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**STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM**

TESTIMONY BY THOMAS WILLIAMS
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII

TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
ON

HOUSE BILL NO. 1187

**February 5, 2019
8:30 A.M.
Conference Room 309**

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Chair Johanson, Vice Chair Eli and Members of the Committee,

H.B. 1187 authorizes other funds of the Employees' Retirement System (ERS) for the fiscal biennium 2019 – 2021. As you are aware, the ERS program objectives are to provide retirement and survivor benefits to State and county employees, retirees, and inactive vested members and to prudently maximize the return on its investment portfolio.

The Fiscal Biennium 2019 - 2021 budget request includes the following items:

- \$2,824,388 in FY 2020 and \$1,153,800 in FY 2021 for the migration of the ERS' benefits administration and accounting computer systems from current physical servers to a virtual cloud environment.
- \$104,000 in FY 2020 and \$159,000 in FY 2021 for increased actuarial services costs and increased ERS legal costs for general investment and administrative matters.
- \$130,580 in FY 2020 and \$256,630 in FY 2021 along with 1.00 permanent FTE for an additional Investment Officer.

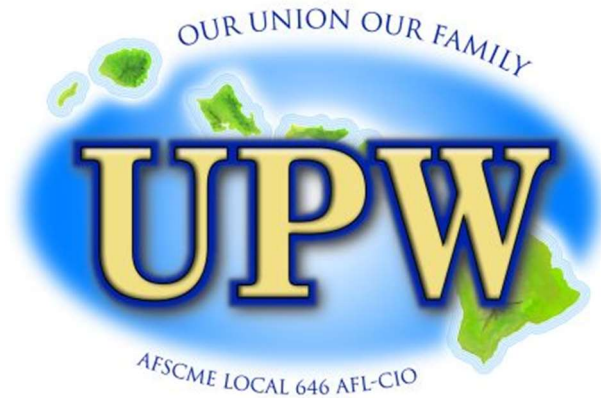


Employees' Retirement System
of the State of Hawaii

- \$82,677 in FY 2020 and \$157,744 with 2.00 permanent FTE for additional Retirement Claims Examiner positions.
- \$105,582 in FY 2020 and \$207,583 in FY 2021 with 2.00 temporary FTE for additional IT positions.
- \$150,582 in FY 2020 and 22,500 in FY 2021 for a replacement automated call distribution telephone system.

The Board of Trustees of the Employees' Retirement System supports this legislation.

Thank you for this opportunity to provide testimony on H.B. 1187.



THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Thirtieth Legislature
Regular Session of 2019

Committee on Labor & Public Employment
Representative Aaron Ling Johanson, Chair
Representative Stacylynn K.M. Eli, Vice Chair

Date of Hearing: Tuesday, February 5, 2019
Time of Hearing: 8:30 a.m.
Place of Hearing: Conference Room 309

**TESTIMONY ON HB1187 RELATING TO THE EMPLOYEES RETIRERMENT
SYSTEM**

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive bargaining representative for approximately 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and four counties. The UPW also represents about 1,500 members in the private sector.

HB1187 authorizes from other funds of the ERS Pension Trust (BUF141) for fiscal biennium 2019-2021, the additional sum of \$3,397,227 for fiscal year 2019-2020 and the additional sum of \$1,957,257 for fiscal year 2020-2021 for various ERS operating costs and services. The UPW supports this measure.

Thank you or the opportunity to submit this testimony.