

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHANA

March 13, 2025

To: The Honorable Jackson D. Sayama, Chair,
The Honorable Mike Lee, Vice Chair, and
Members of the House Committee on Labor

Date: Thursday, March 13, 2025
Time: 9:00 a.m.
Place: Conference Room 309, State Capitol

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

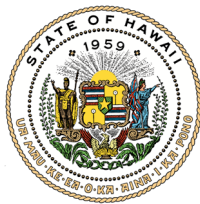
Re: S.B. 935 SD2 RELATING TO GOVERNMENT

The DLIR supports Part II of the SD2 of this measure and defers to the Employees' Retirement System (ERS) on the specifics, as well as to the Department of Budget and Finance (B&F) on the fiscal impact. The department believes that the proposed reduction in the vesting requirement will help the Hawaii Occupational Safety and Health Division (HIOSH) attract and retain both Boiler and Elevator Inspectors.

Historically, HIOSH has been able to recruit older workers seeking a second or alternative career to serve as Boiler and Elevator Inspectors. However, since the change in law requiring a ten-year vesting period, HIOSH has faced challenges in recruiting these workers. If enacted, this measure could ease HIOSH's efforts to attract both Boiler and Elevator Inspectors.

Thank you for this opportunity to provide testimony on this important matter.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



MIKE LAMBERT
DIRECTOR

SYLVIA LUKE
LT GOVERNOR
KE KE'ENA

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LAW ENFORCEMENT
Ka 'Oihana Ho'okō Kānāwai
715 South King Street
Honolulu, Hawaii 96813

JARED K. REDULLA
Deputy Director
Law Enforcement

TESTIMONY ON SENATE BILL 935, SENATE DRAFT 2
RELATING TO GOVERNMENT
Before the House Committee on
LABOR

Thursday, March 13, 2025, 9:00 a.m.

State Capitol Conference Room 309 & Videoconference

Testifiers: Mike Lambert

Chair Sayama, Vice Chair Lee, and members of the Committee:

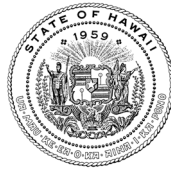
The Department of Law Enforcement (DLE) submits comments on Senate Bill 935, Senate Draft 2. This bill proposes important modifications to the Employees' Retirement System (ERS), including:

- Establishing a 1.75% retirement allowance per year of credited service for judges who first earn credited service after June 30, 2025.
- Reducing the minimum years of credited service required for Tier 2 ERS members to qualify for vested benefits from ten years to five years.
- Increasing employer contributions to offset the financial impact of these changes.
- Providing enhanced retirement benefits for sheriffs and deputy sheriffs by aligning them with other public safety employees, ensuring they receive equitable retirement allowances that reflect the demands of their profession.

The DLE recognizes that these amendments are designed to improve employee retention and streamline vesting requirements across state government. This bill would have a direct and positive impact on DLE personnel, particularly sheriffs and deputy sheriffs who are Tier 2 ERS members.

The reduced vesting period from ten to five years is a critical improvement that will significantly improve our ability to recruit qualified law enforcement officers. Law enforcement agencies often experience higher turnover rates in the first decade of employee service. By allowing officers to vest in five years, this bill creates a meaningful incentive and strengthens our department's ability to attract dedicated personnel. This change acknowledges the unique challenges faced by law enforcement officers and aligns retirement benefits with the demands of public safety service.

Thank you for the opportunity to submit comments on this bill.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

STATE OF HAWAII
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
201 MERCHANT STREET, SUITE 1700
HONOLULU, HAWAII 96813
Oahu (808) 586-7390
Toll Free 1(800) 295-0089
www.eutf.hawaii.gov

BOARD OF TRUSTEES
RYAN YAMANE, CHAIRPERSON
ROBERT YU, VICE-CHAIRPERSON
JAMES WATARU, SECRETARY-TREASURER
JACQUELINE FERGUSON-MIYAMOTO
CHRISTIAN FERN
AUDREY HIDANO
WESLEY MACHIDA
SABRINA NASIR
OSA TUI
MAUREEN WAKUZAWA

ADMINISTRATOR
DEREK M. MIZUNO

ASSISTANT ADMINISTRATOR
DONNA A. TONAKI

WRITTEN ONLY

TESTIMONY BY DEREK MIZUNO
ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LABOR
ON SENATE BILL NO. 935 S.D.2

March 13, 2025
9:00 a.m.
Conference Room 309 & Videoconference

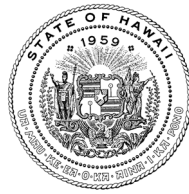
RELATING TO GOVERNMENT

Chair Sayama, Vice Chair Lee, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees has not taken a position on this bill. EUTF staff would like to provide comments on the section of the proposed bill that reduces the vesting period from ten to five years for qualified Tier 2 Employees' Retirement System members. This change will not impact the State and counties (Employers) contribution to retiree health care premiums (i.e., medical, prescription drug, dental and vision premiums) since the Employers' health care contribution percentage is 0% of the Base Composite Monthly Contribution for retirees with 5-years but less than 10-years of service. However, the Employers will still be required to reimburse Medicare Part B premiums for the retirees in this group and if the retiree was hired prior to July 1, 2023, the spouse as well. The bill would not impact the State's unfunded liability as of July 1, 2024 but would have increased the recently determined normal cost by approximately \$13 million (5.5% increase in the normal cost) with approximately 4% growth thereafter.

Thank you for the opportunity to testify.

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LABOR
ON
SENATE BILL NO. 935, S.D. 2

March 13, 2025
9:00 a.m.
Room 309 and Videoconference

RELATING TO GOVERNMENT

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 935, S.D. 2, does the following: 1) reduces the retirement allowance for judges starting service after June 30, 2025, to 1.75% annually for each year of service and provides for an annuity that is the actuarial equivalent of the member's accumulated contributions allocable to the period of service; 2) increases the retirement compensation computations of sheriffs and deputies to match those of police officers and other related positions; 3) reduces the minimum number of years of credited service qualified Tier 2 members must have to be eligible for vested benefit status for service retirement allowance purposes from ten years to five years; and 4) increases employer contributions to offset the liability produced by the vesting changes.

B&F defers to the Employees' Retirement System on the impacts of changes to the retirement compensation for judges and vesting changes for Tier 2 employees; however, B&F has serious concerns about the proposed amendments for the retirement compensation computations for sheriffs and deputies as they will increase the State's unfunded actuarial accrued liabilities (UAAL) for pension accumulation and other

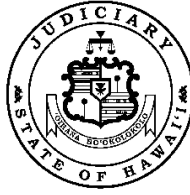
post-employment benefits for these employees and will set an undesirable precedent for other employee groups to request the same benefit enhancements.

It is important to note that Section 88-99, HRS, prohibits benefit enhancements for any group of members, including any reduction of retirement age, until such time as the actuarial value of the system's assets is 100% of the system's actuarial liability, which is currently estimated at 22 years from now. A setback in the timeline of funding the State's UAALs and the increased annual fixed cost requirements burdening the State's budget will negatively impact the State's credit rating.

Further, while this measure increases the retirement compensation for sheriffs and deputies, it does not make conforming amendments to Section 88-45, HRS, to adjust their employee contributions to police officers. Police officers and firefighters are provided with the ability to retire upon meeting service requirements without penalty for age; however, these employees contribute 14.2% of their compensation for this benefit. As the bill is currently drafted, sheriffs and deputies will be provided police officer retirement benefits without having to contribute appropriately.

Finally, it should be noted that sheriffs and deputies do not have the Social Security contribution exemption that police officers and firefighters have. (NOTE: When Social Security was being implemented, states were given the one-time option to exempt certain classes of employees - Hawai'i opted to exempt police officers and firefighters.) Consequently, if these employees are required to contribute 14.2% of their compensation like police officers and firefighters, their Federal Insurance Contributions Act (7.65%) and retirement contributions would amount to 21.85% of their compensation.

Thank you for your consideration of our comments.



The Judiciary, State of Hawai‘i

Testimony to the Thirty-Third Legislature, 2025 Regular Session

House Committee on Labor

Representative Jackson D. Sayama, Chair

Representative Mike Lee, Vice Chair

Thursday, March 13, 2025, 9:00 a.m.

State Capitol, Conference Room 309 and Videoconference

by

Rodney A. Maile

Administrative Director of the Courts

Bill No. and Title: Senate Bill No. 935, SD1, Relating to Government.

Purpose: Sets the retirement allowance for a member who first earns credited service as a judge after 6/30/2025, to 1.75 per cent of the judge's average final compensation for each year of credited service as a judge. Reduces the minimum number of years of credited service qualified Tier 2 Employees' Retirement System members must have to be eligible for vested benefit status for service retirement allowance purposes from ten years to five years. Increases employer contributions to offset the resulting liability.

Judiciary's Position:

The Judiciary respectfully and strongly opposes page 4, lines 10 through 11, and page 5, lines 2 through 15, of Senate Bill 935, Senate Draft 2, which proposes to decrease retirement benefits for “a member who first earned credited service as a judge after June 30, 2025.”

Since July 1, 2012, the retirement multiplier for new elected officials and judges has been 3.0 percent of the member's average final compensation for each credited year of service in their public office position. A reduction for new judges from 3.0 percent to 1.75 percent is highly consequential. Reduced retirement benefits for new judges will adversely affect recruitment of judicial applicants.



Senate Bill No. 935, SD2, Relating to Government
House Committee on Labor
Thursday, March 13, 2025
Page 2

Applications for judicial positions statewide since 2019 have trended downward overall and downward among women applicants. As a result, numerous deadlines for these public offices have been extended. Indeed, from 2019 through the summer of 2024, 30% of vacant judgeships statewide and 79% of vacant judgeships on the neighbor islands have required extended application deadlines.

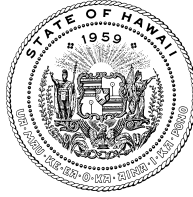
As of today, the Chief Judge of the Intermediate Court of Appeals position has been vacant¹ for nearly fourteen months and was posted three times for recruitment. A Circuit Court Judge position in Kona was first posted for recruitment nearly 600 days ago and remains vacant. As a result, the single Kona District Court Judge has been presiding in Circuit Court matters and per diem judges have presided over the District Court calendar, which received nearly 16,000 new case filings last fiscal year.

In short, recruitment challenges already lead to prolonged vacancies of judicial positions that have in turn impacted the public. Reducing retirement benefits for judges will make it more difficult to attract judicial applications from the most highly qualified attorneys.

Other than this portion of Senate Bill 935, Senate Draft 2, that the Judiciary opposes, this measure, consistent with Senate Bill 1401, appears to be intended to “assist state and county employers in recruiting and retaining qualified employees,” and the Judiciary supports that intent. (Quoting Justification Sheet of Senate Bill 1401).

Thank you for the opportunity to testify on this measure.

¹ Although an Associate Judge of the Intermediate Court of Appeals is serving as Acting Chief Judge, the vacancy has impacted the Court and the public because the Court is one judge short of its allotted seven judges.



EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

Senate Committee on Labor

Thursday, March 13, 2025

9 a.m.

State Capitol, Conference Room 309, and Videoconference

In Support

S.B. No. 935, S.D. 2, Relating to Government

Chair Sayama, Vice Chair Lee, and Members of the House Committee on Labor:

The Office of the Governor supports S.B. No. 935, S.D. 2, Relating to Government, which reduces the minimum number of years of credited service qualified Tier 2 Employees' Retirement System (ERS) members must have to be eligible for vested benefit status for service retirement allowance purposes. The bill also increases employer contributions to offset the resulting liability from these changes.

State and county governments are feeling the impacts of reduced public employment. Continued and widespread vacancies are hampering the ability of state and county departments and agencies to provide various essential services in areas ranging from public health and transportation to correctional institutions and public education. While the service retirement allowance provided to ERS members has the potential to serve as a powerful recruitment and retention tool for Hawai'i's public sector, in today's job market of decreased job tenure, a vesting period of ten years, particularly compared to the five years of Tier 1 ERS members, no longer carries the same attractiveness as it once did, diminishing the recruitment and retention power of this retirement benefit. S.B. No. 935, S.D. 2, addresses this reality, standardizing the number of years of credited service required to become eligible for vested benefit status while minimizing the financial impact to the State and counties.

Although reducing the vesting period for qualified Tier 2 ERS members will increase the ERS's unfunded actuarial accrued liability, this bill proposes a financing mechanism to offset this added liability. With no appropriation and a minimal increase of 0.19 percent to employer contributions, the additional \$9.6 million required per year to provide benefits to current and future Tier 2 members will be offset. This bill's impact to ERS's projected full funding period is also minimal compared to its potential to grow and maintain the public workforce, adding four months to the funding period while halving the vesting period required for Tier 2 members.

Testimony of the Office of the Governor
S.B. No. 935, S.D. 2
March 13, 2025
Page 2

Regarding the bill's provisions amending retirement benefits for sheriffs and deputies, the Office of the Governor shares the concerns voiced in ERS's testimony and respectfully requests the committee amend the bill to address these concerns.

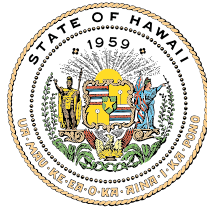
Staffing issues will continue to plague the provision of public services in our State if the State and counties fail to pursue more effective recruitment and retention policies. Although service retirement allowance is but one benefit an individual considers when deciding whether to pursue a career in public service, it is one that holds great recruitment and retention potential. S.B. No. 935, S.D. 2, increases access to this benefit while minimizing impacts to the State and counties.

The Office of the Governor looks forward to continuing discussion on this bill to recruit individuals to, and retain employees in, State and county employment; enhance the delivery of public services in our State; and further efforts to improve the quality of life of individuals and families.

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

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

GAIL STROHL
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
PROVIDING COMMENTS ON
SENATE BILL NO. 935, S.D.2**

March 13, 2025

9:00 A.M.

Conference Room 309 and VIA Videoconference

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

Chair Sayama, Vice Chair Lee, and Members of the Committee,

The ERS Board of Trustees (BOT) supports the intent to lower the vesting requirement for tier 2 employees with the intent to increase membership but has major concerns regarding the application of special category benefits for Sheriffs and Deputy Sheriffs and respectfully offers the following comments.

S.B. 935, S.D.2, proposes to: 1) reduce the multiplier for service credited as a judge after January 1, 2025 from 3% to 1.75% per year for elective and legislative officers; 2) eliminate the minimum age requirement of age sixty to avoid an age reduction on credited service as a judge after June 30, 2025 for elective and legislative officers; 3) adds sheriffs and deputies to those groups of employment eligible for 2.25% multipliers per year of service along with an 80% maximum of their AFC; 4) reduce the Tier 2 vesting requirement for members in service on or after June 30, 2027 from 10 years to 5 years; and 5) increase the employer contribution rate for both police officers, firefighters, and corrections officers and all other employees by 0.19% beginning July 1, 2025.



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>

ERS would clarify that the amendment in Section 1, page 5, lines 1 to 6 of the bill is changing the benefit as a judge for elective and legislative officers who became members before July 1, 2012. Although item one of standing committee report #824 states in part that the intent of this measure is to:

[Reduce] the retirement allowance multiplier from three percent to one and three quarters percent for judges who have credited service after January 31, 2025;

for the current Senate draft 2, this reduced retirement allowance would specifically apply to elective and legislative officers with ERS membership dates before July 1, 2012, who first earn credited service as a judge after June 30, 2025, rather than to any members with credited service as a judge after June 30, 2025.

ERS has concerns that the June 30, 2025, date of this change would not provide ERS adequate time to incorporate operationally the necessary changes to our pension administration system. The ERS requests that the date for this change be conformed to the July 1, 2027, date of the tier 2 vesting changes to provide the additional time necessary to make the operational and pension administration system changes required to implement these simultaneous changes.

The ERS also has concerns that addition of "sheriffs and deputies" under Section 2, page 9, line 4, would provide tier 2 contributory plan employees of this group enhanced contributory plan benefits without: 1) defining the positions eligible; 2) not require mandatory enrollment as class A members of the contributory plan; 3) not require similar minimum total and specific service requirements to qualify; 4) not require similar minimum total service requirements to be exempt from an age reduction; and 5) not require proportional increased employee and employer contribution rates.

There is also a concern about retroactive application of these benefits to tier 2 "sheriffs and deputies" which would be administratively burdensome to both ERS and DLE. The ERS respectfully suggests that along with addressing the previous concerns regarding providing this tier 2 group of employees enhanced contributory benefits, a future effective date for the enrollment and implementation of these benefits be considered.

The ERS humbly requests that should the bill be advanced, that the addition of sheriffs and deputies to the classes of employees entitled to enhanced category benefits be removed so that the issues posed can be discussed and addressed with the stakeholders more thoroughly to ensure proper understanding and implementation. Should the committee choose to include the amendment regarding sheriffs and deputies, the ERS respectfully requests that language be added addressing the major concerns identified, including a clear future implementation date for enrollment, contributions and benefit accrual of "after June 30, 2027" be included to coincide with the accompanying tier 2 vesting changes to provide ERS the time and funding necessary to implement such a significant proposal.

Thank you for the opportunity to provide testimony on S.B. 935, S.D.2.



1200 Ala Kapuna Street • Honolulu, Hawai'i 96819
Tel: (808) 833-2711 • Fax: (808) 839-7106 • Web: www.hsta.org

Osa Tui, Jr.
President

Logan Okita
Vice President

Cheney Kaku
Secretary-Treasurer

Ann Mahi
Executive Director

TESTIMONY TO THE HAWAI'I HOUSE COMMITTEE ON LABOR

Item: SB 935, SD2 – Relating to Government

Position: Support

Hearing: Thursday, March 13, 2025, 9:00 am, Room 309

Submitter: Osa Tui, Jr., President - Hawai'i State Teachers Association

Dear Chair Sayama, Vice Chair Lee and members of the committee,

The Hawai'i State Teachers Association (HSTA) supports SB 935, SD2 which reduces the minimum number of years of credited service qualified Tier 2 Employees' Retirement System members must have to be eligible for vested benefit status for service retirement allowance purposes from ten years to five years.

SB 935, SD2 recommends an important amendment to the Employees' Retirement System by reducing the vesting period from ten years to five years for Tier 2 members which will help address our teacher and state worker shortage in Hawai'i. By reducing the vesting period from ten years to five years for these members, we can create a more attractive and competitive employment environment.

Shortening the vesting period will incentivize qualified individuals to pursue careers in public service in Hawai'i. The prospect of earlier retirement benefits will make positions in education and government more desirable, especially considering the high cost of living in our state.

SB 935, SD2 offers a practical solution to our workforce challenges, and we recommend passage to support our dedicated public service professionals and strengthen our state's workforce.

Mahalo.



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

**HOUSE OF REPRESENTATIVES
THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2025**

COMMITTEE ON LABOR
Rep. Jackson Sayama, Chair
Rep. Mike Lee, Vice Chair

Thursday, March 13, 2025, 9:00 AM
Conference Room 309 & Videoconference

Re: Testimony on SB935, SD2 – RELATING TO GOVERNMENT

Chair Sayama, Vice Chair Lee, 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** SB935, SD2, specifically Part 2 of the bill, which reduces the minimum number of years of credited service qualified Tier 2 Employees' Retirement System members must have to be eligible for vested benefit status for service retirement allowance purposes from ten years to five years.

Quite simply, this is a bill that is long overdue. Reducing eligibility for vested benefit status from ten to five years could greatly assist the State and counties with the recruitment and retention of public employees. Additionally, this statutory change could aid in the recruitment of eligible former employees who may be considering a return to public service in order to achieve vested benefit status.

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

HEADQUARTERS

1426 North School Street
Honolulu, Hawaii 96817-1914
Phone 808.847.2631

HAWAII

362 East Lanikaula Street
Hilo, Hawaii 96720-4336
Phone 808.961.3424

KAUAI

2970 Kele Street, Suite 213
Lihue, Hawaii 96766-1803
Phone 808.245.2412

MAUI

841 Kolu Street
Wailuku, Hawaii 96793-1436
Phone 808.244.0815

1.866.454.4166

Toll Free - *Molokai/Lanai only*

Hawai'i State Trial Judges Association

Testimony to the Thirty-Third Legislature, 2025 Regular Session

House Committee on Labor

Representative Jackson D. Sayama, Chair

Representative Mike Lee, Vice Chair

Thursday, March 13, 2025, 9:00 a.m.
State Capitol, Conference Room 309 and Videoconference

By

Board Members on Behalf of the Hawai'i State Trial Judges Association

Hon. Kirstin M. Hamman

Hon. Gregory H. Myers

Hon. Annalisa Bernard-Lee

Hon. Bryant Zane

WRITTEN TESTIMONY ONLY

Honorable Chair and Distinguished Committee Members:

On behalf of the Hawai'i State Trial Judges Association ("HSTJA"), I respectfully submit this testimony regarding SB935, SD2, which proposes to reduce the retirement allowance for judges who first earn credited service after June 30, 2025, to 1.75 percent of their average final compensation for each year of credited service.

The HSTJA strongly opposes SB935, SD2 and urges the Committee to reject this measure for the following compelling reasons:

Declining Judicial Applications and Recruitment Challenges

Since 2019, we have witnessed a concerning trend of declining applications for judicial positions across the state. This decline is particularly pronounced among female applicants, threatening the diversity and representativeness of our judiciary. The Judicial Selection Commission has repeatedly extended application deadlines for multiple positions, indicating a significant recruitment challenge that this bill would only exacerbate.

Substantial Impact on Judicial Administration

Prolonged judicial vacancies create serious disruptions in our justice system:

When circuit court positions remain vacant, either district or family court judges must be temporarily reassigned, creating a cascade of coverage issues, or the remaining circuit judges must absorb additional caseloads on their already full calendars. This inevitably leads to case backlogs and delayed justice for Hawai'i residents.

In district or family courts, vacancies necessitate reliance on rotating per diem judges, resulting in inconsistent rulings and unpredictable outcomes. This is particularly detrimental in family court proceedings, where consistency and stability are crucial for matters involving children and vulnerable families. Additionally, each time a per diem judge is brought in to handle district or family court matters, it costs the State approximately \$800 per day, significantly increasing judicial system expenses rather than creating the savings this bill purports to achieve.

These disruptions directly undermine the mission of the Family Court in the State of Hawai'i, which calls for a fair, speedy, economical, and accessible forum for the resolution of matters involving families and children. When judicial vacancies persist, the Family Court cannot fulfill this essential mission, leaving Hawai'i's most vulnerable families without timely resolution to critical issues affecting their welfare and stability.

Career Timeline Considerations

The judicial appointment process typically attracts highly experienced attorneys in their mid-career. Most legal professionals graduate from law school in their mid-twenties and develop their expertise over decades before seeking judicial appointment in their forties or fifties. With mandatory retirement at age 70, newly appointed judges face a relatively limited judicial career timeframe.

Within this context, reducing the retirement multiplier to 1.75 percent would significantly diminish a judge's lifetime compensation. This reduction presents a substantial financial disincentive for accomplished attorneys to pursue judicial service, potentially compromising the quality and experience level of our judicial applicants.

Conclusion

The proposed reduction in retirement benefits would undermine our ability to attract and retain the most qualified legal minds to judicial service. Rather than achieving meaningful fiscal savings, this measure would impose long-term costs on our justice system deterring qualified applicants, extended vacancies, and administrative inefficiencies, including the increased expense of per diem judges.

We respectfully urge the Committee to preserve the current retirement benefit structure for judges and reject SB935, SD2.

Thank you for the opportunity to testify on this important matter.

Testimony to the Thirty-Third Legislature, 2025 Regular Session

House Committee on Labor
Rep. Jackson D. Sayama, Chair
Rep. Mike Lee, Vice Chair

Hearing: March 13, 2025, 9:00 a.m.

State Capitol Building
415 South Beretania Street
Honolulu, HI 96813

Re: Senate Bill No. 935 - Relating to Government

Chair Jackson D. Sayama, Vice Chair Mike Lee, and Members of the House Committee on Labor,

The undersigned board members of the West Hawaii Bar Association are writing to express our strong opposition to the provisions of SB935, SD2 that would reduce the retirement allowance of judges from 3% to just 1.75% of a judge's average final compensation for each year of credited service as a judge. This proposal raises serious concerns about the long-term impact on the quality and stability of our Judiciary and the rule of law in the State of Hawaii, during a time when our nation is facing an unprecedented constitutional crisis.

Recruiting highly qualified attorneys to serve as judges is already a significant challenge. The lack of interest in judgeships has been keenly felt in West Hawaii. Recently, the application period for a vacancy in the Kona Circuit Court needed to be extended multiple times over a period of six months before the Judicial Selection Commission received enough applications to close the list.

The reasons for these recruitment challenges are self-evident. The compensation for judges is not competitive with private sector attorney positions, making it difficult to attract experienced attorneys who are otherwise capable of commanding far higher earnings in private practice. Judges in Hawaii accept their positions out of a deep commitment to public service, often at great financial sacrifice. However, one of the few incentives that has historically encouraged attorneys to apply for the bench is the assurance of a stable and fair state pension.

Reducing the retirement allowance for judges will only serve to exacerbate the difficulty in recruiting and retaining experienced and competent judges. Fewer qualified attorneys will be willing to step forward to serve on the bench, leading to a weakened Judiciary. This, in turn, will have detrimental effects on the efficiency and quality of our legal system. Vacancies on the bench result a range of negative consequences, including backlogs as cases pile up; inconsistent rulings as temporary or per diem judges are rotated in to cover calendars; and diminished public trust in the courts.

Furthermore, we must recognize the essential role of our Judiciary in upholding the rule of law. In its February 10, 2025 statement in support of the rule of law, the American Bar Association (“ABA”) acknowledged that this country is witnessing “chaotic” and “wide-scale affronts to the rule of law itself,” attacks on constitutionally protected rights, and attacks on dedicated public servants including “efforts to dismiss employees with little regard for the law and protections they merit.”¹ The ABA went on to declare that, in the face of this chaos, the courts “stand as a bulwark against these violations [of the Constitution and laws of the United States].”

While it may seem unthinkable, there is a possibility that a time will come when our state courts are our last bastion of justice and the rule of law. Now, more than ever, we need a strong, independent, and highly qualified Judiciary to ensure that our legal system remains fair, impartial, and capable of protecting our most basic and fundamental rights. Weakening judicial recruitment by diminishing retirement benefits threatens to undermine this essential institution at a critical moment. It also sends the wrong message—a demoralizing message—to penalize these dedicated public servants at a time when public employees are facing large-scale, unwarranted and indiscriminate attacks.

For these reasons, we respectfully urge this Honorable Committee to reject the provisions of SB935, SD2 that would reduce the retirement allowance of judges. Ensuring that we can attract the best legal minds to the bench is in the best interest of justice, the legal community, and the public.

Thank you for your time and consideration.

Sincerely,

/s/ Annaliese H. Wolf

President, West Hawaii Bar Association

/s/ Kori A. Weinberger

Vice President, West Hawaii Bar Association

/s/ Jessica Hatcher

Second Treasurer, West Hawaii Bar Association

¹ See *The ABA supports the rule of law*, American Bar Association (Feb. 10, 2025), retrieved Mar. 11, 2025 from <<https://www.americanbar.org/news/abanews/aba-news-archives/2025/02/aba-supports-the-rule-of-law/>>.

TESTIMONY
House Committee on Labor
Hearing: 9:00 a.m., March 13, 2025

TO: Representative Jackson Sayama, Chair
Representative Mike Lee, Vice Chair

FROM: Mark M. Murakami, HSBA President

RE: SB 935, SD2 - RELATING TO GOVERNMENT

Chair Sayama, Vice Chair Lee, and Members of the Committee:

Thank you for this opportunity to testify in **OPPOSITION** to SB 935, SD2 – Relating to Government. SB 935, SD2 seeks to reduce judicial pensions from 3% to 1.75% for each year of credited service.

The State Judiciary plays a vital governmental role in upholding a fair and civil society. Community reports indicate a growing demand for judicial services in the current biennium, highlighting a concerning uptick in criminal citations and complaints. Yet, even as the need for qualified judges is increasing, it has been increasingly difficult to fill judicial positions. As the Judiciary has noted, prolonged vacancies have been further exacerbated because there are less qualified attorneys applying for these vacancies.

In FY 2024, HSBA membership was comprised of 959 government attorneys, 103 judges, 3,884 active members across the state, and 3,381 inactive attorneys (not practicing) across the state for a total of 8,327 members. The total pool of attorneys who would even potentially qualify for a judicial position is 4,843. Given the limited pool of qualified judges and candidates for judicial vacancies, HSBA is extremely concerned that reducing the pensions of retiring judges will further disincentivize qualified candidates from pursuing a vacancy.

Because of the need for additional judges and the limited number of qualified candidates, we strongly urge the legislature to maintain a strong incentives package for retiring judges to help attract qualified candidates and maintain a strong judiciary.

Mahalo for your consideration.

OFFICERS

Mark M. Murakami, President
Mark K. Murakami, President-Elect
Kristin E. Izumi-Nitao, Vice President
Erin M. Kobayashi, Secretary
Lanson K. Kupau, Treasurer

DIRECTORS

Jocelyn W.C. Chong
Steven J.T. Chow
Jessica R. Domingo
Geraldine N. Hasegawa (East Hawaii)
Chastity T. Imamura
Amanda M. Jones
Ronette M. Kawakami
Carol S. Kitaoka (West Hawaii)
Jacob K. Lowenthal (Maui)
Simeona L.L.A. Mariano
Emiko Meyers (Kauai)
Robert S. Miyashita
Arsima A. Muller
Paul W. Naso
Zale T. Okazaki

YLD PRESIDENT

Chad K.L. Au

IMMEDIATE PAST PRESIDENT

Jesse K. Souki

HSBA/ABA DELEGATE

Leslie A. Hayashi

EXECUTIVE DIRECTOR

Catherine A. Betts



STATE OF HAWAII ORGANIZATION OF POLICE OFFICERS

Robert Cavaco
State Board President

" A Police Organization for Police Officers Only "
Founded 1971

Term of Office
1-2022 to 12-2025

March 11, 2025

The Honorable Jackson Sayama, Chair
The Honorable Mike Lee, Vice Chair
Committee on Labor
Hawaii State Legislature
State Capitol
Honolulu, HI 96813

Re: STRONG OPPOSITION TO SB 935

Dear Chair Jackson Sayama, Vice Chair Mike Lee, and Members of the Committee on Labor:

The State of Hawaii Organization of Police Officers ("SHOPO"), which proudly represents over 2,700 police officers from the Honolulu, Maui, Kauai, and Hawaii Police Departments, strongly opposes SB 935. SHOPO is composed of four separate Chapters—Honolulu, Maui, Hawaii, and Kauai—each dedicated to ensuring the safety and security of our communities while advocating for policies that promote a fair and effective criminal justice system.

One of SHOPO's primary concerns with SB 935 is its reduction of retirement benefits for judges, which will likely discourage experienced and highly qualified legal professionals from seeking judicial appointments. A judiciary composed of competent and knowledgeable judges is vital not only for police officers but for the State of Hawaii as a whole. Our officers rely on judges who understand the complexities of criminal law, procedural fairness, and the realities of law enforcement.

This bill, by reducing judicial retirement benefits, would diminish the pool of qualified candidates willing to pursue a career on the bench. The consequences of this would be far-reaching:

- **Weakening Judicial Competence:** A judiciary with fewer experienced applicants could lead to less informed decision-making, inconsistent rulings, and a diminished ability to interpret and apply laws in a way that protects public safety.
- **Delays in Criminal Proceedings:** If judicial positions become harder to fill due to less attractive benefits, this could lead to increased backlogs in the courts. Delayed hearings and trials negatively impact victims, law enforcement investigations, and the timely administration of justice.
- **Erosion of Public Trust:** A well-functioning criminal justice system requires judges who have deep legal expertise and a commitment to fairness. If judicial appointments become less competitive due to lower retirement benefits, it could weaken public confidence in the courts' ability to uphold justice.

Police officers work closely with judges in the enforcement of laws, securing warrants, processing criminal cases, and ensuring that dangerous individuals are held accountable. Judicial decisions affect law enforcement operations daily—whether in the issuance of search warrants, sentencing violent offenders, or overseeing cases that impact community safety. A less experienced and less qualified judiciary would create additional burdens on law enforcement, Increasing the risk of procedural errors and undermining the integrity of criminal cases.

At a time when recruitment and retention challenges persist across many public service roles, SB 935 would worsen an already difficult situation by discouraging qualified legal professionals from serving as judges. SHOPO urges the Committee to recognize the long-term consequences this legislation would have on our legal system and public safety.

For these reasons, we respectfully request that you vote against SB 935 and preserve the stability and effectiveness of Hawaii's judiciary. Thank you for your time and consideration.

Respectfully submitted

ROBERT CAVACO
SHOPO President

RC: ja



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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

The Thirty-Third Legislature, State of Hawaii
House of Representatives
Committee on Labor

Testimony by
Hawaii Government Employees Association

March 13, 2025

S.B. 935, S.D. 2 — RELATING TO GOVERNMENT.

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO offers **comments** on S.B. 935, S.D. 2, which sets the retirement allowance for a member who first earns credited service as a judge after 6/30/2025, to 1.75 per cent of the judge's average final compensation for each year of credited service as a judge. Reduces the minimum number of years of credited service qualified Tier 2 Employees' Retirement System members must have to be eligible for vested benefit status for service retirement allowance purposes from ten years to five years.

Our organization **supports** the provisions in this measure that reduces the vesting period from ten years to five years for Tier 2 ERS members. We recognize that our state and counties must explore new and alternative ways to recruit and retain a qualified workforce, especially at a time when government salary alone may not be enough to be considered an attractive career. Reports indicate that our state's workforce has a 24% vacancy rate. We appreciate the intent of this measure as it could serve as one of many tools to help with state and counties recruit new employees – furthermore, this change may help in the recruitment of former employees who may consider returning to public service to become vested.

Furthermore, we **oppose** the provisions in this measure that reduces the retirement multiplier for judges from 3 percent to 1.75 percent for new judges. We find that this portion is counter intuitive to the general theme of this measure which is intended to help with the recruitment of public servants. This provision will severely impact the recruitment of new judges – specifically, the recruitment of quality attorneys in private practice to apply as judges.

Thank you for the opportunity to provide testimony in support of S.B. 935, S.D. 2.

Respectfully submitted,

Randy Perreira
Executive Director



INTERNATIONAL LONGSHORE & WAREHOUSE UNION

LOCAL OFFICE • 451 ATKINSON DRIVE • HONOLULU, HAWAII 96814 • PHONE 949-4161

HAWAII DIVISION: 100 West Lanikaula Street, Hilo, Hawaii 96720 • OAHU DIVISION: 451 Atkinson Drive, Honolulu, Hawaii 96814
MAUI COUNTY DIVISION: 896 Lower Main Street, Wailuku, Hawaii 96793 • KAUAI DIVISION: 4154 Hardy Street, Lihue, Hawaii 96766
HAWAII LONGSHORE DIVISION: 451 Atkinson Drive, Honolulu, Hawaii 96814

LOCAL 142

March 12, 2025

The Thirty-Third Legislature
Regular Session of 2025

HOUSE OF REPRESENTATIVES COMMITTEE ON LABOR

The Honorable Jackson Sayama, Chair
The Honorable Mike Lee, Vice Chair
State Capitol, Conference Room 309 & Videoconference
Thursday, March 13, 2025; 9:00 a.m.

STATEMENT OF THE ILWU LOCAL 142 ON SB935 SD2 – RELATING TO GOVERNMENT

Dear Chair Sayama, Vice Chair Lee, and Members of the Committee on Labor,

On behalf of the International Longshore and Warehouse Union (“ILWU”) Local 142, which represents thousands of working families who form the backbone of Hawai‘i’s economy, I write in **STRONG OPPOSITION to SB935** to the extent that it reduces retirement benefits for judges. However, I am also writing to express my support for SB935’s provisions that reduce the vesting requirement for Tier 2 Employees’ Retirement System (ERS) members and enhance retirement benefits for firefighters, police officers, and other law enforcement personnel.

Our union has stood for dignity, fairness, and justice for working people in Hawai‘i since 1937. Our members include the longshore workers, housekeepers, truck drivers, store cashiers, hotel workers, and agricultural laborers who keep this state running every day. We know firsthand how critical it is to have fair wages, strong benefits, and economic stability—not only for ourselves but for all public servants, including our judiciary.

SB 935’s proposed reduction in judicial retirement benefits would have serious consequences for our state’s judicial system. Judges make decisions that impact workers’ rights, workplace protections, fair wages, and collective bargaining. These are not abstract issues to us—they are the foundation of what allows working people to earn a living and be treated with dignity.

If Hawai‘i lowers retirement benefits for judges, it will discourage qualified professionals from seeking these critical positions. That means fewer experienced judges deciding cases that affect workers, families, and our communities. Inexperienced or underqualified judges could lead to slower decisions, less informed rulings, and an overall weakening of the protections we rely on.

Hawai‘i’s workers know too well what happens when essential jobs become less attractive: high turnover, reduced quality, and longer wait times for services. We see it in understaffed hospitals,

schools struggling to retain teachers, and police departments facing recruitment challenges. The judiciary is no different. If we make judicial careers less appealing, we risk losing the very people we depend on to uphold our rights in labor disputes, wage theft cases, and issues of workplace safety.

Judges are public servants. Like all workers, they deserve fair compensation, including a retirement that reflects their years of service. SB 935 undermines that principle. It tells workers that their sacrifices are expendable. If we allow that to happen to judges, who will be next?

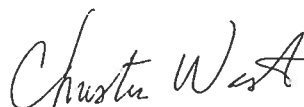
A strong, fair, and experienced judiciary is essential to upholding the rights of workers and ensuring fairness in labor relations. When corporations or employers violate labor laws, we depend on judges who understand the law and apply it fairly. If we create barriers to attracting the best judicial candidates, we weaken that protection.

ILWU Local 142 stands firmly against SB 935 to the extent that it reduces retirement benefits for judges. We urge the Committee on Labor to reject this short-sighted proposal in its current form and instead focus on policies that strengthen, not weaken, Hawai'i's commitment to fairness and justice for all workers.

However, the proposed reduction in the vesting period from ten years to five years for Tier 2 employees is a long-overdue correction that aligns their benefits with those of Tier 1 employees. The previous ten-year requirement disproportionately disadvantaged public servants who dedicated years to state and county service but left before reaching retirement eligibility. By making this change, the bill enhances employee retention, ensures fairness, and provides much-needed financial security for dedicated government workers. The estimated four-month increase in the retirement system's full funding period is a minimal cost when weighed against the benefits of greater workforce stability and retirement security for these employees.

Mahalo for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Christian West". The signature is written in a cursive, flowing style.

Christian West
President, ILWU Local 142



AMERICAN JUDICATURE SOCIETY

Advocating for a fair system of justice

Finance Factors Center
Suite 618, 1164 Bishop Street
Honolulu, Hawaii 96813

LATE *Testimony submitted late may not be considered by the Committee for decision making purposes.

Web: www.americanjudicaturesociety.org
Email: susan.ajs2020@gmail.com

TESTIMONY PRESENTED BEFORE THE
HOUSE COMMITTEE ON LABOR

BY

AMERICAN JUDICATURE SOCIETY

Thursday, March 13, 2025
9:00 a.m., Conference Room 309

SB935, SD2 Relating to Government

Chair Sayama, Vice Chair Lee, and members of the House Committee

The American Judicature Society opposes the provisions on pages 4 and 5 of this measure that would reduce retirement benefits for new judges.

American Judicature Society (AJS) is an independent, non-partisan membership organization working nationally to protect the integrity of the American justice system. Its mission is to secure and promote an independent and qualified judiciary and a fair system of justice.

To secure and promote an independent and qualified judiciary and a fair system of justice, the Hawai'i State Judiciary must be able to recruit highly-qualified attorneys to judicial positions across Hawai'i. AJS is deeply concerned with apparent difficulty recruiting judicial applicants in recent years, including today. Accordingly, AJS opposes pertinent provisions that would adversely impact the ability to recruit attorneys to judicial office.

Thank you for the opportunity to testify on this measure.