

EXECUTIVE CHAMBERS  
KE KE'ENA O KE KIA'ĀINA

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

**House Committee on Labor**

Tuesday, February 4, 2025

9:00 a.m.

State Capitol, Conference Room 309 and Videoconference

**In Support**

**H.B. 813 Relating to the Employees' Retirement System**

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

The Office of the Governor supports H.B.813, Relating to the Employees' Retirement System (ERS). This bill is similar to our Administration bill, H.B. 1082, Relating to the Employees' Retirement System, which also proposes to reduce the minimum numbers of years of credited service from ten years to five years qualified Tier 2 ERS members must have to be eligible for vested benefit status for service retirement allowance purposed.

State and county governments are feeling the impact of reduced public employment. Continued and widespread vacancies have contributed to the inability of understaffed departments and agencies to provide various essential services in areas ranging from public health and transportation to correctional institutions and public education. At a time when the needs of our community are great, a well-functioning government is imperative to deliver services to the public efficiently and effectively.

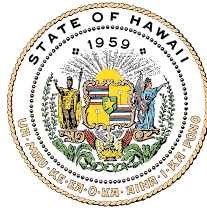
Staffing and retention issues will continue to plague the provision of public services in our State. Both H.B. 813 and H.B. 1082 offer meaningful ways of recruiting individuals for jobs in government service and retaining employees in public service. The public employee benefits of comprehensive health care insurance, sick leave, vacation leave, retirement programs, and other State and county benefits are valuable incentives to pursue a government job. Reduction in the ERS vesting requirements is but one component in attracting new and active employees to government service.

The Office of the Governor looks forward to continuing discussion on H.B. 813 and H.B. 1082 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 ohana in our State.

Mahalo for the opportunity to testify 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  
HOUSE BILL NO. 813**

**February 4, 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,

While the ERS Board of Trustees has not had the opportunity to review this legislation, ERS staff believes the Board would support the proposed reduction in vesting period assuming necessary funding is provided and respectfully offers the following comments.

H.B. 813 proposes to reduce from ten to five years the minimum number of years of credited service that qualified Tier 2 Employees' Retirement System (ERS) members must have to be eligible for vested benefit status for service retirement and hypothetical refunds and amends several statutes that are affected by the reduction. The bill also requests the appropriation of funds for the added costs of benefits and administrative expenses of the ERS.

The ERS understands State and county governments in Hawaii are experiencing tough challenges and difficult impacts of job vacancies. The reduction in the vesting requirement is one of the components that could make benefits more attractive to new and active workers with a minimal impact to the ERS's Unfunded Actuarial Accrued



**Employees' Retirement System**  
of the State of Hawaii

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Liability (UAAL). An increased worker headcount would mean additional pension contributions to the ERS by employers and employees and additional monies to invest.

The ERS's actuary, Gabriel, Roeder, Smith & Company, estimates that a reduction to five-year vesting for Tier 2 members would increase the Unfunded Actuarial Liability Accrued (UAAL) by approximately \$8 million. There are three funding proposal variants which would address the increase in the UAAL and would not extend the 22-year period to full funding (as determined by the actuarial valuation report for fiscal year ending June 30, 2024).

1. A one-time lump sum total of \$152 million for all employers on or before July 1, 2025. This would finance the current increase in the UAAL as well as the increase in benefits provided over the current 22-year funding period.
2. A one-time lump sum total of \$9 million for all employers on or before July 1, 2025, in addition to an 0.19% of payroll increase in the employer contribution rates applicable to all employers starting July 1, 2025 (preferably this would represent a 0.03% of payroll increase for Police & Fire and a 0.23% of payroll increase for All Other Employees). This rate increase would equal approximately \$10.9 million in fiscal year 2026 growing at 2.5% per year.
3. An alternative 0.03% of payroll increase for Police and Fire and a 0.24% of payroll increase for All Other Employees in their employer contribution rate starting July 1, 2025. This rate increase would be approximately \$11.3 million in fiscal year 2026 growing at 2.5% per year.

If the committee decides to pass S.B. 813, the ERS respectfully requests that it be amended to include one of the above funding options through an appropriation for July 1, 2025, and an amendment to section 88-122(e) HRS, with the respective increase to the employer contribution rates as indicated.

The bill requests an appropriation to cover additional contributions and for added administrative expenses for fiscal year-end 2026 and fiscal year-end 2027. The ERS estimates the cost to make changes to its pension processing system to be \$1.7 million and respectfully requests that amount be appropriated for fiscal year-end 2025.

We believe the reversion to a five-year vesting requirement not only has the potential to aid in the recruitment and retention of staff, but will over time, prove to strengthen the ERS.

Thank you for the opportunity to provide testimony on H.B. 813.



## UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

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

**COMMITTEE ON LABOR**

Rep. Jackson D. Sayama, Chair

Rep. Mike Lee, Vice Chair

Tuesday, February 4, 2025, 9:00 AM  
Conference Room 309 & Videoconference

**Re: Testimony on HB813 – RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM**

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 supports HB813, 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 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.

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**Logan Okita**  
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Secretary-Treasurer

**Ann Mahi**  
Executive Director

### **TESTIMONY TO THE HAWAI'I HOUSE COMMITTEE ON LABOR**

**Item: HB 813 – Relating to Employees' Retirement System**

**Position: Support**

**Hearing: Tuesday, February 4, 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 HB 813, which reduces the minimum number of years of credited service from ten years to five years and qualified Tier 2 employee's retirement system members must have to be eligible for vested benefit status for service retirement allowance purposes.

HB 813 proposes 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.

HB 813 offers a practical solution to our workforce challenges, and we recommend passage of HB 813 to support our dedicated public service professionals and strengthen our state's workforce.

Mahalo.



**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

February 4, 2025

H.B. 813 — RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 813, which reduces the minimum number of years of credited service from ten years to five years qualified Tier 2 employee's retirement system members must have to be eligible for vested benefit status for service retirement allowance purposes.

Our organization recognizes 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.

Thank you for the opportunity to provide testimony in support of H.B. 813.

Respectfully submitted,

  
Randy Perreira  
Executive Director

**HB-813**

Submitted on: 2/2/2025 6:24:55 PM

Testimony for LAB on 2/4/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Veronica Moore	Individual	Support	Written Testimony Only

Comments:

To: Representative Jackson Sayama, Chair

Representative Mike Lee, Vice Chair

House Committee on Labor

House Committee on Finance

From: Veronica Moore, Individual Citizen

Date: February 2, 2025

RE: Upcoming Hearing for HB813

Measure Title: RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

Report Title: Public Employees; Employees' Retirement System; Credited  
Service; Retirement; Appropriation (\$)

To All Concerned,

My name is Veronica Moore and I support House Bill 813 for the overall benefit that it can provide to employers and employees within the state and county governments. Thank you for introducing this bill and I appreciate the opportunity to present testimony regarding it.

Sincerely,

Veronica M. Moore