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December 24, 2024

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

The Honorable Nadine K. Nakamura  
Speaker and Members of the  
House of Representatives  
Thirty-Third State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Nakamura 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 2024, 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](mailto:Gov.ReportsDistribution@hawaii.gov)  
Lieutenant Governor's Office: [LtGov.ReportsDistribution@hawaii.gov](mailto:LtGov.ReportsDistribution@hawaii.gov)  
Legislative Auditor: [auditors2@auditor.state.hi.us](mailto:auditors2@auditor.state.hi.us)  
Department of Budget and Finance: [DBFLeg.DIR@hawaii.gov](mailto:DBFLeg.DIR@hawaii.gov)

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  
FOR 2024

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") for 2024.

**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 2024, the ERS Employer Team, comprised of benefits, accounting, information system and administrative support staff members, continued to assist employers in their compliance efforts.

On April 12, 2024, ERS issued a memo providing guidance to employers as to the types of pay that may be reported to ERS as a "recurring differential" for benefit computation purposes.

During August, September, and October, ERS met with State and county employers to discuss the required reporting of the various Temporary Hazard Pay payments paid to their employees.

On November 25, 2024, the ERS finalized contracting with a third-party accounting, consulting, and audit firm to assist with the review and analysis of personnel and payroll data. The contractor is currently being onboarded and employer reporting support activities are expected to begin in Q4 of the Fiscal Year.

In the meantime, ERS is reviewing its reporting requirements and related processing procedures, and developing diagnostic reports so that appropriate controls may be established with the contractor in the analysis of the employer reporting data. Due to the time and resources required to analyze the reporting data, provide subsequent notice and response time, the ERS anticipates that no employers would be subject to the pre-payment of contributions penalty due to failing to report data in the required format in Fiscal Year 2025.