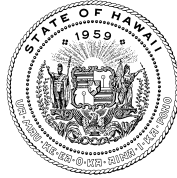


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWÉ LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON LABOR AND TECHNOLOGY

JANUARY 28, 2026, 3:00 P.M.
CONFERENCE ROOM 225 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 2118

RELATING TO INDEBTEDNESS TO THE STATE.

Chair Elefante Vice Chair Lamosao, and Members of the Committee, thank you for the opportunity to submit testimony on this measure.

The Department of Accounting and General Services (DAGS) offers **comments** on S.B. 2118 which sets the time requirement within which a disbursing officer must notify an employee of indebtedness to the government resulting from salary or wage overpayment and amends the amount a disbursing officer shall deduct to begin immediate recovery of indebtedness based on an employee's gross income.

We are concerned that limiting the per pay period deduction to five percent of an employee's gross income will significantly increase the amount of time necessary for a department to track and collect overpayments. The impact of this change may place undue administrative burden because of the extended amount of time necessary to

collect the overpayment. It is likely that departmental resources will need to be re-directed to manage the extended recovery period. As an example, based on the proposed legislation, a department tasked with collecting an overpayment to an employee in the amount of \$1,000 would be allowed to collect up to \$50 ($\$1,000 \times .05 = \50) per pay period. This would require approximately 20 pay periods or 10 months to recoup the overpayment. Departmental resources will need to track and record the deduction over the 10-month period instead of a much shorter period under the current statute. The current statute allows for a minimum amount of \$100 per pay period which, using the above example, would result in a much shorter 5-month administrative impact.

As it relates to the notification by the disbursing officer to the employee, we have no objection to providing a written statement to the employee at least thirty (30) calendar days before the deduction.

Thank you for the opportunity to testify on this matter.



The Senate Committee on Labor and Technology

January 28, 2026

Room 225

3:00 PM

RE: SB 2118, Relating to Indebtedness to the State

Attention: Chair Brandon J.C. Elefante, Vice Chair Rachele Lamosao and
Members of the Committee

The University of Hawaii Professional Assembly (UHPA), the exclusive bargaining representative for all University of Hawai'i faculty members across Hawai'i's statewide 10-campus system, **supports SB 2118**.

Faculty compensation is uniquely complex due to grant funding, stipend processing, varying contract periods (9-month vs. 11-month), and overload pay. These complexities increase susceptibility to administrative payroll errors through no fault of the employee.

By capping recovery deductions at 5% of gross income and mandating a 30-day written notice, this bill establishes necessary financial safeguards, ensuring faculty can sustain their essential living expenses while affording them the due process needed to verify complex payroll records before their wages are reduced.

UHPA supports the passage of SB 2118.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. Fern'.

Christian L. Fern
Executive Director
University of Hawaii Professional Assembly

University of Hawaii
Professional Assembly

SB-2118

Submitted on: 1/27/2026 1:37:32 PM

Testimony for LBT on 1/28/2026 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Austin "Shiloh" Martin	Testifying for Libertarian Party of Hawaii	Oppose	Remotely Via Zoom

Comments:

Aloha Chair Lee, Vice Chair Fevella, and committee members. I am Austin Martin, Chair of the Libertarian Party of Hawaii, testifying in opposition to SB 2116 (Public Employee Complaints/Indebtedness).

SB 2116 broadens protections against indebtedness-related complaints for public employees, shielding government personnel from consequences faced by private workers.

Such special treatment entrenches inefficiency and shifts risks onto taxpayers. I recommend defeating this bill to enforce equal accountability across sectors.

Due to human error, this testimony was accidentally added to SB2116 — relating to anonymous complaints against public employees, a bill which we actually support with caveats.

Mahalo for your kokua to this matter.

Austin Martin

Libertarian Party



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

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

Testimony by
Hawaii Government Employees Association

January 28, 2026

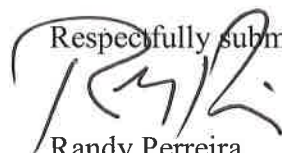
S.B. 2118 — RELATING TO INDEBTEDNESS TO THE STATE.

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2118, which amends the amount that a disbursing officer may deduct from an employee's salary, wage, or compensation based on the employee's gross income.

At times, the state and counties will mistakenly overpay an employee on a continual basis or in one lump sum amount. Through no fault of their own, these employees are stiffed with a loan and a hefty repayment plan that they cannot afford due to a department's failure to accurately pay an employee – it's the departments fault, not the employee's. As currently written, Hawaii Revised Statutes Chapter 78-12, the minimum repayment amount is either \$100 per pay period or 25% of an employee's salary with no consideration to how much an employee earns. It also doesn't require prior notification to an employee before wages are garnished – which leaves many employees caught by surprise when they receive a reduced paycheck.

By creating a more lenient repayment process, it will help provide financial flexibility to these employees, particularly employees on the lower end of the salary schedule who may fall into financial hardship because they cannot support the additional constraint. It is the employer's responsibility to pay their employees accurately. We understand that mistakes happen, but it is unacceptable to have a strict repayment process that may subject employees to financial hardship due to the employer's inability to properly calculate wages. The statute should be more lenient to repay the balance in the least destructive way possible. Employees are not asking for these overpayments, and they will pay the balance back, but many of them ask for a more tolerable repayment schedule.

Thank you for the opportunity to provide testimony in strong support of S.B. 2118.

Respectfully submitted,

Randy Perreira
Executive Director



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

THE SENATE
KA 'AHA KENEKOA

THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2026

COMMITTEE ON LABOR AND TECHNOLOGY

Senator Brandon J.C. Elefante, Chair
Senator Rachele Lamosao, Vice Chair

Wednesday, January 28, 2026, 3:00 PM
Conference Room 225 & Videoconference

Re: Testimony on SB2118 – RELATING TO INDEBTEDNESS TO THE STATE

Chair Elefante, Vice Chair Lamosao, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO ("UPW") is the exclusive bargaining representative for approximately 12,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties.

UPW **strongly supports** SB2118, which amends the amount that a disbursing officer may deduct from an employee's salary, wage, or compensation based on the employee's gross income.

From time to time, the State and counties will mistakenly overpay an employee over a period of time or through a lump sum payment. This overpayment effectively becomes a loan with a burdensome repayment plan that the affected employee often cannot afford. §78-12, Hawaii Revised Statutes, currently provides that the minimum payment amount is \$100 per pay period or 25% of an employee's compensation until the indebtedness is paid in full. This statutory provision is a bit antiquated given the rising cost of living and unfairly punishes a public employee for a payroll error committed by the employer.

While UPW understands that indebtedness must be repaid, the current repayment schedule is simply too costly for many of our members who earn \$2,000 or less per pay period and are living paycheck to paycheck. The legislation attempts to address the inequity of the current repayment plan by establishing a cap of five percent of an employee's gross income per pay period. Additionally, the elimination of the "swipe" provision, which allows DAGS to recover an indebtedness equal to or less than \$1,000 in a single pay period, would further help alleviate the financial burden created by an employer's payroll error.

Mahalo for the opportunity to testify in support of this measure.

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