



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

Date: 02/27/2024

Time: 02:00 PM

Location: 308 VIA VIDEOCONFERENCE

Committee: House Finance

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: HB 1643, HD1 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 based on an employee's gross income. Effective 7/1/3000. (HD1)

Department's Position:

The Hawaii State Department of Education (Department) respectfully offers comments on HB 1643, HD1 to shorten the time within which a disbursing officer must notify an employee of indebtedness to the government resulting from salary or wage overpayment, amend the criteria for an actionable cause of action, and amend the amount a disbursing officer shall deduct to begin immediate recovery of indebtedness.

While the Department is supportive of the intent to provide immediate notification to an employee about an overpayment event, the sixty-day time frame presents a significant burden to the more than 400 cost centers as well as central payroll operations. Additional staffing dedicated to monitoring payroll for more than 33,000 Department employees would be needed to manage this process.

The Department is also supportive of the intent to ease the collection impact on the employee in overpayment events by creating a tiered deduction schedule. However, we are still concerned that reducing the minimum flat deduction amount as well as the percentage collection rate will significantly prolong the timely collection of overpayments.

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



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 House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association

February 27, 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



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

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

COMMITTEE ON FINANCE
Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair

Tuesday, February 27, 2024, 2:00 PM
Conference Room 308 & Videoconference

Re: Testimony on HB1643, HD1 – RELATING TO INDEBTEDNESS

Chair Yamashita, Vice Chair Kitagawa, 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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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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