

**ACT 180**

S.B. NO. 2073

A Bill for an Act Relating to the University of Hawaii.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 88-8, Hawaii Revised Statutes, is amended as follows:

1. By amending subsections (a) and (b) to read:

“(a) Notwithstanding any other law to the contrary, the board of regents may establish without regard to the public notice or public hearing requirements of

chapter 91, a retirement system separate from the state employees' retirement system to provide retirement allowances and other benefits for University of Hawaii employees who are[:

- (1) ~~Members of bargaining unit (7); or~~
- (2) ~~Other employees of the University of Hawaii or the community college system who are excluded from bargaining unit (7) pursuant to chapter 89.]~~

appointed on or after the effective date of this Act by the University of Hawaii board of regents and are eligible for membership in the state employees' retirement system.

(b) The general administration and the responsibility for the proper operation of the optional retirement system of the University of Hawaii shall be vested in the board of regents. [The board of regents may manage the optional retirement system within the University of Hawaii or contract for the management of the optional retirement system.] In fulfillment of its general administrative responsibilities related to the optional retirement system of the University of Hawaii and to ensure adequate choice and competition for employee-participants, the board of regents shall designate no fewer than three companies to provide annuity contracts, mutual fund accounts, or similar investment products offered through state or national banking institutions, or a combination of them, under the optional retirement system."

2. By amending subsections (e), (f), (g), and (h) to read:

"(e) [The employer's share of the cost of the optional retirement plan of the optional retirement system of the University of Hawaii shall not exceed the equivalent amount for any other group covered by this chapter.] For any employee whose compensation is paid in whole or in part from the general fund and who elects to become a member of the optional retirement system, the University of Hawaii shall make an annual contribution on behalf of the employee to the optional retirement system. The State shall remit to the University of Hawaii an amount equal to six per cent of the employee's compensation, taking into account any lag or smoothing arrangements that are in effect with respect to appropriations that the state employees' retirement system receives from the general fund, in lieu of any contribution that the State would have made to the state employees' retirement system on behalf of the employee had the employee not elected membership in the optional retirement system; provided that:

- (1) The State's annual contribution for any such employee shall not exceed six per cent of \$100,000; and
- (2) The University of Hawaii shall be responsible for any contribution amounts in excess of the State's contribution.

(f) Any member of the state employees' retirement system when the optional retirement system of the University of Hawaii is established [who is also:

- (1) A member of bargaining unit (7); or
- (2) Other employees of the University of Hawaii or the community college system who are excluded from bargaining unit (7) pursuant to chapter 89,

shall remain a member of the state employees' retirement system unless the person elects in writing on a form prescribed by the board of regents to terminate the person's membership. The form shall be submitted to the state employees' retirement system no later than ninety days after the establishment of the optional retirement system of the University of Hawaii.] shall not be eligible for membership in the optional retirement system.

(g) Any person hired after the establishment of the optional retirement system of the University of Hawaii who is[:

- (1) A member of bargaining unit (7); or

- (2) ~~Other employees of the University of Hawaii or the community college system who are excluded from bargaining unit (7) pursuant to chapter 89;~~

an appointee of the University of Hawaii board of regents and is eligible for membership in the state employees' retirement system shall [elect to] be enrolled as a member of the state employees' retirement system [or], unless the employee elects to be enrolled in the optional retirement system of the University of Hawaii[-] within ninety days of the date of the employee's appointment. Upon [an election the] electing to be enrolled in the optional retirement system, a person who remains employed by the University of Hawaii may not transfer from [one system to the other.] the optional retirement system to the state employees' retirement system. Service under the optional retirement system shall not be creditable as service under the state employees' retirement system.

(h) Notwithstanding any other law to the contrary, retirement benefits for the optional retirement system of the University of Hawaii shall be a subject of collective bargaining negotiations for bargaining ~~unit~~ units (7)[-] and (8).''

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

SECTION 3. This Act shall take effect upon its approval and shall be repealed on July 1, 2009; provided that subsections (a), (b), (e), (f), (g), and (h) of section 88-8, Hawaii Revised Statutes, shall be reenacted in the form in which they read on the day before the effective date of this Act.

(Approved July 7, 2004.)