

STAND. COM. REP. NO.

770

Honolulu, Hawaii

FEB 17 , 2021

RE: H.B. No. 928  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Labor & Tourism, to which was referred H.B. No. 928 entitled:

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

begs leave to report as follows:

The purpose of this measure is to amend the definitions of "base pay" and "compensation" for the purpose of calculating retirement benefits.

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

Your Committee finds that this measure will help bring clarity to what is properly included in base pay and compensation for the purpose of calculating retirement benefits. According to the Employees' Retirement System, there is a significant disparity in what is included in base pay among the eight employers

2021-1624 HB928 HD1 HSCR HMSO



reporting to the system, which results in disparate treatment among the members. In order for the Employees' Retirement System to maintain its tax-exempt status, benefits must be provided in a non-discriminatory manner and be "definitely determinable".

With respect to concerns over the deletion of "shortage differentials" from the definition of "compensation", your Committee further finds that the Employees' Retirement System has requested that if a shortage differential is permanent, that the permanent differential be noted on the employee's personnel action report or certification, which then would be recognized and credited.

Your Committee has amended this measure by:

- (1) Changing the effective date to December 25, 2040, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 928, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 928, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Tourism,



RICHARD H.K. ONISHI, Chair



