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HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

**WRITTEN ONLY**

TESTIMONY BY LUIS P. SALAVERIA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON JUDICIARY AND HAWAIIAN AFFAIRS  
ON  
HOUSE BILL NO. 1183, H.D. 1

**February 12, 2025  
2:00 p.m.  
Room 325 and Videoconference**

RELATING TO ALLOWANCE ON SERVICE RETIREMENTS

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

House Bill No. 1183, H.D. 1, amends Chapter 88, HRS, to include certain law enforcement administrators and employees of the Department of Law Enforcement (DLE) as Class A members of the pension and retirement system and adjust their retirement compensation computation and contribution rate to be similar to those of police officers.

B&F has concerns this measure and the proposed amendments will increase the State's unfunded actuarial accrued liabilities (UAAL) for pension accumulation and other post-employment benefits for these employees.

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.

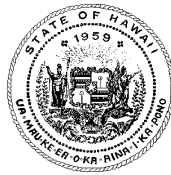
Further, although this measure increases the contribution rate to 14.2% for the affected DLE positions to match police officer contributions, it should be noted that the

affected DLE positions 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 the affected DLE 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.

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

SYLVIA LUKE  
LT. GOVERNOR  
KA HOPE KIA'ĀINA



BRENN H. HASHIMOTO  
DIRECTOR  
KA LUNA HO'OKELE

BRIAN K. FURUTO  
DEPUTY DIRECTOR  
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STATE OF HAWAII | KA MOKU'ĀINA O HAWAII  
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT  
KA 'OIHANA HO'OMŌHALA LIMAHANA  
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Statement of  
**BRENN H. HASHIMOTO**  
Director, Department of Human Resources Development

Before the  
**HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS**  
Wednesday, February 12, 2025  
2:00PM  
State Capitol, Conference Room 325

In consideration of  
**HB1183, HD1 – RELATING TO ALLOWANCE ON SERVICE RETIREMENTS**

Chair Tarnas, Vice Chair Poepoe, and members of the committee:

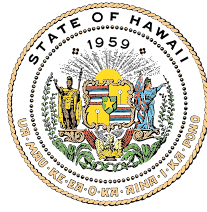
The Department of Human Resources Development (HRD) **supports** the intent of HB1183 HD1, which among other things, adds definitions for certain Department of Law Enforcement positions to be included in Class A and establishes guidance for the computation of their retirement benefits.

HRD finds that the proposed concept of adding certain leadership positions as Class A members could serve as an effective recruitment and retention tool given the likely pool of applicants are those currently enrolled in enhanced retirement plans such, as police officers and investigators.

We are available to answer any questions or provide further information as needed.

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 JUDICIARY & HAWAIIAN AFFAIRS  
PROVIDING COMMENTS ON  
HOUSE BILL NO. 1183, H.D. 1**

**February 12, 2025**

**2:00 P.M.**

**Conference Room 325 and VIA Videoconference**

RELATING TO ALLOWANCE ON SERVICE RETIREMENTS.

Chair Tarnas, Vice Chair Poepoe, and Members of the Committee,

The Employees' Retirement System (ERS) Board of Trustees has not had a chance to review the bill, however the ERS respectfully provides the following comments.

H.B. 1183, H.D. 1, proposes to amend chapter 88, Hawaii Revised Statutes (HRS), by: (1) adding four definitions for the Department of Law Enforcement (DLE) which include: "Deputy director for the department of law enforcement," "Director of law enforcement," "Sheriff," and "Sheriff division investigator;" (2) amending the definition of "Law enforcement investigations staff investigators;" (3) reclassifying the Director of Law Enforcement, deputy directors of the Department of Law Enforcement, DLE investigators, the Sheriff, and Sheriff division investigators as class A members in the ERS effective July 1, 2025; (4) authorizing, after July 1, 2025, an enhanced retirement allowance for the Director of Law Enforcement, Deputy Director of the DLE, the Sheriff, and Sheriff division investigators if they meet the required years of credited service and are members before July 1, 2012; (5) authorizing an enhanced retirement allowance for the Director of Law Enforcement, deputy directors of the DLE, the Sheriff, and Sheriff division investigators if they meet the required years of credited service and are



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members after June 30, 2012; (6) waiving the early retirement age penalty for the Director of Law Enforcement, deputy directors of the DLE, the Sheriff, and Sheriff division investigators if they became a member before July 1, 2012 and have at least 25 years of eligible credited service; (7) waiving the early retirement age penalty for the Director of Law Enforcement, deputy directors of the DLE, the Sheriff, DLE investigator, and Sheriff division investigators if they became a member after June 30, 2012 and if they have attained the age of fifty-five and have at least 25 years of eligible credited service; (8) adds the Director of Law Enforcement, deputy directors of the Department of Law Enforcement, DLE investigators, the Sheriff, and Sheriff division investigators to section 88-122, HRS for employer contribution rates; and (9) adds the Director of Law Enforcement, all deputy directors of the DLE, DLE investigators, the Sheriff, and Sheriff division investigators who become members after June 30, 2025 to contribute at 14.2%.

If the Committees intends to pass this bill, the ERS respectfully recommends that the bill be amended to either add the definition of "Department of law enforcement investigators" to section 88-21 HRS and incorporate the position appropriately or remove all such references in the bill.

ERS would also recommend removal of the amendment to the definition of "Law enforcement investigations staff investigators" to include investigators transferred from the department of the attorney general (Section 1, page 2, lines 8 to 11) as unnecessary since any employee transferred into an eligible position would be enrolled as Class A under applicable statute.

ERS would also recommend removal of the of the proviso (Section 4, page 12, lines 7 to 17) referencing effective dates for previous paragraphs as being applicable to the added positions as unnecessary as this is the case for all of the groups listed in the previous paragraphs. The language of this proviso is different from the preceding statutory language.

It is also recommended to require the DLE Director, DLE Deputy Director, DLE Investigators (if defined), the Sheriff, and Sheriff Division Investigator positions to pay a 12.2% employee contribution rate for members before July 1, 2012, consistent with other tier 1 Class A members with enhanced benefits in Section 88-45, HRS.

ERS recommends that the proviso (Section 2, page 3, lines 14 to 19) requiring the five added positions to contribute 14.2% for employees in these positions that become members after June 30, 2025, be removed. This would leave those that became members between July 1, 2012, and June 30, 2025, out of the requirement for the 14.2% tier 2 employee contributions required for these special categories. Instead, ERS recommends that these positions be added to the end of the existing list of included positions with ERS membership dates after June 30, 2012 (Section 2, page 3, line 11).

ERS further recommends that effective dates in the bill be conformed to avoid administrative complexity and confusion. This would eventually include the overall effective date of the Act (Section 7, page 20, line 11) as well and the distinct dates included in the bill.

ERS recommends that the “after July 1, 2025” date (Section 4, page 12, line 1) be amended to “after June 30, 2025”. The “after July 1, 2025,” (Section 4, page 12, line 1) effective date of when these positions would begin to be eligible for the enhanced benefits under Class A excludes July 1, 2025, a date these positions would start to be enrolled as Class A (Section 3, page 6, line 20).

ERS also recommends that an effective date of “after June 30, 2025” be inserted regarding the start date for the added Class A members with membership dates after June 30, 2012 (Section 4, page 16, line 11) for clarity.

ERS respectfully suggests a note that these additions and amendments are made “notwithstanding section 88-99, Hawaii Revised Statutes” regarding the moratorium on benefit enhancements until the system is fully funded. This limited reclassification is likely to have minimal impact to the ERS’ Unfunded Accrued Actuarial Liability (UAAL) so long as the amendments to increase the employee and employer contribution rates are incorporated.

Thank you for the opportunity to provide testimony on H.B. 1183, H.D. 1.

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



**MIKE LAMBERT**  
DIRECTOR

**SYLVIA LUKE**  
LT GOVERNOR  
KE KE'ENA

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**DEPARTMENT OF LAW ENFORCEMENT**  
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**JARED K. REDULLA**  
Deputy Director  
Law Enforcement

TESTIMONY ON HOUSE BILL 1183, HOUSE DRAFT 1  
RELATING TO ALLOWANCE ON SERVICE RETIREMENTS  
Before the House Committee on  
JUDICIARY & HAWAIIAN AFFAIRS  
Wednesday, February 12, 2025, 2:00 p.m.  
State Capitol Conference Room 325 & Videoconference  
Testifiers: Brandon Asuka

Chair Tarnas, Vice Chair Poepoe, and members of the Committee:

The Department of Law Enforcement (DLE) strongly supports House Bill 1183, House Draft 1, which designates the Director of Law Enforcement, both Deputy Directors of the Department of Law Enforcement, the Sheriff, Department of Law Enforcement investigators, and the administrators of those investigative divisions as class A members of the pension and retirement systems.

This measure acknowledges the critical role of DLE personnel by providing them with retirement benefits commensurate with their law enforcement duties and responsibilities, similar to those currently afforded to county police officers. The bill establishes appropriate contribution rates and provides clear guidance for the computation of retirement benefits for DLE law enforcement administrators and employees.

As an agency in its infancy stages, legacy and succession planning is essential in ensuring DLE's long term success. This bill would expand the pool of qualified applicants to allow the Governor to appoint the most qualified individual within the State regardless of class and appropriately reflect the demanding nature of law enforcement work. This alignment of benefits is particularly important as we continue to build and strengthen our department's capabilities to serve and protect the people of Hawaii.

Thank you for the opportunity to testify in support of this bill.