

JOSH GREEN, M.D.
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 HOUSE COMMITTEE ON PUBLIC SAFETY AND INTERGOVERNMENTAL
AND MILITARY AFFAIRS**

ON

SENATE BILL NO. 1161

February 6, 2023

3:00 P.M.

Conference Room 225 & Videoconference

RELATING TO ACTIVE DUTY MILITARY ENTITLEMENTS.

Chair Wakai and Vice Chair Elefante, and Members of the Committees,

Section 2 of S.B. 1161 proposes to add a new section in Hawaii Revised Statutes (HRS) Chapter 88 to allow service credit for military personnel for time in service while serving on active duty in the State. The service credit shall count toward retirement if the individual is also a current state or county employee.

The Employees' Retirement System (ERS) opposes Section 2 of the bill.

There are already existing State and federal laws which allow service credit for ERS members who are called to active duty. HRS § 88-132 provides active State and county employees who are called to active duty with an allowance of service credit for up to 4 years. Employees may also be eligible to purchase active-duty military service in excess of 4 years under the Uniformed Services Employment and Reemployment Rights Act of 1994.

In addition, to the extent lines 10 to 12 of Section 2 of the bill extend service credit to military personnel who are not ERS members, Section 2 represents a benefit enhancement because it extends benefits to otherwise ineligible individuals. Benefit



Employees' Retirement System
of the State of Hawaii

City Financial Tower • 201 Merchant Street, Suite 1400 • Honolulu, Hawaii 96813-2980
Telephone (808) 586-1735 • Fax (808) 586-1677 • <http://ers.ehawaii.gov>

enhancements are prohibited by HRS § 88-99 until such time as the System is fully funded.

The ERS therefore respectfully requests that the bill be amended to delete Section 2.

Thank you for this opportunity to testify on S.B. 1161.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KENNETH S. HARA
MAJOR GENERAL
ADJUTANT GENERAL

STEPHEN F. LOGAN
BRIGADIER GENERAL
DEPUTY ADJUTANT GENERAL

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF DEFENSE
KA 'OIHANA PILI KAUA
OFFICE OF THE ADJUTANT GENERAL
3949 DIAMOND HEAD ROAD
HONOLULU, HAWAI'I 96816-4495

STATE OF HAWAI'I
DEPARTMENT OF DEFENSE

TESTIMONY ON SENATE BILL 1161
RELATING TO ACTIVE DUTY MILITARY ENTITLEMENTS

BEFORE THE SENATE COMMITTEE ON PUBLIC SAFETY AND INTERGOVERNMENTAL AND
MILITARY AFFAIRS

BY

MAJOR GENERAL KENNETH S. HARA
ADJUTANT GENERAL
DIRECTOR OF HAWAII EMERGENCY MANAGEMENT AGENCY
AND HOMELAND SECURITY ADVISOR

FEBRUARY 5, 2023

Aloha Chair Wakai, Vice-Chair Elefante, and members of the committee:

I am MG Kenneth S. Hara, Adjutant General, Director of Hawaii Emergency Management Agency, and Homeland Security Advisor, State of Hawaii, Department of Defense.

The Department of Defense (DEF) provides written testimony to **OPPOSE** SB1161.

The department always appreciates the support and concern the state legislature has for our Service Members (SM), but we feel the proposed legislation has significant concerns and is unnecessary.

Regarding service credit, the department feels it is unnecessary to amend the current law for military service credit for Hawaii National Guard (HING) SM, who are state or county service employees. If the bill intends to provide service credit when HING SMs are on "active duty" in support of the state on a federal status, such as Title 502f, HING SMs are already eligible for service credit under the current law as a state or county employee. If the intent is to provide service credit for SMs while on "active duty" on state status, such as State Active Duty (SAD), in support of the state, the Employees' Retirement System

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KENNETH S. HARA
MAJOR GENERAL
ADJUTANT GENERAL

STEPHEN F. LOGAN
BRIGADIER GENERAL
DEPUTY ADJUTANT GENERAL

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF DEFENSE
KA 'OIHANA PILI KAUA
OFFICE OF THE ADJUTANT GENERAL
3949 DIAMOND HEAD ROAD
HONOLULU, HAWAI'I 96816-4495

(ERS) has confirmed that HING SMs can submit their SAD orders and also receive service credit if they are a state or county employee.

Regarding entitlement to Basic Allowance for Housing (BAH), the department currently follows federal standards for active duty service and pays BAH Type I and BAH Type II to SM while on SAD. Per federal standards, Guard or Reserve members on active duty for 30 days or longer receive BAH Type I, which is based on a member's rank, dependency status, and assignment location. Per federal standards, Guard or Reserve members on active duty for less than 30 continuous days receive BAH Type II, which is different than active duty members. BAH Type II is a fixed rate based on the national average for housing and is the same for all Guard or Reserve SMs regardless of their duty location or rank. SMs on SAD for less than 30 continuous days receive BAH Type II. This measure needs to be clarified if the intent would entitle SMs on SAD to receive "BAH Type I" immediately upon activation, regardless of the number of days on active duty. If this bill is passed, the department suggests amending the language to read instead that HING SMs "shall be entitled to federal standard pay, allowances, and Basic Allowance for Housing Type I at activation" to ensure parity in pay when HING SMs are on federal status versus SAD, as there may be HING SMs on both federal and state statuses at the same time.

Regarding the amended provisions in §121-39, §121-40, §121-42, and §122A-8 for Service Members to be "paid without delay" the concern is it is unclear what the duration of the definition means. While the department does not feel a change is necessary, the department suggests revising the language to something similar to "pay in accordance with the state's pay system." The department currently can at least pay HING SMs as fast as the current pay system allows (approximately 21 days), and depending on the situation, can pay HING SMs even quicker than the state's pay system.

Lastly, relating to §123-8, the HING does not have a Navy. If an amendment is made to this section, we suggest replacing "...personnel of the Navy," and amending it with "...personnel in the naval militia."

Thank you for the opportunity to provide testimony.

MG Kenneth S. Hara, Kenneth.s.hara@hawaii.gov; 808-672-1001
BG Walter R. Ross Jr., walter.r.ross2.mil@army.mil; 808-844-6087