

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 LABOR & GOVERNMENT OPERATIONS
ON
SENATE BILL NO. 578, S.D. 3
March 12, 2024
9:30 A.M.
Conference Room 309 and VIA Videoconference

RELATING TO GOVERNMENT.

Chair Matayoshi and Vice Chair Garrett, and Members of the Committees,

S.B. 578, S.D. 3, proposes to amend Section 88-9 of the Hawaii Revised Statutes (HRS) to establish additional categories of retirants who may be employed without reenrollment in the Employees' Retirement System (ERS) and without the loss or interruption of benefits. The Employees' Retirement System (ERS) Board of Trustees (BOT) has not had a chance to review the bill, but the ERS staff is providing the following comments.

The ERS believes that the addition of investigators of the Department of the Attorney General and excluded management positions of the Department of Agriculture as a categories may not be needed. These positions are covered by Section 88-9(d)(4), which allows the retirant to be employed under a labor shortage or difficult-to-fill position as identified by the appropriate jurisdiction. We believe that the authority to designate positions in the Department of the Attorney General and Department of Agriculture as either labor shortage or difficult-to-fill are under the jurisdiction of the Department of Human Resources Development (DHRD). The ERS will defer to DHRD, the Department of the Attorney General and the Department of Agriculture on the appropriateness of delegating the jurisdictional authority in administering this requirement in accordance with all laws and established procedures.

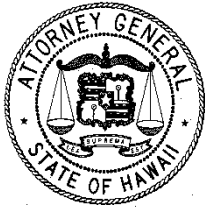


Employees' Retirement System
of the State of Hawaii

The ERS is also concerned that other departments and agencies will use the statute to include individual position exemptions. The exemptions would require each department or agency in the jurisdiction to establish its own criteria for each position that is established as a labor shortage or “difficult-to-fill” and would lead to inconsistent criteria among positions and departments.

The amendment includes necessary requirements for the hiring of these retirants. The ERS believes those requirements, codified for labor shortage or difficult-to-fill positions by Act 179, Session Laws of Hawaii 2010, are necessary for the ERS to protect its tax-exempt status by providing remedies for the ERS against the employer and retirant if a retirant is employed in violation of HRS Chapter 88 and the Internal Revenue Code of 1986. Section 88-9(f) also has been amended in S.B. 578 S.D. 3 to an annual report to the legislature detailing the employment of retirants.

Thank you for the opportunity to provide testimony on S.B. 578, S.D. 3.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-SECOND LEGISLATURE, 2024**

ON THE FOLLOWING MEASURE:

S.B. NO. 578, S.D. 3, RELATING TO GOVERNMENT.

BEFORE THE:

HOUSE COMMITTEE ON LABOR AND GOVERNMENT OPERATIONS

DATE: Tuesday, March 12, 2024 **TIME:** 9:30 a.m.

LOCATION: State Capitol, Room 309 and Videoconference

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Stella M.L. Kam, Deputy Attorney General

Chair Matayoshi and Members of the Committee:

The Department of the Attorney General (Department) supports this bill.

This bill amends section 88-9, Hawaii Revised Statutes (HRS), to provide that a retirant may be employed without reenrollment in the Employees' Retirement System and without suffering loss or interruption of benefits provided by the system or under chapter 87A, HRS, subject to certain conditions, if the retirant is employed as (1) an investigator in a position identified by the Department as a labor shortage or difficult-to-fill position or (2) a management position excluded from collective bargaining under chapter 89 and identified by the Department of Agriculture as a labor shortage or difficult-to-fill position. This bill also provides remedies for ERS if the retirant is reemployed in violation of chapter 88, HRS, and the Internal Revenue Code. The bill also requires the Director of Human Resources Development to include details on the employment of retirants as investigators by the Department or management positions by the Department of Agriculture in the annual report to the Legislature required under section 88-9(f), HRS.

The Department has identified certain positions of "investigator" as difficult to fill positions that are critically important to the Department's law enforcement capability and objectives. This bill will allow the Department to rehire a retired law enforcement officer as an investigator without the investigator having to re-enroll in the Employees' Retirement System or suffer any loss of benefits so long as: (a) the retirant remains out

of State or county employment for at least 12 consecutive calendar months prior to reemployment; (b) the Department identifies a labor shortage or difficult-to-fill position and; (c) the Department confirms that there was no agreement for the retirant to return to work after retirement. Given the Department's long-standing need for investigators, this bill will help to expedite the process of bringing trained, experienced investigators back to the work force.

We recommend a technical correction to page 5, line 13, in section 88-9(d)(7), HRS. To be consistent with the prefatory wording of subsection (d) and with the other paragraphs in the subsection, paragraph (7) should begin with "In" rather than "As."

For the above reasons, we respectfully ask the Committee to pass this bill.
Thank you for considering our testimony in support of this bill.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

DEXTER KISHIDA
Deputy to the Chairperson

State of Hawai'i
DEPARTMENT OF AGRICULTURE
KA 'OIHANA MAHI'AI
1428 South King Street
Honolulu, Hawai'i 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON LABOR AND GOVERNMENT OPERATIONS

MARCH 12, 2024
9:30 AM
CONFERENCE ROOM 309

SENATE BILL NO. 579, SD3
RELATING TO GOVERNMENT

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

Thank you for the opportunity to testify on Senate Bill 579, SD3 relating to government. This bill allows a retirant to be employed without reenrollment in the Employees' Retirement System (ERS) and without loss or interruption of benefits provided by the ERS or under chapter 88, HRS, if the retirant is employed as an investigator in a position identified by the Department of the Attorney General or an excluded management position identified by the Department of Agriculture as a labor shortage or difficult-to-fill position, subject to certain conditions. Requires the Director of Human Resources of the appropriate state jurisdiction or the human resources management chief executive of each county to include in their annual reports to the Legislature, details on the employment of retirants as investigators pursuant to this measure. The Department strongly supports this measure.

The department continues to have trouble hiring key leadership positions. This measure adds one more human resources tool. In addition, it allows the department to hire an employee with extensive experience and a specific knowledge base to shorten the initial learning curve to assist the department in achieving its goals.

Thank you for the opportunity to testify.

