

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



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

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

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE COMMITTEE ON

LABOR AND TECHNOLOGY

FEBRUARY 9, 2024, 3:15 P.M.
CONFERENCE ROOM 224 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 2448

RELATING TO INDEBTEDNESS TO THE STATE

Chair Aquino, Vice Chair Moriwaki, and Members of the Committee, thank you for the opportunity to submit testimony on S.B. 2448 which shortens the time requirement when a disbursing officer shall inform the employee of indebtedness and reduces the minimum amount owed per pay period from \$100 to \$50 or 5% of the new employee's wages.

The Department of Accounting and General Services (DAGS) appreciates the opportunity to provide **comments** on this bill. In reviewing the measure, we are unclear as to the timing contained in the measure's language. The current bill reads: "the disbursing officer shall determine the amount of indebtedness and notify the employee in writing of the indebtedness within sixty days of making said determination; provided that, to be an actionable cause of action, the determination shall be made within two

years from the date of the salary or wage overpayment, and not after.” As written, there may be some confusion as to notifying the employee of the indebtedness “within sixty days” while subsequently making a determination of the indebtedness “within two years from the date of the salary or wage overpayment”.

We are supportive of the intent to provide immediate notification to an employee about a salary or wage overpayment. However, 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 overpayment. We believe that, upon discovery, collection attempts should be conducted and if collection attempts are unsuccessful, the Attorney General may then be engaged to carry out further collection actions.

Additionally, 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

Friday, February 9, 2024, 3:15 PM
Conference Room 224 & Videoconference

Re: Testimony on SB2448 – RELATING TO INDEBTEDNESS TO THE STATE

Chair Aquino, Vice Chair Moriwaki, 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** SB2448, which reduces the time requirement when a disbursing officer shall inform the employee of indebtedness. This measure also reduces the minimum amount owed per pay period from \$100 to \$50 or 5% of the new employee's wages.

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. Reducing the minimum payment to \$50 per pay period or 5% of an employee’s compensation, as proposed in this bill, will provide lower 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", is written over a light blue horizontal line.

Kalani Werner
State Director

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HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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

Testimony by
Hawaii Government Employees Association

February 9, 2024

S.B. 2448 — RELATING TO INDEBTEDNESS TO THE STATE

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2448, which reduces the time requirement when a disbursing officer shall inform the employee of indebtedness and reduces the minimum amount owed per pay period from \$100 to \$50 or 5% of the new employee's wages.

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 S.B. 2448.

Respectfully submitted,

Randy Perreira
Executive Director