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# A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
INVESTMENT OFFICE STAFF SALARIES.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. The legislature finds that salaries for  
2 investment professionals in the private sector far outpace those  
3 offered in state employment, making it difficult to attract and  
4 retain qualified investment staff. The legislature further  
5 finds that, in order for the board of trustees of the Hawaii  
6 employer-union health benefits trust fund to effectively recruit  
7 and retain the most capable individuals to invest and manage its  
8 \$9,500,000,000 investment portfolio, the board should be allowed  
9 to establish appropriate salaries for the trust fund's  
10 investment office staff.

11       Accordingly, the purpose of this Act is to authorize the  
12 board of trustees of the Hawaii employer-union health benefits  
13 trust fund to establish salaries for the trust fund investment  
14 office personnel that are commensurate with the private sector,  
15 consistent with section 88-29.5, Hawaii Revised Statutes, which  
16 provides the board of trustees of the employees' retirement  
17 system with similar powers.

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SECTION 2. Section 87A-24, Hawaii Revised Statutes, is amended to read as follows:

**"§87A-24 Other powers.** In addition to the power to administer the fund, the board may:

- (1) Collect, receive, deposit, and withdraw money on behalf of the fund;
- (2) Invest moneys in the same manner specified in section 88-119;
- (3) Hold, purchase, sell, assign, transfer, or dispose of any securities or other investments of the fund, as well as the proceeds of those investments and any money belonging to the fund;
- (4) Appoint, and at pleasure dismiss, an administrator and other fund staff. The administrator shall be exempt from chapter 76. Other fund staff may be exempt from chapter 76 as determined by the board. The administrator and staff who are exempt from chapter 76 shall serve under and at the pleasure of the board; provided that civil service exempt positions under this section that are created after July 1, 2014, shall be exempt from section 76-16(b)(17)(A); provided further that the salaries of the administrator [~~and~~],

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chief investment officer, investment officers, and  
investment analysts shall be set by the board;

- (5) Make payments of periodic charges and pay for reasonable expenses incurred in carrying out the purposes of the fund;
- (6) Contract for the performance of financial audits of the fund and claims audits of its insurance carriers;
- (7) Retain auditors, actuaries, investment firms and managers, benefit plan consultants, or other professional advisors to carry out the purposes of this chapter, including the retaining of an actuary to determine the annual required public employer contribution for the separate trust fund established under section 87A-42;
- (8) Establish health benefits plan and long-term care benefits plan rates that include administrative and other expenses necessary to effectuate the purposes of the fund; and
- (9) Require any department, agency, or employee of the State or counties to furnish information to the board to carry out the purposes of this chapter."

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1       SECTION 3. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3       SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: 

6

BY REQUEST

# S.B. NO. 3095

**Report Title:**

Hawaii Employer-Union Health Benefits Trust Fund; Investment  
Office Staff Salary Determination

**Description:**

Enables the Board of Trustees of the Hawaii Employer-Union  
Health Benefits Trust Fund to establish appropriate salaries for  
the investment office staff of the Trust Fund.

*The summary description of legislation appearing on this page is for informational purposes only and is  
not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Budget and Finance

TITLE: A BILL FOR AN ACT RELATING TO THE HAWAII  
EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
INVESTMENT OFFICE STAFF SALARIES.

PURPOSE: To allow the Board of Trustees of the Hawaii  
Employer-Union Health Benefits Trust Fund  
(Board) to establish salaries for the Trust  
Fund's investment office staff to recruit  
and retain qualified investment  
professionals.

MEANS: Amend section 87A-24, Hawaii Revised  
Statutes (HRS).

JUSTIFICATION: Salaries for investment professionals in the  
private sector far outpace those offered in  
state employment, making it difficult to  
attract and retain qualified investment  
staff. This bill allows the Board to  
establish competitive salaries for its  
investment office staff to recruit and  
retain highly capable individuals to invest  
and manage its \$9.5 billion portfolio.  
Section 88-29.5, HRS, provides the Board of  
Trustees of Employees' Retirement System  
similar authority to establish salaries for  
its investment staff.

Impact on the public: None.

Impact on the department and other agencies:  
The bill would allow the Trust Fund to  
attract and retain qualified investment  
professionals.

GENERAL FUND: Indeterminate cost increases.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: None.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE:       Upon approval.