

Honolulu, Hawaii

, 2020

FEB 14

RE: H.B. No. 2311

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2311 entitled:

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

begs leave to report as follows:

The purpose of this measure is to clarify what is compensation eligible for the purposes of calculating retirement benefits by amending the definitions of "base pay" and "compensation".

Your Committee received testimony in support of this measure from the Department of Budget and Finance and Employees' Retirement System of the State of Hawaii. Your Committee received testimony in opposition to this measure from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO. Your Committee received comments on this measure from the Department of Human Resources of the City and County of Honolulu.

Your Committee finds this measure clarifies the definition of "compensation" for retirement benefit computation purposes in a way that helps ensure that retirement benefits are computed fairly and equitably for all public employees and facilitates employer reporting of compensation on a consistent and timely basis. Your



Committee further finds that there is a legal obligation to uphold benefits in existing contracts.

Accordingly, your Committee amended this measure by:

- (1) Reapplying the shortage differentials to the definition of "compensation";
- (2) Clarifying that this measure does not impair or diminish benefits accrued prior to its effective date;
- (3) Changing the effective date to January 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

Your Committee notes the testimony of the City and County of Honolulu Department of Human Resources that changing the definition of "base pay" will increase the number of City and County employees who are considered to have "spiked" during employees highest three years of service due to the way payments are categorized and "spiking" is calculated.

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. 2311, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2311, 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

