

# SB2763

Measure Title: RELATING TO EMPLOYER CONTRIBUTIONS TO THE EMPLOYEES' RETIREMENT SYSTEM.  
Report Title: Employees' Retirement System; employer contributions.  
Description: Allows payment of employer contributions to the Employees' Retirement System in advance of the fiscal year in which the contributions are required; provides for interest on and application of the advance payments.  
Companion: [HB2336](#)  
Package: Governor  
Current Referral: LBR, WAM  
Introducer(s): KOUCHI (Introduced by request of another party)

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<b>Sort by Date</b>	<b>Status Text</b>
1/24/2018	S Introduced.
1/24/2018	S Passed First Reading.
1/24/2018	S Referred to LBR/PSM, WAM.
1/29/2018	S Re-Referred to LBR, WAM.
2/9/2018	S The committee(s) on LBR has scheduled a public hearing on 02-13-18 3:00PM in conference room 229.

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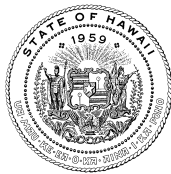
**S** = Senate | **H** = House | **D** = Data Systems | **\$** = Appropriation measure | **ConAm** = Constitutional Amendment

Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

## SB2763

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DAVID Y. IGE  
GOVERNOR



LAUREL A. JOHNSTON  
ACTING DIRECTOR

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

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

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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  
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON LABOR  
ON  
SENATE BILL NO. 2763

**February 13, 2018  
3:00 p.m.  
Room 229**

RELATING TO EMPLOYER CONTRIBUTIONS TO THE EMPLOYEES' RETIREMENT SYSTEM

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.

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 SENATE COMMITTEE ON LABOR  
ON

SENATE BILL NO. 2763

**February 13, 2018**  
**3:00 P.M.**  
**Conference Room 229**

RELATING TO EMPLOYER CONTRIBUTIONS TO THE EMPLOYEES' RETIREMENT  
SYSTEM

Chair Tokuda, Vice Chair English and Members of the Committee,

S.B. 2763 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 S.B. 2763.



Employees' Retirement System  
of the State of Hawaii