

Honolulu, Hawaii

FEB 12 2018

RE: S.B. No. 2598

S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committees on Government Operations and Labor, to which  
was referred S.B. No. 2598 entitled:

"A BILL FOR AN ACT RELATING TO SALARY OVERPAYMENTS,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require each department to deduct the department's total salary overpayment from the department's budget request for the following fiscal biennium;
- (2) Require that employees who exhaust their sick leave be placed on a manual accounting system;
- (3) Repeal the two-year statute of limitations on determination and notice to an employee of salary and wage overpayment; and
- (4) Allow officers charged with collecting debt due to salary or wage overpayment to garnish the pension of former employees.

Your Committees received comments on this measure from the Department of Accounting and General Services, Department of Education, Department of Budget and Finance, and Employees' Retirement System.



Your Committees find that salary overpayments have been an ongoing issue throughout many departments and agencies of the State. These overpayments create needless government waste and strain government resources. In fact, these overpayments total millions of dollars each year. For example, in November 2016, state departments and agencies overpaid salaries in the amount of \$622,266.14. From that point through October 2017, state departments and agencies continued overpaying salaries in an amount exceeding \$415,000 each month. Your Committees find that adherence to stricter guidelines for clawing back overpayments and greater accountability amongst state departments and agencies is necessary to reduce overpayment waste.

However, your Committees acknowledge the concerns raised by testimony from the Employees' Retirement System. The Employees' Retirement System indicated that the proposed requirements would be difficult to implement, including the means by which an overpayment would be properly vetted to garnish a former employees' pension. In addition, the Employees' Retirement System raised concerns that the proposed requirements would make it exceedingly difficult to properly calculate benefits for former employees. Consequently, your Committees suggest that if your Committee on Ways and Means decides to hear this measure, that your Committee on Ways and Means investigate these concerns further.

Accordingly, your Committees have amended this measure by changing the effective date to July 1, 2050, to encourage further discussion.

As affirmed by the records of votes of the members of your Committees on Government Operations and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2598, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2598, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on  
behalf of the members of the  
Committees on Government  
Operations and Labor,

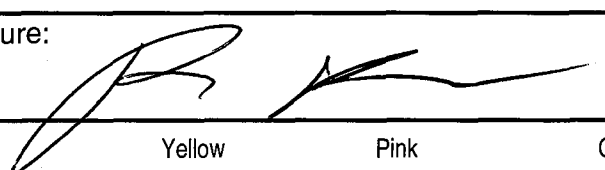
  
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JILL N. TOKUDA, Chair

  
\_\_\_\_\_  
DONNA MERCADO KIM, Chair



The Senate  
Twenty-Ninth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Government Operations**  
**GVO**

Bill / Resolution No.:* <b>SB 2598</b>	Committee Referral: <b>GVO/LDR, WAM</b>	Date: <b>2/6/18</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311         </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310         </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313         </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	X			
RUDERMAN, Russell E. (VC)	X			
GALUTERIA, Brickwood	X			
KEITH-AGARAN, Gilbert S.C.	X			
RHOADS, Karl	X			
TOTAL	5	0	0	0
Recommendation: <div style="display: flex; justify-content: space-around; align-items: center;"> <input checked="" type="checkbox"/> Adopted           <input type="checkbox"/> Not Adopted         </div>				
Chair's or Designee's Signature: <div style="text-align: center; font-size: 2em; margin-top: 10px;">  </div>				
<b>Distribution:</b> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

**\*Only one measure per Record of Votes**

**Record of Votes  
Committee on Labor  
LBR**

\*Only one measure per Record of Votes