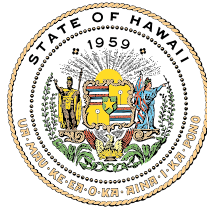


JOSH GREEN, M.D.
GOVERNOR

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 SENATE COMMITTEE ON LABOR AND TECHNOLOGY
PROVIDING COMMENTS ON
HOUSE BILL NO. 214, H.D.1**

March 10, 2025

3:00 P.M.

Conference Room 224 and VIA Videoconference

RELATING TO GOVERNMENT.

Chair Aquino, Vice Chair Lee, and Members of the Committee,

The ERS Board of Trustees has reviewed this legislation and recognizes the staffing challenges experienced by agencies as a result of these vacancies but has concerns about the potential negative impact to ERS' tax qualification and respectfully offers the following comments.

H.B. 214, H.D.1 proposes to change from 12 months to 6 months the break required for ERS retirees to return to employment in ERS eligible positions of school resource officers and Attorney General Investigators, as designated by the Department of Law Enforcement and the Department of the Attorney General respectively to represent labor shortage or difficult-to-fill positions, without re-enrollment as a member of the system.

Current statute requires a 12-month break in service before a retirant may be re-employed in any ERS eligible position. This "break" addresses the Internal Revenue Service's general prohibition against "in-service distributions" and meets the IRS



Employees' Retirement System
of the State of Hawaii

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requirement for a bona fide break in service to exempt the payment of pensions while in-service as an employee of the system from constituting a disqualifying distribution.

To date, the IRS has refused to establish a published time limit for separation before a retiree may resume service without violation of IRS requirements. While a six-month break may meet IRS requirements, the existing 12-month period before returning in an ERS eligible position currently applied to all retirees in statute, is widely viewed as in compliance. That said, the ERS prefers that the more conservative 12-month period be retained and would oppose the adoption of any breaks shorter than six months.

As a qualified plan under section 401(a) of the Internal Revenue Code (IRC) of 1986, as amended, the ERS and our members enjoy a beneficial tax status which permits contributions to be made on a pre-tax basis and allows benefits to accrue as non-taxable events. Revocation of this tax status could result in irreparable harm to the system and additional tax liability for our members.

Thank you for the opportunity to provide testimony on H.B. 214, H.D.1.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

H.B. NO. 214, H.D. 1, RELATING TO GOVERNMENT.

BEFORE THE:

SENATE COMMITTEE ON LABOR AND TECHNOLOGY

DATE: Monday, March 10, 2025

TIME: 3:00 p.m.

LOCATION: State Capitol, Room 224

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Diane W. Wong or Jenny J.N.A. Nakamoto, Deputy Attorneys
General

Chair Aquino and Members of the Committee:

The Department of the Attorney General (Department) supports the portion of this bill addressing investigators identified by the Department as a labor shortage or difficult-to-fill position, and provides comments regarding the portion of this bill addressing school resource officers identified by the Department of Law Enforcement as a labor shortage or difficult-to-fill position.

This bill amends section 88-9, Hawaii Revised Statutes (HRS), to provide that a retirant may be employed without reenrollment in the Employees' Retirement System (ERS) and without suffering loss or interruption of benefits provided by the ERS or under chapter 87A, HRS, subject to certain conditions, if the retirant is employed as an investigator in a position identified by the Department as a labor shortage or difficult-to-fill position. This bill also provides remedies for ERS if the retirant is reemployed in violation of chapter 88, HRS, and the Internal Revenue Code. The bill also requires the Director of Human Resources Development to include details on the employment of retirants as investigators by the Department in the annual report to the Legislature required under section 88-9(f), HRS.

1. Investigators

The Department has identified certain positions of "investigator" as difficult to fill positions that are critically important to the Department's law enforcement capability and

objectives. This bill will allow the Department to rehire a retired law enforcement officer as an investigator without the investigator having to re-enroll in the ERS or suffer any loss of benefits so long as: (a) the retirant remains out of state or county employment for at least six consecutive calendar months prior to reemployment; (b) the Department identifies a labor shortage or difficult-to-fill position; and (c) the Department confirms that there was no agreement for the retirant to return to work after retirement. Given the Department's long-standing need for investigators, this bill will help to expedite the process of bringing trained, experienced investigators back to the work force.

The Department respectfully asks the Committee to pass the portion of this bill addressing investigators identified by the Department as a labor shortage or difficult-to-fill position, in its current form on page 5, line 10, through page 6, line 3, and with an amendment on page 6, lines 10-11, to cross-reference to the portion of the bill addressing school resource officers should it be deemed appropriate.

2. Department of Law Enforcement

The Department notes that neither the Department of Law Enforcement (DLE) nor the Department of Education has a "school resource officer" position. We interpret the intent of the bill to allow the DLE to employ a retirant as a labor shortage or difficult-to-fill position, and to have that retirant/DLE officer stationed at a public school to assist with security. Currently, public schools enter into memorandum of agreements with local law enforcement to have active law enforcement officers serve in security positions known as school resource officers. Recently, however, public schools have not entered into these agreements due to a current shortage of law enforcement officers.

To effectuate the intent of the bill, the Department suggests the following revisions:

1. Replace the text on page 1, lines 8-11, with the following:

"The legislature further finds that there is a labor shortage that makes it difficult to fill investigator positions in the department of the attorney general and law enforcement officer positions that can be stationed at public schools as school resource officers."

2. On page 4, line 15: replace "As a school resource officer" with "As a law enforcement officer"
3. Add a new subparagraph to section 88-9(d)(6) by making the following revisions:
 - a. On page 5, line 4, delete "and";
 - b. On page 5, line 9, replace "or" with "and"; and
 - c. Add new subparagraph (D) after page 5, line 9, to read as: "The retirant will be stationed at a public school as a resource officer; or".

Thank you for considering our comments regarding this bill.

JOSH GREEN, M.D.
GOVERNOR



KEITH T. HAYASHI
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/10/2025

Time: 03:00 PM

Location: CR 224 & Videoconference

Committee: Senate Labor and Technology

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Bill Title: HB 0214, HD1 RELATING TO GOVERNMENT.

Purpose of Bill: Allows a retirant to be employed without reenrollment in the Employees' Retirement System and without loss or interruption of retirement benefits if the retirant is employed as a school resource officer or investigator in positions identified by the Department of Law Enforcement or the Department of the Attorney General, respectively, as a labor shortage or difficult-to-fill positions, subject to certain conditions. Requires the Director of Human Resources of the appropriate state jurisdiction or the human resources management chief executive of each county to include in their annual reports to the Legislature, details on the employment of retirants as school resource officers or investigators. Effective 7/1/3000. (HD1)

Department's Position:

The Hawaii State Department of Education (Department) is in support of HB 214, HD 1.

The Department supports any efforts to increase safety within its schools and appreciates that HB 214, HD 1 recognizes that school resource officer positions are more appropriately established within the Department of Law Enforcement (DLE). The Department defers to the DLE as to the implementation of this measure.

Thank you for the opportunity to provide testimony on HB 214, HD 1.



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The Thirty-Third Legislature, State of Hawaii
The Senate
Committee on Labor and Technology

Testimony by
Hawaii Government Employees Association

March 10, 2025

H.B. 214, H.D. 1 – RELATING TO GOVERNMENT

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes the concept of H.B. 214, H.D. 1, which allows a retirant to be employed without reenrollment in the Employees' Retirement System and without loss or interruption of retirement benefits if the retirant is employed as a investigator in positions identified by the Department of Law Enforcement or the Department of the Attorney General, respectively, as a labor shortage or difficult-to-fill positions, subject to certain conditions.

Our organization represents many groups of employees that are currently short staffed, over worked, and underpaid, including employees in child welfare, permitting, healthcare, and the various administrative, clerical, and professional positions that provide key services that our communities rely on. Although we can appreciate the intent behind this measure, we find it unfair that this measure only addresses a group of employees, while there are many groups that are compensated far less and should be equally deserving, if not more, of this benefit. Therefore, if the legislature chooses to prioritize a job classifications to be entitled to this benefit, then we urge the legislature to consider opening this benefit up to all job classifications.

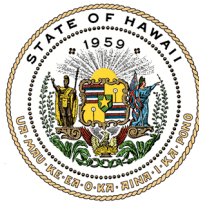
Thank you for the opportunity to provide testimony in opposition to H.B. 214, H.D. 1.

Respectfully submitted,

Kauanui Sabas
Legislative Manager

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

LATE



MIKE LAMBERT
DIRECTOR

SYLVIA LUKE
LT GOVERNOR
KE KE'ENA

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LAW ENFORCEMENT
Ka 'Oihana Ho'okō Kānāwai
715 South King Street
Honolulu, Hawaii 96813

JARED K. REDULLA
Deputy Director
Law Enforcement

TESTIMONY ON HOUSE BILL 214, HOUSE DRAFT 1
RELATING TO GOVERNMENT
Before the Senate Committee on
LABOR AND TECHNOLOGY
Monday, March 10, 2025, 3:00 PM
State Capitol Conference Room 224 & Videoconference
Testifiers: Mike Lambert

Chair Aquino, Vice Chair Lee, and members of the Committee:

The Department of Law Enforcement (DLE) strongly supports House Bill 214, House Draft 1, which allows retirants to be employed as school resource officers or investigators in positions identified by the Department of Law Enforcement or the Department of the Attorney General as labor shortage or difficult-to-fill positions without reenrollment in the Employees' Retirement System (ERS) and without loss of retirement benefits.

This bill recognizes the ongoing challenges faced by the DLE in filling critical investigator and school resource officer positions. Like many law enforcement agencies nationwide, we continue to experience significant staffing shortages in these specialized roles that are vital to public safety and the protection of our educational institutions.

The proposed legislation provides a practical solution by allowing us to tap into a valuable pool of qualified retired professionals who possess the necessary experience, training, and institutional knowledge to immediately contribute to our mission. These

retirants can seamlessly fill these positions without the current disincentive of losing their hard-earned retirement benefits.

While we recognize this is not a permanent solution to our staffing challenges; this measure provides the DLE with a necessary tool to maintain operational effectiveness. At the same time, we continue developing long-term recruitment and retention strategies.

DLE requests the following amendments:

1. Amend page 5, lines 10-12 to read:

“(7) As an investigator identified by the department of the attorney general or department of law enforcement as a labor shortage or difficult-to-fill position; provided that:”

2. Amend page 4, line 20-21 and page 5, lines 1-3 to read:

“(C) The department of the attorney general or department of law enforcement shall contribute to the pension accumulation fund the required percentage of the rehired retirant’s compensation to amortize the system’s unfunded actuarial accrued liability.”

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