



HAWAI‘I STATE ETHICS COMMISSION

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

Committee: Committee on Judiciary
Committee on Ways and Means
Bill Number: H.B. 670, H.D.1, S.D.1
Hearing Date/Time: April 6, 2021, 9:55 a.m.
Re: Testimony of the Hawai‘i State Ethics Commission
SUPPORTING THE INTENT of H.B. 670, H.D.1, S.D.1
Relating to the Employees’ Retirement System

Dear Chair Rhoads, Vice Chair Keohokalole, and Members of the Committee on Judiciary, and Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means:

The Hawai‘i State Ethics Commission (“Commission”) supports the intent of H.B. 670, H.D.1, S.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., S.D.1.

Very truly yours,

Kee Campbell
Staff Attorney

DAVID Y. IGE
GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

KANOE MARGOL
DEPUTY EXECUTIVE DIRECTOR

**STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM**

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

TO THE SENATE COMMITTEES ON THE JUDICIARY AND WAYS AND MEANS

ON

HOUSE BILL NO. 670, H.D. 1, S.D. 1

**April 6, 2021
9:55 A.M.
Conference Room 211**

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

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

H.B. 670, H.D. 1, 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 all or a portion 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. On behalf of its Board of Trustees, the ERS staff offers the following comments:

This proposal would require the ERS to comply with a court order decreeing a forfeiture of all or a portion of any interest, hypothetical account balance, pension, annuity or retirement allowance otherwise payable a member, former member, or retirant of the system convicted of a felony that the court finds is related to the employment of the member, former member, or retirant by the State or county.



**Employees' Retirement System
of the State of Hawaii**

This proposal purports to not impair or diminish the accrued retirement benefits of members of the ERS prior to the effective date of the Act and applies prospectively to felonies committed by public employees after the effective date of the proposal.

As proposed, the ERS Board would be supportive of H.B. 670, H.D. 1, S.D. 1 should this bill be approved.

Thank you for this opportunity to provide testimony.

Statement Before The
SENATE COMMITTEE ON JUDICIARY
and
SENATE COMMITTEE ON WAYS AND MEANS
Tuesday, April 6, 2021
9:55 AM
Via Videoconference, Conference Room 211

in consideration of
HB 670, HD1, SD1
RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

Chairs RHOADS and DELA CRUZ, Vice Chairs KEOHOKALOLE and KEITH-AGARAN,
and Members of the Senate Judiciary and Ways and Means Committees

Common Cause Hawaii supports HB 670, HD1, SD1, which (1) authorizes a court to order the forfeiture of one-half of the Employees' Retirement System (ERS) benefits of an ERS member, former member, or retirant upon conviction of the individual for a felony related to the State or county employment of the individual, (2) authorizes designated beneficiaries to receive the ERS benefits to which the member, former member or retirant would be entitled under this section upon the death of the member, former member, or retirant, (3) prohibits designated beneficiaries convicted of a felony under the same set of circumstances as the member, former member, or retirant who was subject to forfeiture of ERS benefits from receiving benefits.

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.

According to a Honolulu Star-Advertiser article published March 17, 2021, "Hawaii is among 13 states that doesn't allow pensions to be revoked when a public worker is convicted of a felony, according to research published last year by the National Association of State Retirement Administrators." See <https://www.staradvertiser.com/2021/03/17/hawaii-news/lawmakers-look-to-claw-back-felons-pensions/>. 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/>. Ethics and accountability will likely be of even greater importance to Hawaii residents, given the recent news that City permitting employees have been indicted for bribery to expedite permits. See <https://www.civilbeat.org/2021/03/five-honolulu-planning-department-employees-indicted-for-bribery/>. Oahu residents have already stated that 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, SD1 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, SD1 is **not** about punishment or retribution. It is about ethics and restoring the public's trust in government. HB 670, HD1, SD1 is not about revenge, because families of the convicted governmental employees who rely on the pensions are protected under the bill. HB 670, HD1, SD1 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, SD1.

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, SD1, and Common Cause Hawaii respectfully urges the Committee members to pass HB 670, HD1, SD1 out of your Committee with an effective date upon its approval. 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-SD-1

Submitted on: 4/2/2021 12:00:32 PM

Testimony for JDC on 4/6/2021 9:55:00 AM

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

Comments:

Dear Chair Rhoads, Vice Chair Keohokalole, Committee on Judiciary, Chair Dela Cruz, Vice Chair Keith Agaran and Committee on Ways and Means,

Please support HB670 HD1 SD1.

HB 670, HD1 SD1 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 people and democracy will suffer.

HB 670, HD1 SD1 is **not** about punishment or retribution. It is about ethics and restoring the public's trust in government. HB 670, HD1 SD1 is not about revenge, because families of the convicted governmental employees who rely on the pensions are protected under the bill. HB 670, HD1 SD1 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 SD1.

Thank you for taking the time to review this issue. I appreciate the opportunity to support this bill.

Mahalo,

Caroline Kunitake

HB-670-SD-1

Submitted on: 4/2/2021 8:35:50 PM

Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Golojuch Jr	Individual	Support	No

Comments:

Aloha Senators,

I fully support HB 670 HD 1 SD 1.

Mahalo for your consideration,

Michael Golojuch, Jr.

HB-670-SD-1

Submitted on: 4/3/2021 11:07:24 AM

Testimony for JDC on 4/6/2021 9:55:00 AM

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

Comments:

Dear JDC & Wam Committee chair, vice chair and committee members. I support HB670 HD1 SD1.

- According to a Honolulu Star-Advertiser article published March 17, 2021, “Hawaii is among 13 states that doesn’t allow pensions to be revoked when a public worker is convicted of a felony, according to research published last year by the National Association of State Retirement Administrators.” See <https://www.staradvertiser.com/2021/03/17/hawaii-news/lawmakers-look-to-claw-back-felons-pensions/>. 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/>. Ethics and accountability will likely be of even greater importance to Hawaii residents, given the recent news that City permitting employees have been indicted for bribery to expedite permits. See <https://www.civilbeat.org/2021/03/five-honolulu-planning-department-employees-indicted-for-bribery/>. Oahu residents have already stated that 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).
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- HB 670, HD1, SD1 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.
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- HB 670, HD1, SD1 is **not** about punishment or retribution. It is about ethics and restoring the public’s trust in government. HB 670, HD1, SD1 is not about revenge, because families of the convicted governmental employees who rely on the pensions are protected under the bill. HB 670, HD1, SD1 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, SD1.

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- 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-SD-1

Submitted on: 4/3/2021 11:22:08 PM

Testimony for JDC on 4/6/2021 9:55:00 AM

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

Comments:

The latest scandal involving city officials accepting bribes to process permits highlights (again) the need for stronger ethics laws. Fully and strongly support immediate passage of BH670. Concur with Common Cause Hawaii comments on this bill.

HB-670-SD-1

Submitted on: 4/4/2021 6:46:25 AM

Testimony for JDC on 4/6/2021 9:55:00 AM

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

Comments:

According to a Honolulu Star-Advertiser article “Hawaii is among 13 states that doesn’t allow pensions to be revoked when a public worker is convicted of a felony, according to research published last year by the National Association of State Retirement Administrators.” A 2019 Star-Advertiser poll found 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. Ethics and accountability will likely be of even greater importance to Hawaii residents, given the recent news that City permitting employees have been indicted for bribery to expedite permits. Accountability is essential or very important for the city to address.

HB 670, HD1, SD1 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, SD1 is about ethics and restoring the public’s trust in government and is not about revenge or retribution, because families of the convicted governmental employees who rely on the pensions are protected under the bill. The bill 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 this bill.

We 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-SD-1

Submitted on: 4/4/2021 9:54:51 AM

Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mary Kathryn Afable	Individual	Support	No

Comments:

Aloha,

I support HB670, HD1, and SD1 for the following reasons.

- Government employees need to be held accountable for abuse of their taxpayer funded positions for personal gain.
- Families who are reliant on the pension benefits of government workers convicted of abusing their positions are protected from forfeiture of benefits.
- Public perceptions of low ethical standards of government officials resulting in the loss of trust in government functions requires greater accountability in order to restore citizens trust.

Respectfully Submitted,

Mary Afable, Hilo

HB-670-SD-1

Submitted on: 4/4/2021 11:17:35 AM

Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Dursin	Individual	Support	No

Comments:

Please support HB670.

It is almost inconceivable that a person committing a felony related to work for the State or the County should not be held accountable through his/her pension. Removing half of that pension surely creates some kind of disincentive.

Susan Dursin, Captain Cook

LATE

HB-670-SD-1

Submitted on: 4/5/2021 3:21:21 PM
Testimony for JDC on 4/6/2021 9:55:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Best	Individual	Support	No

Comments:

Ethis & restoring public trust in government will be furthered by this bill. Plus our economy will be helped.