
A BILL FOR AN ACT

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.

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

1 SECTION 1. Section 89E-3, Hawaii Revised Statutes, is
2 amended as follows:
3 1. By amending subsection (a) to read:
4 "(a) Notwithstanding section 88-99 or any other law to the
5 contrary, the employees' retirement system may provide,
6 regardless of whether the actuarial value of the system's assets
7 is one hundred per cent of the system's actuarial accrued
8 liability, the benefits authorized under this section. Any
9 employee who receives official notification that the employee's
10 position is being abolished or who is directly affected by a
11 reduction-in-force or workforce restructuring plan, including
12 privatization, proposed by an agency may elect, if the employee
13 is eligible to receive benefits from the employees' retirement
14 system and meets any of the criteria specified in subsection
15 (c), the special retirement benefit provided by this section in
16 lieu of exercising any reduction-in-force rights under chapter
17 89 [~~and in lieu of receiving any severance benefits under~~



1 ~~section 89E-2~~]. To receive the special retirement benefit
2 offered under this section, the employee shall comply with the
3 application and time frame requirements specified in subsection
4 (b)."

5 2. By amending subsection (e) to read:

6 "(e) The head of the agency shall transmit a list of
7 employees who elected and received the special retirement
8 benefit to the board of trustees of the employees' retirement
9 system not less than thirty days but not more than one hundred
10 fifty days prior to the employee's retirement date. The head of
11 the agency shall certify that the employees on the list have in
12 fact selected the special retirement benefit in lieu of
13 ~~[receiving the severance benefit under section 89E-2 and]~~
14 exercising any reduction-in-force rights under chapter 89."

15 SECTION 2. Section 89E-4, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "[+] §89E-4 [+] **Restrictions.** No ~~[severance benefit or]~~
18 special retirement benefit under this chapter shall be payable
19 to an employee discharged for lawful disciplinary reasons or for
20 reasons other than a reduction-in-force or workforce
21 restructuring plan."



1 SECTION 3. Section 89E-5, Hawaii Revised Statutes, is
2 amended to read as follows:

3 " ~~[+] §89E-5 [+~~ **Reemployment.** Any employee who has received
4 ~~[either a severance benefit or]~~ a special retirement benefit
5 under this chapter and returns to public service within two
6 years as an employee or contractor shall repay ~~[the severance~~
7 ~~benefit or]~~ the special retirement benefit to ~~[the State or]~~ the
8 employees' retirement system~~[, as the case may be,]~~ within
9 thirty days of reemployment with a public employer."

10 SECTION 4. Section 89E-6, Hawaii Revised Statutes, is
11 amended to read as follows:

12 " ~~[+] §89E-6 [+~~ **Payments; lapse of unexpended funds.** After
13 payments of all costs associated with the ~~[severance benefits~~
14 ~~and]~~ special retirement benefits, the public employer's
15 remaining payroll balances shall not be expended for any purpose
16 and shall be lapsed into the appropriate fund."

17 SECTION 5. Section 89E-7, Hawaii Revised Statutes, is
18 amended to read as follows:

19 " ~~[+] §89E-7 [+~~ **Reporting requirements; reduction in**
20 **personnel counts.** The head of the agency that provided benefits
21 under this chapter shall:



- 1 (1) Transmit a report of every position identified for
2 abolishment and vacated under this chapter to the
3 directors of finance and human resources development,
4 who shall abolish these positions from the appropriate
5 budget and personnel files. The governor shall report
6 this information to the legislature no later than
7 twenty days prior to the convening of each regular
8 session beginning with the regular session of 2017;
- 9 (2) Reduce its personnel count by every position
10 identified for abolishment and vacated under this
11 chapter, whether the former incumbent vacated the
12 position as a result of accepting a [~~severance benefit~~
13 or] special retirement benefit authorized under this
14 chapter or of exercising reduction-in-force rights;
15 and
- 16 (3) Transmit a list that includes each employee who
17 received benefits under this chapter and the benefit
18 received by the employee to the directors of finance
19 and human resources development."

20 SECTION 6. Section 89E-8, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:



1 " [†] (a) [†] The departments of human resources development
2 and budget and finance shall develop and administer guidelines
3 and time frames with the exclusive representatives of affected
4 public employees to implement the [~~voluntary severance benefits~~
5 and] special retirement benefits under this chapter. The
6 department of human resources development, the department of
7 labor and industrial relations, the employees' retirement
8 system, and the Hawaii employer-union health benefits trust fund
9 shall work cooperatively to ensure that briefings are provided
10 prior to the implementation of any workforce restructuring plan
11 to educate the employees whose positions are being abolished or
12 who are directly affected by a reduction-in-force or workforce
13 restructuring plan."

14 SECTION 7. Section 89E-10, Hawaii Revised Statutes, is
15 amended to read as follows:

16 " [†] §89E-10 [†] **Review by employee.** Employees offered a
17 [~~severance benefit or a~~] special retirement benefit shall be
18 given sufficient time to make an informed decision from the date
19 of receiving accurate and complete information about the offer."

20 SECTION 8. Section 89E-2, Hawaii Revised Statutes, is
21 repealed.



1 ~~["§89E-2] Voluntary severance benefit. (a) Any employee~~
 2 ~~entitled to reduction in force rights under chapter 89 and who~~
 3 ~~receives official notification that the employee's position is~~
 4 ~~being abolished or who is directly affected by a reduction in~~
 5 ~~force or workforce restructuring plan, including privatization,~~
 6 ~~may elect to receive a voluntary severance benefit provided~~
 7 ~~under this section in lieu of exercising any reduction in force~~
 8 ~~rights under chapter 89 and in lieu of receiving any special~~
 9 ~~retirement benefit under section 89E-3.~~

10 ~~(b) A one time lump sum cash bonus severance benefit shall~~
 11 ~~be calculated at five per cent of the employee's base salary for~~
 12 ~~every year of service worked, not to exceed ten years, and shall~~
 13 ~~not exceed fifty per cent of the employee's annual base salary.~~

14 ~~For the purposes of this section, "annual base salary"~~
 15 ~~means an employee's annual salary for the position from which~~
 16 ~~the employee is to be separated, excluding all other forms of~~
 17 ~~compensation paid or acerued, whether a bonus, allowance,~~
 18 ~~differential, or value of leave or compensatory time off~~
 19 ~~credits. Compensation exeluded from base salary includes~~
 20 ~~shortage category differential, night shift differential,~~



1 ~~overtime, compensatory time off credits, vacation or sick leave~~
2 ~~credits, and workers' compensation benefits.~~

3 ~~(c) A severance benefit shall be in addition to any~~
4 ~~payment owing to the employee upon separation from service,~~
5 ~~including accumulated unused vacation allowances or compensatory~~
6 ~~time credits.~~

7 ~~(d) All severance benefits paid under this section shall~~
8 ~~be subject to applicable state income tax laws and rules.~~

9 ~~(e) A severance benefit provided under this section shall~~
10 ~~not be considered as a part of a discharged employee's salary,~~
11 ~~service credit, or a cost item as defined in section 89-2 when~~
12 ~~calculating retirement benefits or sick and vacation leave."]~~

13 SECTION 9. This Act does not affect rights and duties that
14 matured, penalties that were incurred, and proceedings that were
15 begun before its effective date.

16 SECTION 10. Statutory material to be repealed is bracketed
17 and stricken.

18 SECTION 11. This Act shall take effect on July 1, 2050.



Report Title:

Separation Benefits; Voluntary Severance Benefit

Description:

Repeals the voluntary severance benefits from Act 1, SSLH 2016,
as codified. (HB234 HD1)

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