

Honolulu, Hawaii

March 30, 2012

RE: H.C.R. No. 152  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.C.R. No. 152 entitled:

"HOUSE CONCURRENT RESOLUTION REQUESTING THE DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT TO CONVENE A TASK FORCE TO EXAMINE MANAGEMENT POLICIES REGARDING THE USE OF OVERTIME BY STATE AND COUNTY EMPLOYEES,"

begs leave to report as follows:

The purpose of this measure is to work to address the effect overtime costs have on the unfunded liability of the Employees' Retirement System by requesting the Department of Human Resources Development to convene a task force to examine management policies regarding the use of overtime by state and county employees.

The Mayor of the City and County of Honolulu, Department of Human Resources Development, and Honolulu Fire Department testified in support of this measure. The Department of Fire & Public Safety of the County of Maui testified in support of the intent of this measure.

Currently, the Employees' Retirement System has an unfunded liability of approximately \$8,164,000,000 that is continuing to grow. A number of factors have contributed to the System's unfunded liability, including the use of overtime. This was brought to light in recent cases involving the action of pension spiking, which is a process whereby a public sector employee significantly increases the employee's retirement compensation,

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through overtime or other similar opportunities, in the years immediately preceding retirement so that the resultant pension is abnormally inflated in comparison to the pension that the employee would otherwise receive without the late career overtime compensation. These factors can lead to increases in the unfunded actuarial accrued liability of the Employees' Retirement System.

However, your Committee notes that overtime is authorized by supervisors and that the management of employees' time and work attendance is a critical factor in the determination of overtime. Your Committee also finds that the management of various departments and agencies must play a larger role in addressing the factors that lead to overtime costs within their departments and agencies. Convening a task force to examine management policies regarding the use of overtime by state and county employees will help address these issues.

Your Committee has amended this measure by:

- (1) Including a representative of the State of Hawaii Organization of Police Officers and a representative of the Hawaii Fire Fighters Association on the task force; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 152, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.C.R. No. 152, H.D. 1.

Respectfully submitted on  
behalf of the members of the  
Committee on Labor & Public  
Employment,



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KARL RHOADS, Chair



State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

HSCR 1396-12

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HCR 152	Committee Referral: LAB, FIN	Date: 3-23-12
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The committee is reconsidering its previous decision on the measure.

The recommendation is to:     Pass, unamended (as is)     Pass, with amendments (HD)     Hold  
 Pass short form bill with HD to recommit for future public hearing (recommit)

LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.				/
4. CULLEN, Ty	/			
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.	/			
7. LUKE, Sylvia				/
8. SAIKI, Scott K.				/
9. SOUKI, Joseph M.	/			
10. TAKUMI, Roy M.	/			
11. FONTAINE, George R.	/			
12. JOHANSON, Aaron Ling	/			
<b>TOTAL (12)</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>3</b>

The recommendation is:     Adopted     Not Adopted  
If joint referral, \_\_\_\_\_ did not support recommendation.  
committee acronym(s)

Vice Chair's or designee's signature:

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