

STAND. COM. REP. NO.

319

Honolulu, Hawaii

February 12, 2019

RE: H.B. No. 1187
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 1187 entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose of this measure is to authorize from other funds of the Employees' Retirement System (ERS) Pension Trust (BUF141) for Fiscal Biennium (FB) 2019-2021, additional amounts of \$3,397,227 for Fiscal Year (FY) 2019-2020 and \$1,957,257 for FY 2020-2021 to support the objectives of the ERS Program to provide retirement, disability, survivor, and other benefits to State and county employees, retirees, and inactive vested members and to maximize the return on ERS's investment portfolio.

Specifically, this measure authorizes the expenditure of the funds for:

- (1) Mandatory migration of the ERS's information technology systems to the cloud and maintenance of software compliance for ongoing operation of these systems;
- (2) Actuarial services required by Act 85, Session Laws of Hawaii 2017, and associated increased legal costs;

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- (3) One full-time equivalent (1.0 FTE) permanent investment officer position;
- (4) Two full-time equivalent (2.0 FTE) permanent retirement claims examiner positions in the Retirement Benefits Branch to provide services requested from ERS's membership and meet increased workload demands and service standards for ERS's growing membership base;
- (5) Two full-time equivalent (2.0 FTE) temporary information technology positions in the Information Systems Branch to complete upgrade requirements and implement mandatory statutory changes; and
- (6) An automated call distribution telephone system to replace the existing outdated telephone system.

ERS testified in support of this measure.

Your Committee has amended this measure by:

- (1) Increasing the salary amounts for each year of FB 2019-2021 for the investment officer position in order to provide greater flexibility in attracting, hiring, and retaining top talent to maximize investment returns on ERS's investment portfolio;

H.B. No. 1187	LAB Committee Recommendation
<i>One FTE permanent investment officer position</i>	<i>One FTE permanent investment officer position</i>
\$130,580 for FY 2019-2020	\$288,690 for FY 2019-2020
\$256,630 for FY 2020-2021	\$288,690 for FY 2020-2021



- (2) Increasing the salary amount for only FY 2019-2020 to provide full funding for the two full-time equivalent (2.0 FTE) permanent retirement claims examiner positions in order to fully fund the positions for both fiscal years;

H.B. No. 1187	LAB Committee Recommendation
<i>Two FTE permanent retirement claims examiner positions</i>	<i>Two FTE permanent retirement claims examiner positions</i>
\$82,677 for FY 2019-2020	\$157,744 for FY 2019-2020
\$157,744 for FY 2020-2021	\$157,744 for FY 2020-2021

- (3) Decreasing the number of temporary information technology positions to one full-time equivalent position for each year of FB 2019-2021 and decreasing the corresponding salary amounts for each year of FB 2019-2021;

H.B. No. 1187	LAB Committee Recommendation
<i>Two FTE temporary information technology positions</i>	<i>One FTE temporary information technology position</i>
\$105,582 for FY 2019-2020	\$103,791 for FY 2019-2020
\$207,583 for FY 2020-2021	\$103,791 for FY 2020-2021

- (4) Changing its effective date to January 1, 2050, to facilitate further discussion; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1187, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1187, H.D. 1, and be referred to your Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,


AARON LING JOHANSON, Chair



