



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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The Thirty-Second Legislature, State of Hawaii
The House of Representatives
Committee on Labor and Government Operations

Testimony by
Hawaii Government Employees Association

January 30, 2024

H.B. 1643 — RELATING TO INDEBTEDNESS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 1643, which shortens the time within which a disbursing officer must notify an employee of indebtedness to the government resulting from salary or wage overpayment and amends the amount a disbursing officer shall deduct to begin immediate recovery of indebtedness.

At times, the state and counties will mistakenly overpay an employee on a continual basis or in one lump sum amount. Through no fault of their own, these employees are stiffed with a loan and a hefty repayment plan that they cannot afford due to a department's failure to accurately pay an employee – its the line departments fault, but the public servant must pay the price. As currently written, 78-12 Hawaii Revised Statues, the minimum repayment amount is either \$100 per pay period or 25% of an employee's salary. We represent many public servants who earn roughly \$1000 per paycheck – the current repayment amount is too high, particularly for lower income earners and ALICE families who live paycheck to pay-check and cannot support the additional financial constraint. Reducing the minimum amount earned to \$50 per pay period or 5% of an employee's salary will provide more financial flexibility for lower income earners. This reduction will allow public servants more time and flexibility to repay their loan.

Thank you for the opportunity to provide testimony in strong support of H.B. 1643.

Respectfully submitted,



Randy Perreira
Executive Director



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

HOUSE OF REPRESENTATIVES THE THIRTY-SECOND LEGISLATURE REGULAR SESSION OF 2024

COMMITTEE ON LABOR & GOVERNMENT OPERATIONS

Rep. Scot Z. Matayoshi, Chair
Rep. Andrew Takuya Garrett, Vice Chair

Tuesday, January 30, 2024, 9:30 AM
Conference Room 309 & Videoconference

Re: **Testimony on HB1643 – RELATING TO INDEBTEDNESS**

Chair Matayoshi, Vice Chair Garrett, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties.

UPW **supports** HB1643, which shortens the time within which a disbursing officer must notify an employee of indebtedness to the government resulting from salary or wage overpayment. This measure also amends the criteria for an actionable cause of action, as well as the amount a disbursing officer shall deduct to begin immediate recovery of indebtedness.

From time-to-time, the State and counties will mistakenly overpay an employee over a period of time or through a lump sum payment. This overpayment effectively becomes a loan with a burdensome repayment plan that the affected employee often cannot afford. §78-12, Hawaii Revised Statutes, currently provides that the minimum payment amount is \$100 per pay period or 25% of an employee’s compensation until the indebtedness is paid in full. This statutory provision is draconian and unfairly punishes a public employee for a payroll error committed by the employer.

While UPW understands that an indebtedness must be repaid, the current repayment schedule is simply too costly for many of our members who earn \$1,000 or less per pay period and are living paycheck to paycheck. Reducing the minimum payment to \$50 per pay period or 5% of an employee’s compensation, as proposed in this bill, will provide lower income earners more time and greater flexibility to repay their debt without undue burden.

HEADQUARTERS

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Mahalo for the opportunity to testify in support of this measure.

Sincerely,

A handwritten signature in blue ink that reads "Kalani Werner". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kalani Werner
State Director

LATE

Written Only

JOSH GREEN, M.D.
GOVERNOR



KEITH T. HAYASHI
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 01/30/2024

Time: 09:30 AM

Location: 309 VIA VIDEOCONFERENCE

Committee: House Labor & Government
Operations

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB 1643 RELATING TO INDEBTEDNESS.

Purpose of Bill: Shortens the time within which a disbursing officer must notify an employee of indebtedness to the government resulting from salary or wage overpayment. Amends the criteria for an actionable cause of action. Amends the amount a disbursing officer shall deduct to begin immediate recovery of indebtedness.

Department's Position:

The Hawaii State Department of Education (Department) respectfully offers comments on HB 1643.

While the Department is supportive of the intent to provide immediate notification to an employee about an overpayment event, but is requesting additional clarity related to the notice timeframe. As written, it would be difficult to notify the employee of the amount of the indebtedness "within sixty days" while subsequently making a determination of the indebtedness "within two years from the date of the salary or wage overpayment".

Additionally, the sixty-day timeframe does not allow sufficient time for the Department to identify and issue the notification under the current process. Additional staffing dedicated to monitoring payroll for more than 33,000 Department employees would be needed to avoid non-collectible overpayments missing the sixty-day notification deadline.

The Department is also supportive of the intent to ease the collection impact on the

employee in overpayment events. However, we are concerned that eliminating the immediate deduction in cases where overpayments are equal to or less than \$1,000 and reducing the minimum flat amount from \$100 to \$50 per pay period or percentage collection rate from one-quarter to five percent will significantly prolong the window for the Department to collect overpayments.

Thank you for the opportunity to provide comments on this measure.