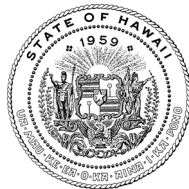


JOSH GREEN, M.D.  
GOVERNOR



LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE  
*Ka 'Oihana Mālama Mo'ohelu a Kālā*  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

**WRITTEN ONLY**

TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON LABOR AND TECHNOLOGY  
ON  
HOUSE BILL NO. 1505, H.D. 1

**March 15, 2023**  
**3:00 p.m.**  
**Room 224 and Videoconference**

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST  
FUND

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 1505, H.D. 1: 1) encourages the Hawai'i Employer-Union Health Benefits Trust Fund (EUTF) to consider investment opportunities in industries that will sustain Hawai'i's natural environment or produce economic opportunities for its residents, including renewable energy industries and businesses that use the investment capital to acquire the infrastructure and services needed to become energy sustainable; and 2) appropriates an undetermined amount of general funds in FY 24 to EUTF for purposes of the Act.

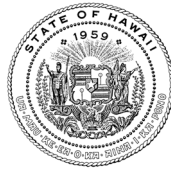
While furthering Hawai'i's energy sustainability is a laudable goal, B&F strongly believes that EUTF should not be viewed as a source of capital for this purpose. EUTF is a trust created to provide retiree health benefits for State and county employees, and as such, it has legal responsibilities to invest prudently for the exclusive benefit of its members and their beneficiaries. It should be recognized that significant progress has

been made in addressing EUTF's unfunded other post-employment benefits (OPEB) liabilities; however, there is still a long way to go before EUTF is fully funded.

For those reasons, B&F recommends that the bill be amended to just provide an additional OPEB contribution to EUTF.

Thank you for your consideration of our comments.

JOSH GREEN, M.D.  
GOVERNOR



**STATE OF HAWAII**  
**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**  
201 MERCHANT STREET, SUITE 1700  
HONOLULU, HAWAII 96813  
Oahu (808) 586-7390  
Toll Free 1(800) 295-0089  
[www.eutf.hawaii.gov](http://www.eutf.hawaii.gov)

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**TESTIMONY BY DEREK MIZUNO**  
**ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**  
**DEPARTMENT OF BUDGET AND FINANCE**  
**STATE OF HAWAII**  
**TO THE SENATE COMMITTEE ON LABOR AND TECHNOLOGY**  
**ON HOUSE BILL NO. 1505 HD1**

**March 15, 2023**  
**3:00 p.m.**  
**Conference Room 224 & Videoconference**

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Chair Moriwaki, Vice Chair Lee, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees has not taken a position on this bill. EUTF staff would like to provide comments.

The additional contributions will help to reduce the State's unfunded liability related to retiree health benefits at a faster pace and reduce future contributions. However, the EUTF currently does not have a program that "considers investment opportunities in industries that will sustain Hawaii's natural environment or produce economic opportunities for its residents, including renewable energy businesses and businesses that use investment capital to acquire the infrastructure and services needed to become energy sustainable". Development of such a program could take a significant amount of time and resources, and there may not be suitable investments that meet the objectives of the program. It is our understanding that the Employees' Retirement System has had difficulty identifying investments that meet the criteria of the Hawaii targeted investment program. We understand and appreciate the encouragement to help Hawaii business and will invest monies in our current investment

**EUTF's Mission:** We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

portfolio until such investment opportunities are identified that meet the criteria of the developed program.

Thank you for the opportunity to testify.

**HB-1505-HD-1**

Submitted on: 3/13/2023 10:19:30 AM

Testimony for LBT on 3/15/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Will Caron	Individual	Support	Written Testimony Only

Comments:

Please support HB1505 HD1.