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HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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December 18, 2023

The Honorable Ronald D. Kouchi
President and Members
of the Senate
Thirty Second State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki
Speaker and Members of the
House of Representatives
Thirty Second State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Employees' Retirement System's Employer Reporting of Information report for 2023, as required by Act 87, Session Laws of Hawaii 2015. In accordance with Section 93-16, Hawaii Revised Statutes, a copy of this report has been transmitted to the Legislative Reference Bureau and the report may be viewed electronically at <http://ers.ehawaii.gov/resources/reports-to-legislature>.

Sincerely,

/S/

LUIS P. SALAVERIA
Director of Finance

Enclosure

c: Legislative Reference Bureau
ec: Governor's Office: Gov.ReportsDistribution@hawaii.gov
Lieutenant Governor's Office: LtGov.ReportsDistribution@hawaii.gov
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EMPLOYEES' RETIREMENT SYSTEM
OF THE STATE OF HAWAII

ACT 87, SESSION LAWS OF HAWAII 2015
RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

STATUS OF EMPLOYER REPORTING OF INFORMATION
2023

The Employees' Retirement System (ERS) hereby submits its report on the progress of employer reporting of personnel and payroll information, as required by Act 87, Session Laws of Hawaii 2015 ("Act 87, SLH 2015").

Importance of Employer Reporting

The ERS administers retirement, death, and disability benefits for eligible State and county employees. Because benefits eligibility and entitlement are determined using payroll data (compensation information) and personnel data (service credit information), it is essential that the ERS receive timely and accurate data from State and county employers, who are the sole source of such data.

To that end, Act 87, SLH 2015 requires State and county employers to "furnish the information required by the system pursuant to this section in the format required by the system." Act 87, SLH 2015 further requires State and county employers to pay a penalty to the ERS should they fail to furnish the ERS with the information required in the format required.

Progress of Employer Reporting

In the first half of 2022, the ERS met with State and county employers to discuss the various types of compensation paid to their employees. In response to the employers' request for guidance, ERS issued a memo on September 1, 2022 to provide clarification and guidance as to the types of pay that may be reported as compensation to the ERS for benefit computation purposes.

On November 16, 2022, ERS issued a memo notifying employers of the requirements for personnel and payroll reporting. In January and February of 2023, ERS met with employers to review the requirements and to provide feedback on their reporting efforts to date.

On May 26, 2023, ERS issued a memo to employers to provide an updated time frame for implementing the employer reporting requirements that were outlined in the November 16, 2022 memo. The updated time frame is as follows:

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| Employer Reporting Implementation Period: | Fiscal year July 2023 to June 2024 |
| Compliance Review and Evaluation Period: | Fiscal year July 2024 to June 2025 |
| Noncompliance Penalties: | July 2025 for the previous fiscal year |

On October 31, 2023, ERS issued a memo to employers providing them with the baseline employer reporting requirements that will be used during the July 1, 2024 to June 30, 2025 Compliance Review and Evaluation Period.

In the meantime, the ERS Employer Team, comprised of benefits, accounting, information system and administrative support staff members, continues to assist employers in their compliance efforts on a daily basis.