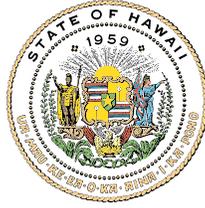


JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



KALBERT K. YOUNG
EXECUTIVE DIRECTOR

GAIL STROHL
DEPUTY EXECUTIVE DIRECTOR

**STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM**

**TESTIMONY BY KALBERT YOUNG
EXECUTIVE DIRECTOR, EMPLOYEES' RETIREMENT SYSTEM
STATE OF HAWAII
TO THE SENATE COMMITTEE ON LABOR AND TECHNOLOGY
ON
SENATE BILL NO. 3096**

February 9, 2026

3:01 P.M.

Conference Room 225 and VIA Videoconference

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

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

The Board of Trustees of the Employees' Retirement System (ERS) thanks you for the opportunity to testify in strong support of SB 3096.

SB 3096 proposes to increase employer contributions for police officers, firefighters, and certain investigators by three percent to ensure that the ERS's unfunded accrued liability does not exceed the statutorily established maximum funding period.

SB 3096 is necessary because a recent annual review of the pension liability of the Hawaii Employees' Retirement System evidenced uneven progress towards eventually achieving full funding for the liability. The increased contributions on the employers of these groups better align with the actuarial needs to provide for the benefits to which their employees are entitled and limits the increasing liability from being subsidized by other employers and members of the system. The changes proposed in SB 3096 are a responsible and necessary step toward the long-term sustainability and fiscal integrity for this group of employees and the system.



Employees' Retirement System
of the State of Hawaii

The contributions for normal cost and accrued liability are assessed separately for this group to appropriately fund the level of retirement benefits provided. The liability for this group of employees increased due to a continued trend of higher than projected or forecasted salary increases. Unlike other members of the system whose accrued liability is decreasing year-over-year and on track to be eliminated in the year 2046 (21 years from the Actuarial Valuation Report ending June 30, 2025), the liability for this group has actually grown and is extending the period in which full funding is expected to be reached to 2049.

The funding period maximum was established to ensure an appropriate and prudent response to increasing unfunded liabilities in the system as the funded ratio progresses. This group's 24-year funding period meets the current 24-year maximum for FY 2025 and threatens to breach subsequently scheduled year-over-year reductions which plateau at a maximum of 20 years.

While the contribution rates are statutorily subject to adjustment if the period to fund the accrued liabilities exceeds the maximum funding period, they are also subject to adjustment in response to actuarial findings. Addressing funding gaps sooner helps prevent far more difficult and costly decisions in the future and protects both employees and taxpayers from greater financial risk. Increasing the employer contributions for the specified group will prevent increases for all employers who share liability across the system.

While increased contributions are never easy, proactive adjustments are essential to preserving the solvency of the system and safeguarding earned benefits for current and future retirees. This measure demonstrates a commitment to honoring the promises made to our public safety professionals while maintaining a stable and reliable retirement structure.

The Board of Trustees of the ERS thanks the committee for the opportunity to provide testimony on SB 3096 and requests your favorable consideration.

RICHARD T. BISSEN, JR.
Mayor

JOSIAH K. NISHITA
Managing Director

ERIN K. WADE
Deputy Managing Director



OFFICE OF THE MAYOR
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

TO: Senator Brandon J.C. Elefante, Chair
Senator Rachele Lamosao, Vice Chair
Committee on Labor and Technology

FROM: Richard T. Bissen, Jr., Mayor
Josiah K. Nishita, Managing Director

DATE: February 7, 2025

SUBJECT: **COMMENTS FOR SB3096 RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM'S EMPLOYER CONTRIBUTIONS FOR NORMAL COST AND ACCRUED LIABILITY.**

Thank you for the opportunity to provide **COMMENTS** on this measure which aims to increase employer contributions for normal cost and accrued liability for a specified group of employees to ensure the unfunded accrued liability of the Employees' Retirement System of the State of Hawai'i does not exceed the maximum funding period.

The County of Maui supports the intent of this measure and recognizes the importance of maintaining the long-term fiscal health of the ERS. However, we respectfully request consideration of a one-year delayed effective date, with implementation beginning in fiscal year 2027.

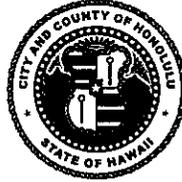
A delayed start will allow counties sufficient time to plan, budget, and responsibly absorb the increased employer contribution rates, helping to ensure a smoother transition without negatively impacting essential public services or other fiscal obligations.

Mahalo for your consideration.

OFFICE OF THE MAYOR
KE KE'ENA O KA MEIA
CITY AND COUNTY OF HONOLULU

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RICK BLANGIARDI
MAYOR
MEIA



MICHAEL D. FORMBY
MANAGING DIRECTOR
PO'O HO'OKELE

KRISHNA F. JAYARAM
DEPUTY MANAGING DIRECTOR
HOPE PO'O HO'OKELE

February 10, 2026

The Honorable Brandon Elefante, Chair
The Honorable Rachele Lamosao, Vice-Chair
And Members of the Committee on Labor and Technology
Hawaii State Senate
415 South Beretania Street, Room 225
Honolulu, Hawai'i 96813

SUBJECT: City and County of Honolulu Testimony with Comments on Senate Bill 3096

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

The City and County of Honolulu understands and **supports the intent** of SB3096. Via discussion with the Employment Retirement Systems (ERS), we indicated strong support for maintaining the long-term fiscal viability of the ERS, but respectfully requested a one-year delayed effective date with implementation beginning July 1, 2027 (Fiscal Year 2028). We similarly make this request of the committee, as our Fiscal Year 2027 budget is effectively closed for final submittal to Council in early March.

A delayed start will allow counties sufficient time to appropriately plan, budget, and fund the increased employer contribution rates.

Should there be any questions, please contact our Legislative Liaison, Anthony Miranda, at 808-768-6608 or via email at anthony.miranda@honolulu.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Formby".

Michael D. Formby
Managing Director