

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



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 LAWELAWÉ 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 5, 2025, 3:10 P.M.
CONFERENCE ROOM 224 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 185

RELATING TO INDEBTEDNESS.

Chair Aquino, Vice Chair Lee, and Members of the Committee, thank you for the opportunity to submit testimony on this measure.

The Department of Accounting and General Services (DAGS) offers **comments** on S.B. 185 which sets the time requirement 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 based on an employee's gross income.

DAGS is concerned that reducing the per pay period minimum flat amount from the current rate and instituting multiple tiers of wage levels with associated fixed amounts for collections will significantly increase the amount of time necessary for a department to collect overpayments. Departmental resources will need to be re-

directed to manage the extended recovery period.

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-THIRD LEGISLATURE
REGULAR SESSION OF 2025

COMMITTEE ON LABOR AND TECHNOLOGY

Senator Henry J.C. Aquino, Chair
Senator Chris Lee, Vice Chair

Wednesday, February 5, 2025, 3:10 PM
Conference Room 224 & Videoconference

Re: Testimony on SB185 – RELATING TO INDEBTEDNESS TO THE STATE

Chair Aquino, 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** SB185, which requires disbursing officers to notify employees within sixty days of making a determination that an indebtedness has occurred to the government resulting from salary or wage overpayment. This measure also amends the amount that a disbursing officer may deduct from an employee's salary, wage, or compensation based on the 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 a bit antiquated given the rising cost of living and unfairly punishes a public employee for a payroll error committed by the employer.

While UPW understands that indebtedness must be repaid, the current repayment schedule is simply too costly for many of our members who earn \$2,000 or less per pay period and are living paycheck to paycheck. The legislation 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.

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

Reducing the minimum payment to \$50 per pay period or 5% of an employee's compensation for those who earn less than \$2,000 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.

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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
The Senate
Committee on Labor and Technology

Testimony by
Hawaii Government Employees Association

February 5, 2025

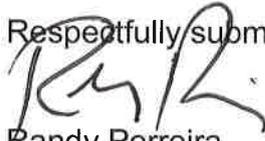
S.B. 185 — RELATING TO INDEBTEDNESS TO THE STATE.

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 185, which requires disbursing officers to notify employees within sixty days of making a determination that an indebtedness has occurred to the government resulting from salary or wage overpayment and amends the amount that a disbursing officer may deduct from an employee's salary, wage, or compensation based on the employee's gross income.

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 stifled with a loan and a hefty repayment plan that they cannot afford due to a department's failure to accurately pay an employee – it's the departments fault, not the employee's. As currently written, Hawaii Revised Statutes Chapter 78-12, the minimum repayment amount is either \$100 per pay period or 25% of an employee's salary with no consideration to how much an employee earns.

We represent many employees on the lower-end of the salary schedule, including roughly 2,400 employees who earn less than \$20 an hour – the current repayment amount is too high, particularly for these lower income earners who cannot support the additional financial constraint. Reducing the minimum amount earned by establishing a tier system for employees who earn less than \$3,000 per pay period or \$72,000 a year will provide more financial flexibility for these employees. We would like to emphasize that it is the employer's responsibility to pay their employees accurately – and if the employer fails to do so, the statute should allow for flexibility to ensure that the employee can repay the amount overpaid to them in the least destructive way.

Thank you for the opportunity to provide testimony in strong support of S.B. 185.

Respectfully submitted,

Randy Perreira
Executive Director