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STATE OF HAWAII
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TESTIMONY OF
RODERICK K. BECKER, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE ON WAYS AND MEANS
ON
FEBRUARY 21, 2018
10:10 A.M.
CONFERENCE ROOM 211

LATE

S.B. 2598, S.D. 1

RELATING TO SALARY OVERPAYMENTS.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee, thank you for the opportunity to testify on S.B. 2598, S.D. 1.

The Department of Accounting and General Services (DAGS) supports the intent of this measure and would like to offer the following comments.

Currently, approximately half of all salary overpayments are the result of employees calling in sick without having sufficient sick leave accumulated. Until a new leave accounting system is implemented, up-to-date leave records need to be manually maintained for employees that have minimal leave hours accumulated so that the employee's pay can be properly adjusted. Furthermore, the amendment to Section 78-12 (e) provides clarification that salary overpayments can be garnished from pension benefits.

Thank you for the opportunity to testify on this measure.

Written Only

DAVID Y. IGE
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DR. CHRISTINA M. KISHIMOTO
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

LATE

Date: 02/21/2018
Time: 10:10 AM
Location: 211
Committee: Senate Ways and Means

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 2598, SD1 RELATING TO SALARY OVERPAYMENTS.

Purpose of Bill: Requires each department to deduct the department's total salary overpayment from the department's budget request for the following fiscal biennium. Requires that employees who exhaust their sick leave be placed on a manual accounting system. Removes the two-year statute of limitations on determination and notice to an employee of salary and wage overpayment. Allows officers charged with collecting debt due to salary or wage overpayment to garnish the pension of former employees. Takes effect 7/1/2050. (SD1)

Department's Position:

Department:
Education

Testifier
Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill:
SB 2598 RELATING TO SALARY OVERPAYMENTS.

Purpose of Bill:
Requires each department to deduct the department's total salary overpayment from the department's budget request for the following fiscal biennium. Requires that employees who exhaust their sick leave be placed on a manual accounting system. Removes the two-year statute of limitations on determination and notice to an employee of salary and wage

overpayment. Allows officers charged with collecting debt due to salary or wage overpayment to garnish the pension of former employees.

Department's Position:

The Department of Education (Department) supports the intent of SB 2598, but offers the following comments on sections (1) and (2) of the bill.

(1) Requirement that each department deduct the department 's total salary overpayment from the department's budget request for the following fiscal biennium . This would reduce funding and may have a direct impact on schools. The Department is working with schools and offices through training and monitoring to regularly update employee leave balances to try to minimize overpayments that result from insufficient leaves.

(2) Requirement that employees who exhaust their sick leave be placed on a manual accounting system. The Department currently has a process in place by which Payroll converts salaried employees from predicted pay to pay based on Actual Time Worked in compliance with HRS 78-13 (b) and (c) for employees who have been working for the State for at least six months and 1) have no paid leave accumulated, and have an existing salary overpayment balance, or 2) had at least two incidents of leave which results in salary overpayment within the past six months. The Department has a Time & Attendance system that records employee leave transactions and balances, and provides a means to identify employees who have exhausted their sick and vacation balances. The system is reliant on employees submitting paper leave documents and/or the school or office following up to ensure leave papers are submitted, processed and input in the Time & Attendance system.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

STATE OF HAWAII
DEPARTMENT OF DEFENSE

TESTIMONY ON SENATE BILL 2598
RELATING TO RELATING TO SALARY OVERPAYMENT

PRESENTATION TO
THE COMMITTEE ON WAYS AND MEANS

LATE

BY
MAJOR GENERAL ARTHUR J. LOGAN
ADJUTANT GENERAL
21 February 2018

Chair Dela Cruz, Vice-Chair Keith-Agaran and Members of the Committee.

I am Major General Arthur J. Logan, State Adjutant General and the Director of the Hawaii Emergency Management Agency. I am testifying with comments on SB2598, SD1.

Senate Bill No. 2598 requires each department to deduct the department's outstanding wage or salary overpayment balance at the end of a fiscal biennium from the department's budget request for the following fiscal biennium. The bill also requires that employees who exhaust their sick leave be placed on a manual accounting system, removes the two-year statute of limitations on determination and notice to employee of salary and wage overpayment, and allows salary and wage overpayments to be garnished from the pension of former employees.

The Department would be required to reprioritize its budget when a broadly applied reduction/penalty occurs. This action will penalize other programs/projects within the department that otherwise may not have had the issue. For example, A federally funded program may have contributed to salary overpayments, but the penalty would be attributed to a general funded program.

Thank you for allowing me to testify on SB2598, SD1