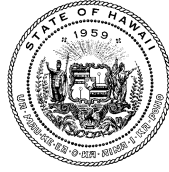


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WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE ON JUDICIARY
ON
MARCH 29, 2019, 9:30 A.M.
CONFERENCE ROOM 016, STATE CAPITOL

H.B. 941, HD1, SD1
RELATING TO EMPLOYEE'S DESIGNATION OF BENEFICIARY FORM.

Chair Rhoads, Vice Chair Wakai and Members of the Committee, thank you for the opportunity to testify on H.B. 941, HD1, SD1.

The Department of Accounting and General Services (DAGS) strongly supports this bill and offers the following comments for your consideration.

The current statute requires the Employee's Designation of Beneficiary Form to be written and notarized and filed with the comptroller. This requirement has resulted in thousands of forms being maintained in a central location at DAGS. Maintaining the forms, which includes alphabetically filing forms from new employees, filing updated forms from current employees, and purging forms of employees no longer employed, is manual and extremely labor intensive. By having the forms kept in the employing department, this form as well as other payroll and personnel forms would routinely be discarded when no longer required. This bill also makes amendments to eliminate the requirement that the form be written and notarized which will allow the new system to maintain the beneficiary information in an electronic format.

During the HawaiiPay system modernization effort, which is now complete, there were several inquiries from departments and agencies that requested a more electronic means of

storing and updating an employee's designation of beneficiary. Requesting agencies included the Department of Human Resources and others who are modernizing and enhancing the employee's experience with new-hire onboarding processes that include electronic options that can be directed by employees through secure Employee Self-Service (ESS) functionalities, should the Department of Accounting and General Services (DAGS) and the State choose to pursue.

The HawaiiPay system for payroll processing was implemented with Employee Self-Service options, of which the employee's designation of beneficiary could be added as an expanded feature item. This will allow employees to direct this beneficiary update or change at any point in time during their career and employment with the State. We have heard of many situations where employees designated their beneficiary at time of hire, some years ago and was never able to update their initial paper beneficiary form and upon an employee's death, the beneficiary on file was unfortunately deceased or had since changed.

Therefore, DAGS is in full support of this bill and its intent to move to more electronic means of storing and updating this important employee designation and puts the control and access in the hands of all State employees to direct when needed.

Thank you for the opportunity to testify on this matter.