STAND. COM. REP. NO. **286**

Honolulu, Hawaii

FEB 1 4 2020

RE: S.B. No. 2867

S.D. 1

Honorable Ronald D. Kouchi President of the Senate Thirtieth State Legislature Regular Session of 2020 State of Hawaii

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred S.B. No. 2867 entitled:

"A BILL FOR AN ACT RELATING TO COMPENSATION FOR THE PURPOSES OF THE EMPLOYEES' RETIREMENT SYSTEM,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the definition of compensation for retirement benefits.

Your Committee received testimony in support of this measure from the Department of Budget and Finance and Employees' Retirement System. Your Committee received testimony in opposition to this measure from the Hawaii Government Employees Association, AFSCME Local 152.

Your Committee finds that this measure is necessary to clarify the definition of compensation eliqible for the purposes of calculating retirement benefits. This clarification will ensure that retirement benefits are computed fairly and equitably for all public employees and to facilitate employer reporting of compensation on a consistent and timely basis.

Your Committee has heard the testimony of the Employees' Retirement System regarding clarification of the definition of compensation and Hawaii Government Employees Association relating to shortage differentials. Your Committee finds that the testimony raised concerns that merit further consideration.

Your Committee has amended this measure by:

- (1) Incorporating amendments requested by the Hawaii Government Employees Association relating to "shortage differentials";
- (2) Incorporating amendments relating to clarification of "base compensation rate" as addressed by the Employees' Retirement System;
- (3) Changing its effective date to July 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor, Culture and the Arts that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2867, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2867, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committee on Labor, Culture and the Arts,

BRIAN T. TANIGUCHI, Chair

The Senate Thirtieth Legislature State of Hawai'i

Record of Votes Committee on Labor, Culture and the Arts LCA

Bill / Resolution No.:*	Committee Referral:		I .	Date:	
SB 2867	LCA, WAM		2/04/2020		
The Committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WF	R) Nay	Excused
TANIGUCHI, Brian T. (C)		V			
IHARA, Jr., Les (VC)					
CHANG, Stanley					
GABBARD, Mike		V			
FEVELLA, Kurt		V			
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TOTAL		5	0	0	0
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature:					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

*Only one measure per Record of Votes