

DAVID Y. IGE
GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

KANOE MARGOL
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 FINANCE
ON**

HOUSE BILL NO. 1998. H.D. 1

**February 19, 2020
3:00 P.M.
Conference Room 308**

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Chair Luke, Vice Chair Cullen, and Members of the Committee,

H.B. 1998, H.D. 1 proposes to add a new section to subpart C of part II of Chapter 88, Hawaii Revised Statutes to provide for forfeiture by a member, former member, or retirant of the Employees' Retirement System (ERS) of the State of Hawaii, of all or a portion of any interest, hypothetical account balance, pension, annuity or retirement allowance otherwise payable to the member, former member or retirant if the member, former member or retirant is convicted of a felony related to the employment of the member, former member or retirant. On behalf of the ERS board of trustees, we provide the following comments:

This proposal would require the ERS to comply with a court order decreeing a forfeiture of all or a portion of any interest, hypothetical account balance, pension, annuity or retirement allowance otherwise payable a member, former member, or retirant of the system convicted of a felony that the court finds is related to the employment of the member, former member, or retirant by the State or county. The ERS board is supportive of court-ordered decrees as the most fair and judicial application of judgments on felony decisions.



Employees' Retirement System
of the State of Hawaii

In addition, as this proposal purports to not impair or diminish the accrued, non-forfeitable retirement benefits of members and applies prospectively to felonies committed by public employees after the effective date of the proposal, the Board would be supportive of H.B. 1998, H.D. 1 should this Act be approved.

Thank you for this opportunity to testify.



HAWAI'I STATE ETHICS COMMISSION

State of Hawai'i · Bishop Square, 1001 Bishop Street, ASB Tower 970 · Honolulu, Hawai'i 96813

Committee: Committee on Finance
Bill Number: H.B. 1998, H.D.1
Hearing Date/Time: February 19, 2020, 3:00 p.m.
Re: Testimony of the Hawai'i State Ethics Commission with **COMMENTS**
on H.B. 1998, H.D.1, Relating to the Employees' Retirement System

Dear Chair Luke, Vice Chair Cullen, and Committee Members:

The Hawai'i State Ethics Commission ("Commission") has not had an opportunity to discuss H.B. 1998, such that it does not take a position on this measure at this time. However, the undersigned submits the following comments for the Committee's consideration.

The Commission has, at times, discussed the possible need for increased penalties – including pension forfeiture – for employment-related misconduct. Although employment-related felonies for State employees are quite rare, an increased penalty may serve as an additional deterrent that will help promote the public's trust in government officials. Furthermore, I believe the Commission would support the requirement that pension forfeiture occur only after a court concludes that an employee committed a felony, and not upon a lower standard.

Thank you for your continuing support of the Commission's work and for considering this testimony on H.B. 1998, H.D.1.

Very truly yours,

Daniel Gluck
Executive Director and General Counsel

Statement Before The
HOUSE COMMITTEE ON FINANCE
Wednesday, February 19, 2020
3:00 PM
State Capitol, Conference Room 308

in consideration of
HB 1998, HD1
RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

Chair LUKE, Vice Chair CULLEN, and Members of the House Finance Committee

Common Cause Hawaii supports HB 1998, HD1 which authorizes forfeiture of certain ERS benefits, pursuant to court order, for state or county employees and designated beneficiaries who are convicted of an employment-related felony.

Common Cause Hawaii is a nonprofit, nonpartisan, grassroots organization dedicated to reforming government and strengthening democracy. Common Cause Hawaii works to restore faith in our government and our democracy that has been shattered in the last few years through ethics, accountability, and transparency reforms. These reforms are probably the most important tools to restoring the people's trust in their elected leaders and government – to show people that their government is acting for the people's interest versus serving their own interests.

In a recent [Honolulu Star-Advertiser poll](#) published on Sept. 22, 2019, a majority of local residents feel that Hawaii's elected officials do not care what they think and generally do not have high ethical standards. This must change for people to have confidence in our government.

HB 1998, HD1 will show that government takes ethics seriously. Public employees are also public servants. They cannot defraud the public and destroy our confidence in government and still reap the benefits of their criminal misconduct. If this were to occur, then the only losers are the people and democracy.

HB 1998, HD1 is **not** about punishment or retribution. It is about ethics and restoring the public's trust in government. HB 1998, HD1 is not about revenge, because families of the convicted governmental employees who rely on the pensions are protected under the bill. HB 1998, HD1 provides that, upon the convicted governmental employees' passing, their pensions may be awarded to the designated beneficiaries. Due process is afforded, and pension is only forfeited pursuant to court order, under HB 1998, HD1.

Much concern is given to what may be lost by a convicted government employee. We also need to consider that much is lost by the public - the people - when a government employee abuses his/her position of power, trust, and authority. As we have seen, democracy is fragile; people need to have confidence in our government. Please act to restore that trust through ethics reform.

Thank you for the opportunity to testify in support of HB 1998, HD1 and Common Cause Hawaii respectfully urges the Committee members to pass HB 1998, HD1 out of your Committee. If you have further questions of me, please contact me at sma@commoncause.org.

Very respectfully yours,

Sandy Ma
Executive Director, Common Cause Hawaii



HB-1998-HD-1

Submitted on: 2/17/2020 2:58:10 PM

Testimony for FIN on 2/19/2020 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Shimei	Indivisible Hawaii	Support	No

Comments:

IN SUPPORT

Public trust in government is low and sinking lower. In these trying times, it is critical to restore confidence in the ethics of our government.

Holding an office of public trust is not the same as a job in the private sector. We cannot endorse the deliberate abuse of government position and power by permitting retention of a benefit paid by taxpayer dollars, at the expense of the people the government was created to serve.

The corruption addressed in this bill is rare but it clearly does exist and all steps must be taken to eradicate it.

HB-1998-HD-1

Submitted on: 2/15/2020 4:55:51 PM

Testimony for FIN on 2/19/2020 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Kunitake	Individual	Support	No

Comments:

Dear Chair Luke and Members of the Committee on Finance,

I am writing in support of HB1998 HD1.

- HB 1998, HD1 will show that government takes ethics seriously. Public employees are also public servants. They cannot defraud the public and destroy our confidence in government and still reap the benefits of their criminal misconduct. If this were to occur, then the only losers are the people and democracy.
- HB 1998, HD1 is **not** about punishment or retribution. It is about ethics and restoring the public's trust in government. HB 1998, HD1 is not about revenge, because families of the convicted governmental employees who rely on the pensions are protected under the bill. HB 1998, HD1 provides that, upon the convicted governmental employees' passing, their pensions may be awarded to the designated beneficiaries. Due process is afforded, and pension is only forfeited pursuant to court order, under HB 1998, HD1.
- Much concern is given to what may be lost by a convicted government employee. We also need to consider that much is lost by the public - the people - when a government employee abuses his/her position of power, trust, and authority. As we have seen, democracy is fragile; people need to have confidence in our government. Please act to restore that trust through ethics reform.

Please pass this bill.

Mahalo,

Caroline Kunitake

HB-1998-HD-1

Submitted on: 2/16/2020 1:32:34 AM

Testimony for FIN on 2/19/2020 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Best	Individual	Support	No

Comments:

HB 1998, HD1 will show that government takes ethics seriously. This is particularly important now when so many are becoming cynical about government, seeing abuses and corruption in our current White House. Let's keep Hawaii a model of how democracy can work.

Mahalo