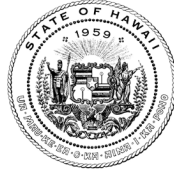


DAVID Y. IGE
GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

KANOE MARGOL
DEPUTY EXECUTIVE DIRECTOR

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

WRITTEN ONLY

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

TO THE SENATE COMMITTEES ON THE JUDICIARY AND WAYS AND MEANS
ON
SENATE BILL NO. 912, S.D. 1

February 23, 2021
10:30 A.M.
Conference Room 211

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Chairs Rhoads and DelaCruz, Vice Chairs Keohokalole and Keith-Agaran, and
Members of the Committees,

S.B. 912, S.D. 1 proposes to add a new section to subpart C of part II of Chapter 88, Hawaii Revised Statutes to provide for forfeiture by a member, former member, or retirant of the Employees' Retirement System (ERS) of the State of Hawaii, of one-half of any interest, hypothetical account balance, pension, annuity or retirement allowance otherwise payable to the member, former member or retirant if the member, former member or retirant is convicted of a felony related to the employment of the member, former member or retirant.

Further, S.B. 912, S.D. 1 allows the court to order, upon the death of the convicted member, former member or retirant, that the beneficiary receive comparably reduced benefits to which the beneficiary may have otherwise been entitled. Further, if the beneficiary had been convicted of the same felony as the ERS member, former member or retirant under this section, the beneficiary would receive no beneficiary benefits.

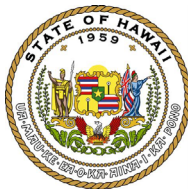
As this proposal would require the ERS to comply with a court order declaring a forfeiture of retirement benefits based on these types of felony convictions and does not impair benefits that have already been accrued, the ERS Board is supportive of this fair and judicious method of forfeiture.



Employees' Retirement System
of the State of Hawaii

The ERS Board of Trustees would be supportive of this Act should it be approved.

Thank you for this opportunity to provide testimony.



HAWAI'I STATE ETHICS COMMISSION

State of Hawai'i · Bishop Square, 1001 Bishop Street, ASB Tower 970 · Honolulu, Hawai'i 96813

Committee: Committee on Finance
Bill Number: H.B. 670, H.D.1
Hearing Date/Time: February 25, 2021, 12:00 p.m.
Re: Testimony of the Hawai'i State Ethics Commission
SUPPORTING THE INTENT of H.B. 670, H.D.1,
Relating to the Employees' Retirement System

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance:

The Hawai'i State Ethics Commission ("Commission") supports the intent of H.B. 670, H.D.1, which seeks to impose additional penalties – forfeiture of retirement benefits – for government officials who commit employment-related felonies.

The Commission supports additional penalties for extreme abuses of power. This measure will provide an additional deterrent to those few state employees who may seek to use their official positions, and the power of their offices, to commit employment-related felonies. The Commission agrees that such a severe consequence – forfeiture of retirement benefits – should come only after conviction of criminal activity.

Thank you for your continuing support of the Commission's work and for considering the Commission's testimony on H.B. 670, H.D.1.

Very truly yours,

Daniel M. Gluck
Executive Director and General Counsel

Statement Before The
HOUSE COMMITTEE ON FINANCE

Thursday, February 25, 2021

12:00 PM

Via Videoconference, Conference Room 308

in consideration of

HB 670, HD1**RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.**

Chair LUKE, Vice Chair CULLEN, and Members of the House Finance Committee

Common Cause Hawaii supports HB 670, HD1, which authorizes forfeiture of certain ERS benefits, pursuant to court order, for state or county employees and designated beneficiaries who are convicted of an employment-related felony. Currently, there are 30 states that have some sort of public pension garnishment or forfeiture laws. See <https://reason.org/data-visualization/what-happens-to-taxpayer-funded-pensions-when-public-officials-are-convicted-of-crimes/>.

Common Cause Hawaii is a nonprofit, nonpartisan, grassroots organization dedicated to reforming government and strengthening democracy. Common Cause Hawaii works to restore faith in our government and our democracy that has been shattered in the last few years through ethics, accountability, and transparency reforms. These reforms are probably the most important tools to restoring the people's trust in their elected leaders and government – to show people that their government is acting for the people's interest versus serving their own interests.

In a Honolulu Star-Advertiser poll published on Sept. 22, 2019, a majority of local residents felt that Hawaii's elected officials do not care what they think and generally do not have high ethical standards. This must change for people to have confidence in our government. See <https://www.staradvertiser.com/2019/09/22/hawaii-news/most-hawaii-residents-say-state-elected-officials-dont-care-about-them/>. Further, Oahu residents stated accountability was “essential or very important for the city to address in the next two years” in a 2019 Service Efforts & Accomplishments Report by the Office of the City Auditor. See http://www.honolulu.gov/rep/site/oca/oca_docs/a-FY2019_SEA_Report_Final_030620_for_website.pdf at page 6 (emphasis in original).

HB 670, HD1 will show that government takes ethics seriously. Public employees are also public servants. They cannot defraud the public and destroy our confidence in government and still reap the benefits of their criminal misconduct. If this were to occur, then the only losers are the people and democracy.

HB 670, HD1 is **not** about punishment or retribution. It is about ethics and restoring the public's trust in government. HB 670, HD1 is not about revenge, because families of the convicted governmental employees who rely on the pensions are protected under the bill. HB 670, HD1 provides that, upon the convicted governmental employees' passing, their pensions may be awarded to the designated beneficiaries. Due process is afforded, and pension is only forfeited pursuant to court order, under HB 670, HD1.

In these dire economic times for our state, Hawaii cannot afford (both literally and figuratively) the pensions of individuals who have defrauded this state and betrayed the public trust.

Much concern is given to what the convicted government employee (and the employee's family) may lose if the pension were to be lost. We also need to consider that much is lost by the public - the people - when a government employee abuses his/her/their position of power, trust, and authority. As we have seen, democracy is fragile; people need to have confidence in our government. Please act to restore that trust through ethics reform.

Thank you for the opportunity to testify in support of HB 670, HD1, and Common Cause Hawaii respectfully urges the Committee members to pass HB 670, HD1 out of your Committee. If you have further questions of me, please contact me at sma@commoncause.org.

Very respectfully yours,

Sandy Ma
Executive Director, Common Cause Hawaii



HB-670-HD-1

Submitted on: 2/23/2021 10:45:48 AM

Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Kunitake	Individual	Support	No

Comments:

Dear Chair Luke, Vice Chair Cullen and Committee on Finance,

Please support HB670 HD1.

HB 670, HD1 will show that government takes ethics seriously. Public employees are also public servants. They cannot defraud the public and destroy our confidence in government and still reap the benefits of their criminal misconduct. If this were to occur, then the only losers are the people and democracy.

HB 670, HD1 is **not** about punishment or retribution. It is about ethics and restoring the public's trust in government. HB 670, HD1 is not about revenge, because families of the convicted governmental employees who rely on the pensions are protected under the bill. HB 670, HD1 provides that, upon the convicted governmental employees' passing, their pensions may be awarded to the designated beneficiaries. Due process is afforded, and pension is only forfeited pursuant to court order, under HB 670, HD1.

I am hopeful that these reasonable penalties will discourage public servants from doing anything that will lead to a conviction. We need people in government that will do the right thing even behind a closed door. This way, the general public can better trust government officials since there would be serious penalties for convictions while serving in office.

Mahalo,

Caroline Kunitake

HB-670-HD-1

Submitted on: 2/23/2021 2:00:26 PM

Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
laurie boyle	Individual	Support	No

Comments:

I support hb670 for the simple reason that we should not have to pay for the benefits of a convicted felon while serving as our representative to uphold the rule of law.

Mahalo for your time.

HB-670-HD-1

Submitted on: 2/23/2021 4:11:02 PM

Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Edward B Hanel Jr	Individual	Support	No

Comments:

Once again, I concur with Common Cause Hawaii comments regarding efforts to make state officials accountable for their mis-behavior. Send a message to citizens that state employees will be responsible for mis-deeds related to their public duties. .

HB-670-HD-1

Submitted on: 2/23/2021 4:19:58 PM

Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
tlaloc tokuda	Individual	Support	No

Comments:

Aloha Commitee, I am a member of Common Cause HI and i support HB670 HD1 for the following reasons:

- Currently, there are 30 states that have some sort of public pension garnishment or forfeiture laws.
- In a Honolulu Star-Advertiser poll published on Sept. 22, 2019, a majority of local residents felt that Hawaii’s elected officials do not care what they think and generally do not have high ethical standards. This must change for people to have confidence in our government. See <https://www.staradvertiser.com/2019/09/22/hawaii-news/most-hawaii-residents-say-state-elected-officials-dont-care-about-them/>.
- Oahu residents stated accountability was “essential or very important for the city to address in the next two years” in a 2019 Service Efforts & Accomplishments Report by the Office of the City Auditor. See http://www.honolulu.gov/rep/site/oca/oca_docs/a-FY2019_SEA_Report_Final_030620_for_website.pdf at page 6 (emphasis in original).
- HB 670, HD1 will show that government takes ethics seriously. Public employees are also public servants. They cannot defraud the public and destroy our confidence in government and still reap the benefits of their criminal misconduct.
- HB 670, HD1 is **not** about punishment or retribution. It is about ethics and restoring the public’s trust in government.
- HB 670, HD1 is not about revenge, because families of the convicted governmental employees who rely on the pensions are protected under the bill. HB 670, HD1 provides that, upon the convicted governmental employees’ passing, their pensions may be awarded to the designated beneficiaries. Due process is afforded, and pension is only forfeited pursuant to court order, under HB 670, HD1.
- Much concern is given to what the convicted government employee (and the employee’s family) may lose if the pension were to be lost. We also need to consider that much is lost by the public - the people - when a government employee abuses his/her/their position of power, trust, and authority. As we have seen, democracy is fragile; people need to have confidence in our government. Please act to restore that trust through ethics reform.

Mahalo for your consideration,

Tlaloc Tokuda

Kailua Kona, HI 96740

HB-670-HD-1

Submitted on: 2/23/2021 4:51:12 PM

Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Donna Ambrose	Individual	Support	No

Comments:

Public employees should know they cannot defraud the public and still reap the benefits of their illegal conduct. We, the people they serve, pay their salaries and pension benefits. It's not too much to ask that those pensions be garnished or forfeited if a government employee is convicted of a crime and a court orders the action. Heirs of the guilty party may still receive benefits upon his/her passing, which I find quite generous. Please help restore confidence in those in positions of power and authority by passing this bill. Mahalo.

HB-670-HD-1

Submitted on: 2/23/2021 6:34:53 PM

Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lynn Murakami-Akatsuka	Individual	Support	No

Comments:

I strongly support the passage of HB 670, HD 1. As your Committee Report stated, "This bill will demonstrate that the State takes the ethics of its employees seriously." As a taxpayer, it will restore our faith in our state government.

Thank you for the opportunity to testify in strong support of HB 670, HD 1.

HB-670-HD-1

Submitted on: 2/24/2021 6:23:34 AM

Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
David Anderson	Individual	Support	No

Comments:

Currently, there are 30 states that have some sort of public pension garnishment or forfeiture laws.

In a Honolulu Star-Advertiser poll published on Sept. 22, 2019, a majority of local residents felt that Hawaii's elected officials do not care what they think and generally do not have high ethical standards. This must change for people to have confidence in our government.

Oahu residents have stated accountability was "essential or very important for the city to address in the next two years" in a 2019 Service Efforts & Accomplishments Report by the Office of the City Auditor.

HB 670, HD1 will show that government takes ethics seriously. Public employees are also public servants. They cannot defraud the public and destroy our confidence in government and still reap the benefits of their criminal misconduct.

HB 670 is about ethics and restoring the public's trust in government and is not about revenge, because families of the convicted governmental employees who rely on the pensions are protected under the bill. HB 670, HD1 provides that, upon the convicted governmental employees' passing, their pensions may be awarded to the designated beneficiaries. Due process is afforded, and pension is only forfeited pursuant to court order, under HB 670, HD1.

We all need to consider that much is lost by the public - the people - when a government employee abuses his/her/their position of power, trust, and authority. As we have seen, democracy is fragile; people need to have confidence in our government. Please act to restore that trust through ethics reform.

Thank you for the opportunity to submit testimony in support of this bill.

HB-670-HD-1

Submitted on: 2/24/2021 7:43:11 AM

Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
sam kippen	Individual	Support	No

Comments:

I am a member of Common Cause Hawaii and I support HB 670. This common-sense legislation will improve public trust in government. We respectfully urge the committee to pass HB 670. Mahalo for the opportunity to testify.

HB-670-HD-1

Submitted on: 2/24/2021 8:11:35 AM

Testimony for FIN on 2/25/2021 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Linda Morgan	Individual	Support	No

Comments:

I strongly support HB670 HD1. This bill to make government employees accountable for illegal actions by reducing or eliminating their pensions is a step toward eliminating the rampant corruption in Hawaii government. It would act as a preventive measure when government employees consider unethical actions. It would help establish Hawaii citizens' trust in government which is largely absent now.

Please vote for HB670 HD1.