO. 2077

February 9, 2016
9:15 a.m.

RELATING TO SEPARATION BENEFITS

Senate Bill No. 2077 authorizes public employees facing position abolishment, reduction-in-force (RIF), or workforce restructuring to opt to receive either voluntary severance benefits or a special retirement benefit in lieu of exercising any RIF rights.

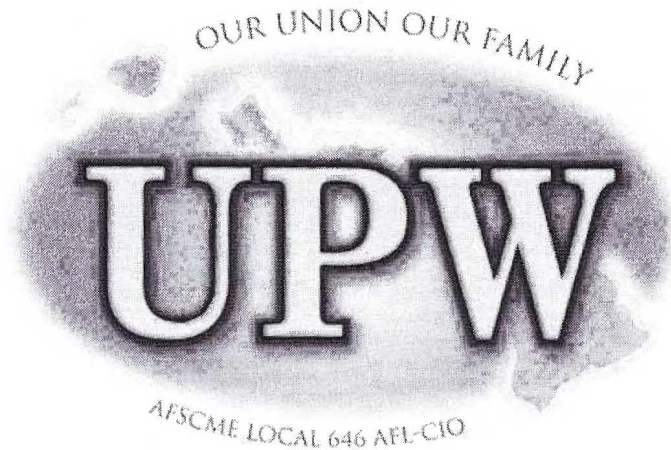
The Department of Budget and Finance opposes this bill.

First, based on the provisions of this measure, the cost could be significant as all affected employees would qualify (in the case of the Hawaii Health Systems Corporation's Maui Region Health Systems transitioning to Maui Health Systems) for the voluntary severance benefit or special retirement benefit. The provisions of the bill appear to be an overly broad approach to address a situation where only a limited number of the estimated 1,479 affected employees may not be re-employed by Maui Health Systems. A more cost effective solution may be looking at inter-jurisdictional employment agreements to address those who may not retain employment with Maui Health Systems.

A second concern is that previous RIFs were implemented without offering employees severance packages or retirement benefit enhancements. The provisions of this bill offer an open-ended package of separation benefits for any future RIF.

Third, the cost of paying for voluntary severance benefits or special retirement benefits nullifies the intent of a RIF, which is to reduce the size and cost of government. While the voluntary severance package would only be a one-time cost, retirement benefit enhancements have a long-term cost to the State and result in a higher unfunded actuarial accrued liability (UAAL) for the Employees' Retirement System (ERS). Although the special retirement benefits are exempt from Section 88-99 and the bill requires that the State pay the ERS the additional actuarial present value of the benefit enhancements over a period of five years, the benefit enhancement is counter to the purpose of Section 88-99, Hawaii Revised Statutes, which places a moratorium on benefit enhancements until such time as the actuarial value of the ERS' assets is 100% of the ERS' UAAL. Each exception from Section 88-99 increases the ERS' UAAL and affects the efficacy of the moratorium.

LATE TESTIMONY



The Hawaii State Senate
The Twenty-Eighth Legislature
Regular Session of 2016

COMMITTEE ON JUDICIARY AND LABOR

The Honorable Gilbert S.C. Keith-Agaran, Chair
The Honorable Maile S.L. Shimabukuro, Vice Chair

DATE OF HEARING: Tuesday, February 9, 2016

TIME OF HEARING: 9:15 a.m.

PLACE OF HEARING: Conference Room 016

TESTIMONY ON SB2077 RELATING TO SEPARATION BENEFITS

By Dayton M. Nakanelua,
State Director of the United Public Workers,
AFSCME, Local 646, AFL-CIO

My name is Dayton M. Nakanelua, state director of the United Public Workers, AFSCME, Local 646, and AFL-CIO (UPW). The UPW is the exclusive representative for approximately 11,000 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.

SB2077 authorizes public employees facing position abolishment, reduction in-force, or workforce restructuring to opt to receive either voluntary severance benefits or a special retirement benefit in lieu of exercising any reduction-in-force rights. The UPW supports the intent of this measure.

Thank you for the opportunity to submit this testimony.

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for SB2077 on Feb 9, 2016 09:15AM
Date: Monday, February 08, 2016 1:32:37 PM
Attachments: [Testimony SB2077 Separation Benefits](#)

LATE TESTIMONY

SB2077

Submitted on: 2/8/2016

Testimony for JDL on Feb 9, 2016 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Al Lardizabal	United Public Workers	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

LATE TESTIMONY

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

February 8, 2016

RE: HB 2446, SB 2077 – Support
HB 2445, SB 2039 – Support
HB 2606, SB 3000 – Support

I have dedicated my career as a nurse to MMMC, for the last 25 years, along with many other State of Hawaii employees with HHSC. Our pay salary has always been significantly less than the private sector primarily due to our retirement package, that we were lead to believe would never go away. Our retirement was a significant factor in our choice to remain dedicated caregivers to our community hospitals. Now the day is coming that none of us thought we would ever see, when our jobs are being abolished through privatization. This has a huge impact, as many of us are just short of age or years of service to qualify for full retirement.

Throughout the years we have struggled with the difficulty to recruit & retain experienced/qualified staff due to our state contracts that deferred the bulk of our benefits till retirement. This privatization will cause our hospital to lose a higher amount of nurses to early retirement or to other hospitals within HHSC to get their retirement. Maui has already had an increase number of nurses retire before they intended. These are highly skilled nurses that need to be replaced, subjecting Maui region to increasing staff shortages. University of Hawaii, Maui Campus produces new excellent nurses, but they need to gain experience by being mentored by the senior nurses. This subjects Maui community to a difficult transition due to this forced attrition.

It is very frustrating since several of us are so close to a step movement in vesting or the ability to retire. There are minimal opportunities to fulfill our retirement goals that we were promised. Leaving the Maui region is not an option for most people whose families & homes are established here. Changing professions to an unskilled job to continue to retain state or county employment isn't fair to the employees or prospective employers. Providing separation benefits & allowing for early retirement without penalties is the politically correct way to ease this transition for our hard working employees who jobs are directly impacted by the abolishment of Maui Region HHSC through privatization.

These bills would allow employees facing a RIF, privatization, etc. to receive an early retirement incentive, voluntary separation benefit, and ensures future ERS benefits. Thank you for your consideration & allowing my testimony. Feel free to contact me if you have any questions.

Mahalo,

Rose Kroner

LATE TESTIMONY

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

February 8, 2016

RE: HB 2446, SB 2077 – Support
HB 2606, SB 3000 – Support
HB 2445, SB 2039 – Support

I have been permanently employed by MMMC for 19 years. My seniority would have been higher, but due to the politics of the State System I was unable to receive credit for all my time worked. Even though there were positions available, I had to work as “E-hire” for a year first, which now disqualifies me from early retirement as the Maui Region is privatized this year. Even though I was a longtime resident of Maui & honor graduate of Maui Community College in nursing, I was left with no other option, short of leaving the island, to get my foot in the door. Even that sacrifice wasn’t enough, as I could not be considered for a job as the RN I trained to be, unless I first accepted a job below my level of education, training & pay class!

It makes me lose faith in our political system that I am now again at the mercy of the State to receive what I have worked long & hard to achieve. It seems there has been a bullseye on my employment from day 1, preventing me from reaching my goals. I love taking care of our patients at the hospital, both visitors and community members. I give them quality care with aloha that I hope I will receive in turn when I am in need. Even though I receive letters of appreciation frequently from my patients, I often feel like I am not appreciated by MMMC, HHSC, or the State of Hawaii. All of us employees are victims of this bureaucracy. It is a huge injustice if we cannot even count on the government process to protect our rights & benefits.

I am willing to work in any job with the state or county of Maui to retain my tenure in the retirement system that I sacrificed all these years to achieve. Since there are not any nursing jobs that I can transfer to, I applied in November 2015 for several positions advertising active recruitment to maintain my employment on Maui. So far I have been disqualified to work as a painter, park superintendent or with waste water management. I finally received a letter stating I am qualified for unskilled labor jobs as a janitor, groundskeeper, grass cutting, & golf course maintenance. The letter states I am on the list, but no job offers have been presented. I would rather fill one of these significantly lower paying jobs on Maui, rather than RIF to an outer island & bump another dedicated nurse from achieving his/her work goals.

I know of several people that literally had their golden egg turn into humpty dumpty, by dying before they could afford to retire. All the sacrifices that they made to dedicate themselves to work at the hospital were all in vain, as their hard earned pension was forfeited to the state by their death. Their families missed out on their life with their commitment to the hospital & their death destroyed the employee’s plans to provide financial security for their children & mates. I am convinced that the stress of being understaffed, underpaid & underappreciated was a factor in their premature deaths.

I implore you to give these bills your blessing, and pass them as an act of appreciation for the dedication & hard work that I & my fellow coworkers have provided. These bills would allow employees facing a RIF, privatization, etc. to receive an early retirement incentive, voluntary separation benefit, and ensures future ERS benefits.

Thank you for taking my testimony into consideration as you make your decision on these bills. If you have any questions please feel free to contact me. I would have preferred to appear in person to testify, but was not granted the time off to attend the hearing.

Mahalo,

Charles R. Kroner, Jr

LATE TESTIMONY

From: mailinglist@capitol.hawaii.gov
To: [JDL Testimony](#)
Cc:
Subject: Submitted testimony for SB2077 on Feb 9, 2016 09:15AM
Date: Tuesday, February 09, 2016 10:22:33 PM

SB2077

Submitted on: 2/9/2016

Testimony for JDL on Feb 9, 2016 09:15AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Bertha Basabe	Individual	Support	No

Comments: I support this bill. The staff work very hard for a lower salary then the big hospitals and deserve this, for their years of service.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov