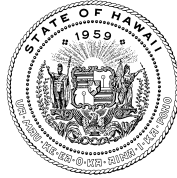


JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



KEITH A. REGAN  
COMPTROLLER  
KA LUNA HO'OMALU HANA LAULĀ  
  
MEOH-LENG SILLIMAN  
DEPUTY COMPTROLLER  
KA HOPE LUNA HO'OMALU HANA LAULĀ

**STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWÉ LAULĀ**  
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY  
OF  
KEITH A. REGAN, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE COMMITTEES ON  
  
**LABOR AND TECHNOLOGY  
JUDICIARY**

TUESDAY, MARCH 19, 2024, 9:30 A.M.  
CONFERENCE ROOM 016 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 1643, H.D. 1

RELATING TO INDEBTEDNESS.

Chairs Aquino and Rhoads, Vice Chairs Moriwaki and Gabbard, and Members of the Committees, thank you for the opportunity to submit testimony on H.B. 1643, H.D. 1 which shortens the time requirement 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 and amends the amount a disbursing officer shall deduct to begin immediate recovery of indebtedness based on an employee's gross income.

The Department of Accounting and General Services (DAGS) appreciates the opportunity to provide **comments** on this bill. We are supportive of the intent to provide immediate notification to an employee about a salary or wage overpayment. There may

be issues where the discovery of an overpayment might occur when the final audits of records are performed. Depending on the timing of the final audits of records, imposing a time limit, such as what is contemplated in this measure may prevent the State's ability to recover amounts due to the State because of an overpayment. We believe that, upon discovery, collection attempts should be conducted. If collection attempts are unsuccessful, the Attorney General may then be engaged to carry out further collection actions which may lead to the eventual write-off of uncollectible amounts.

DAGS is concerned that eliminating immediate action in cases where overpayments are equal to or less than \$1,000 and reducing the per pay period minimum flat amount from \$100 to \$50 or five (5) percent of the new employee's wages will significantly increase the amount of resources a department may need to redirect in order to manage the prolonged amount of time necessary for a department to collect overpayments that are due to the State.

Thank you for the opportunity to testify on this matter.



## UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

THE SENATE  
KA 'AHA KENEKOA  
THE THIRTY-SECOND LEGISLATURE  
REGULAR SESSION OF 2024

### COMMITTEE ON LABOR AND TECHNOLOGY

Senator Henry J.C. Aquino, Chair  
Senator Sharon Y. Moriwaki, Vice Chair

### COMMITTEE ON JUDICIARY

Senator Karl Rhoads, Chair  
Senator Mike Gabbard, Vice Chair

Tuesday, March 19, 2024, 9:30 AM  
Conference Room 016 & Videoconference

**Re: Testimony on HB1643, HD1 – RELATING TO INDEBTEDNESS**

Chairs Aquino and Rhoads, Vice Chairs Moriwaki and Gabbard, 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 **strongly supports** HB1643, HD1, 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 based on an employee's gross income.

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. The HD1 attempts to address the inequity of the current repayment plan by establishing a tiered schedule that would help alleviate the financial burden created by an employer’s payroll error.

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#### HEADQUARTERS

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1.866.454.4166

Toll Free - Molokai/Lanai only

Reducing the minimum payment to \$50 per pay period or 5% of an employee's compensation for those who earn less than \$1,500 will give the lowest income earners more time and greater flexibility to repay their debt without undue burden.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Kalani Werner", with a long horizontal flourish extending to the right.

Kalani Werner  
State Director

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**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

**RANDY PERREIRA**, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Second Legislature, State of Hawaii  
The Senate  
Committee on Labor and Technology  
Committee on Judiciary

Testimony by  
Hawaii Government Employees Association

March 19, 2024

H.B. 1643, H.D 1 — RELATING TO INDEBTEDNESS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 1643, H.D. 1, 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, H.D.1.

Respectfully submitted,  
  
Randy Perreira  
Executive Director