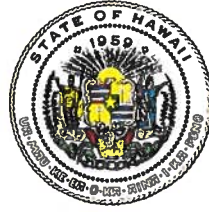


JOSH GREEN, M.D.  
GOVERNOR




THOMAS WILLIAMS  
EXECUTIVE DIRECTOR

**STATE OF HAWAII  
EMPLOYEES' RETIREMENT SYSTEM**

September 13, 2024

TO: State Directors  
State Personnel and Payroll Officers

FROM: Thomas Williams, Executive Director  
Employees' Retirement System 

SUBJECT: Reporting of Temporary Hazard Pay for Affected Employees Under the Settlement Agreement Between the State of Hawai'i and HGEA, Effective June 12, 2024

This memorandum is to provide guidance on the eligibility and reporting of the Temporary Hazard Pay (THP) under the Settlement Agreement between the State of Hawai'i (State), Department of Human Resources Development (DHRD), and the Hawai'i Government Employees Association, Local 142, AFSCME, AFL-CIO (HGEA) effective June 12, 2024 (Agreement), for Employees' Retirement System (ERS) purposes.

Based on the information provided to the ERS, the ERS has determined that the THP payments to be paid in October 2024 and March 2025 represent a non-recurring "differential" earned by Affected Employees (as defined in the Agreement) in their respective months of qualifying service in the period between March 4, 2020, through March 25, 2022. The THP payments therefore constitute ERS eligible "compensation" for Affected Employees who became ERS members before July 1, 2012 (Tier 1 members), pursuant to Hawaii Revised Statutes (HRS) § 88-21.5(a). The THP payments do not constitute ERS eligible "compensation" for Affected Employees who became ERS members after June 30, 2012 (Tier 2 members), pursuant to HRS § 88-21.5(b), and should not be reported to the ERS.

For Tier 1 members, employers should report the THP payments to ERS as a non-recurring differential in the Payroll File Layout Sequence number 39, "Tier 1 Other Pay Amount" field, with the amounts allocated towards the monthly (or semi-monthly) periods in which they were earned. Any required employer and employee contributions should be reported based on the ERS group and class code under which the Tier 1 member was a member at the time that the THP was earned. This may be different than the group and class code of the employee when the THP is paid. Further, please be advised that the THP payments shall be subject to HRS § 88-100, governing significant non-base pay increases to average final compensation and benefits, and may require employers to pay additional contributions.



Employees' Retirement System  
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State Directors, State Personnel & Payroll Officers

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That said, it has come to our attention that State employers may not at present be able to retroactively report THP payments through the payroll system allocated to the periods in which they were earned, in the manner and format set forth above. In light of the exceptional circumstances giving rise to the THP payments, the specific structure of the Agreement, the volume of THP payments, and taking into consideration the interests of its members, the ERS may be able to assist employers with an initial allocation of the THP payments, provided employers acknowledge that the ERS' assistance does not relieve them of their statutory responsibility for "furnish[ing] the information required by the system . . . in the format required by the system[,]" see Hawaii Revised Statutes § 88-103.7, and employers certify the accuracy of the ultimate allocation and reporting before the ERS utilizes such information to process benefits.

The ERS appreciates your continued consideration of and cooperation with our reporting requirements, which is integral to the proper administration of ERS benefits. Should you have any questions, please contact James Greubel, Program Specialist, at (808) 586-1863 or the Retirement System Program Specialist group at [dbf.ers.admin.programspecialist@hawaii.gov](mailto:dbf.ers.admin.programspecialist@hawaii.gov).