

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
ON

HOUSE BILL NO. 2336, H.D. 1

February 22, 2018
1:30 P.M.
Conference Room 308

RELATING TO EMPLOYER CONTRIBUTIONS TO THE EMPLOYEES' RETIREMENT
SYSTEM

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

H.B. 2336, H.D. 1 proposes to add a new section to Chapter 88, Hawaii Revised Statutes (HRS) to facilitate advance transmittals of employer contributions by the State and counties to the Employees' Retirement System.

The contributions State and county agencies are required to make to the Employees' Retirement System (ERS) to meet obligations for retirement benefits are based on a percentage of payroll. Currently, the ERS is not able to accept employer contributions in advance of the fiscal year in which the contributions are required. This bill would allow these employers who elect to do so to remit their contributions in advance to be designated in separate employer accounts and to receive credit against future contribution obligations. Advance payment of employer contributions will serve to reduce the plan's unfunded liabilities over time.

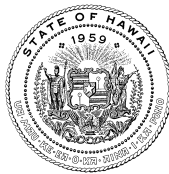
The Board of Trustees of the Employees' Retirement System supports this legislation.

Thank you for this opportunity to provide testimony on H.B. 2336, H.D. 1.



Employees' Retirement System
of the State of Hawaii

DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
DIRECTOR

KEN N. KITAMURA
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)

WRITTEN ONLY

TESTIMONY BY LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
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This measure allows payment of employer contributions to the Employees' Retirement System (ERS) in advance of the fiscal year in which the contributions are required and provides for interest on and application of the advance payments.

The Department of Budget and Finance supports this Administration measure. Currently, the ERS is not able to accept employer contributions in advance of the fiscal year in which the contributions are required. This bill would allow employers to remit cash in advance and to receive credit against future contribution obligations; therefore, giving employers more flexibility in making payments.

Thank you for your consideration of our comments.