

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR



JADE T. BUTAY  
DIRECTOR

WILLIAM G. KUNSTMAN  
DEPUTY DIRECTOR

STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813

HAWAII RETIREMENT  
SAVINGS BOARD

**Co-Chairs**  
Jade T. Butay  
Luis Salaveria

**Members**  
Jessie Keola Dean  
Barbara Krieg  
Andrew Nomura  
Brian Taniguchi  
Karen Yasukawa  
Senator Sharon Moriwaki

## HAWAII RETIREMENT SAVINGS PROGRAM BOARD MEETING

Tuesday, June 27, 2023  
2:45 p.m.  
830 Punchbowl Street  
Room 321  
Honolulu, HI 96813

### MEETING MINUTES

#### MEMBER ATTENDEES

Bill Kunstman, Director's Designee, Department of Labor and Industrial Relations (DLIR),  
Luis Salaveria, Co-Chair, Department of Budget & Finance  
Jessie Keola Dean, Member  
Barbara Krieg, Member  
Andrew Nomura, Member  
Karen Yasukawa, Member  
Senator Sharon Moriwaki, Member  
Brian Taniguchi, Member

#### GUESTS

Nancy L. Bernal, DLIR  
David Rodriguez, DLIR  
Michael Moriyama, Department of the Attorney General (AG)  
Kealii Lopez, AARP Hawaii  
Angela Antonelli, Georgetown University Center for Retirement Initiatives

#### **I. Call Meeting to Order**

Mr. Kunstman called the meeting to order at 2:45 p.m.

#### **II. Approval of the Minutes of the June 9, 2023 Meeting**

Ms. Krieg moved to approve the June 9, 2023 meeting minutes, seconded by Mr. Dean, and the motion carried with all members present voting in the affirmative.

#### **III. Public Comment Period for Agenda Items**

No public comments were provided.

#### **IV. Sunshine Law**

- A. Board Quorum Pursuant to 389-3(d), Hawaii Revised Statutes (HRS)
- B. Overview of Permitted Interaction Groups Pursuant to 92.25(b), HRS

Mr. Kunstman clarified a question that was raised at the June 9, 2023 meeting regarding board quorum and explained that four of the seven members would constitute a quorum, which excludes ex-officio members.

Mr. Kunstman provided an overview of forming a Permitted Interaction Group (PIG) pursuant to the Sunshine Law and referenced the handout in the board packet. Senator Moriwaki commented that she recalled from the June 9, 2023 meeting that a selection committee rather than a PIG would be formed to conduct personnel matters related to hiring an executive director (ED). Mr. Kunstman clarified that the board may or may not choose to form a PIG and that this information was being shared with the board for informational purposes.

#### **V. Budget**

- A. Review of Appropriations for the Hawaii Retirement Savings Program
  - i. Act 296 (Session Laws of Hawaii, 2022)
  - ii. House Bill 300 Relating to the State Budget
- B. Authorization and Approval for the Department of Labor and Industrial Relations (DLIR) to Expend Program Funds to Initiate and Administer the Hawaii Retirement Savings Program

Mr. Kunstman went over the board packet handouts covering the Hawaii Retirement Savings Program's (HRSP) appropriations and budget. Mr. Taniguchi inquired what the final appropriated amount was for the HRSP after the 10% contingency restrictions, and Mr. Kunstman responded that it was \$1,129,500.

Regarding the expenditure of program funds to initiate and administer and HRSP, Mr. Kunstman explained that the board has not spent any money thus far. In order to spend the funds, the board must either spend it themselves or delegate that action to the ED or the DLIR. Should the board choose to allow the DLIR to expend funds, starting July 1, 2023, the DLIR would start tracking costs incurred from work done by various offices and personnel in the DLIR and submit expense reports to the fiscal office. The fiscal office would, in turn, generate monthly expenditure reports showing a breakdown of incurred expenses that could be provided to the board for their review.

Ms. Krieg asked about reimbursing general funds from one general fund to another and if that practice was customary. Co-chair Salaveria explained that while this practice is not customary, he could see administrative costs by DLIR personnel, but not cabinet members, for time spent on board matters be charged to the board.

Inquiries regarding the \$1,000,000 appropriation for the actuarial study were raised. It was explained that the \$1,000,000 cost to carry out such a study was an estimate. While there is flexibility to repurpose some of those funds to establish a more competitive salary for the ED, the board should minimize deviating too far from the legislature's intent and to make sure that the legislature would be ok with repurposing those funds.

Co-chair Salaveria made a motion to allow the DLIR on behalf of the board to expend funds out of the HRSP appropriation for expenses up to \$15,000 effective July 1, 2023 and anything above that amount would require board approval. Mr. Taniguchi seconded the motion, and the motion carried with all members present voting in the affirmative.

## **VI. Hiring**

- A. Board's Authority to Employ an Executive Director and Other Staff
  - i. Discussion of 389-3(f), HRS
  - ii. Discussion of 26-35, HRS
- B. Executive Director
  - i. Discussion and Approval of the Revised Position Description for the Executive Director
  - ii. Report from the DLIR on the Recruitment Process for the Executive Director
- C. Program Specialist
  - i. Review of the DLIR Process for Establishing a Position
  - ii. Discussion of Hiring a Temporary Candidate to Assist with Board Administrative Functions

Mr. Moriyama went over the hiring process for the ED. The first step established the ED position and position description. The second step would entail a screening process to include vetting applications and resumes for qualified applicants, drafting interview questions, scheduling and conducting interviews, and making a hiring recommendation to the board. The third and final step would include the board making an offer to the applicant. Per the Office of Information Practices' opinion, the board would have to be involved in all three steps since the hiring process would constitute board business. On the other hand, per the AG's opinion, only steps one and three would entail board business, and step two could be delegated entirely to the DLIR staff. However, if some but not all and less than a quorum of the members choose to participate in step two, the AG's opinion would be for the board to form a PIG. All the steps would be subject to the Sunshine Law with steps two and three to occur in executive session. Should the board choose to adopt a numerical scoring system, the board must choose the individual with the highest score. Therefore, the AG's recommendation was to not adopt a numerical scoring system to allow the board more flexibility in the process.

The HRSP statute allows for the co-chairs to carry out the hiring process subject to the approval of the full board. Since the board's consensus was to try and not form a PIG due to its lengthy process, an alternative would be for the co-chairs to delegate step two to the DLIR but carry out steps one and three and select a candidate from the DLIR's recommendations. Another alternative would be for the DLIR to carry out all three steps, present the top three candidates to the board in executive session, and the board would present the offer to the final candidate.

Ms. Krieg made a move to approve the amended ED position description as presented in the board packet. The motion carried with all members present voting in the affirmative.

Mr. Kunstman reported that after conferring with the DLIR Human Resources Office, the department would be able to advertise the ED position in a few different ways. One way would be to include a salary range or to state that the salary would be commensurate

with education and experience. The position would get posted on the Department of Human Resources Development non-civil service website. Another factor to consider would be setting up a timing parameter for the open position during the recruitment phase, which would include keeping the position up for a set definite period of time, have it continuously open, or until the DLIR receives a certain number of applicants. The DLIR's recommendation would be to advertise the position with a salary commensurate with education and experiment and to keep the position advertised on a continuous basis, and the board was amendable to that recommendation.

Regarding the program specialist position, Mr. Kunstman reported that the DLIR would be able to draft a position description (PD) to temporarily fill the position, and at a subsequent meeting, present the PD to the board for their review and approval. The temporary position would be considered an 89-day hire with no fringe costs and could be extended for up to three consecutive times.

## **VII. Feasibility Study**

### **A. Discussion of Establishing a Permitted Interaction Group for the Purpose of Investigating the Scope of the Feasibility Study Pursuant to 389-5, HRS**

Board members discussed what the scope of the feasibility study would be. There was consensus by the board that an opt-out plan would be more beneficial than an opt-in plan, which is how the HRSP's current statute is written. Therefore, it would be critical to strategize for the upcoming legislative session to propose amendments to change the statute to an opt-out plan. Data and evidence from existing studies have shown that an opt-out is more effective and would significantly increase participation by Hawaii's workers. Additionally, given Hawaii's size, it would be beneficial for Hawaii to consider partnering with another state. But it would be challenging to partner with other states since the HRSP is opt-in. Therefore, a feasibility study to investigate this change from an opt-in to an opt-out would not be necessary.

Another option for the feasibility study would be to look at the impacts to households that have low income. If the state were to change to an opt-out plan, these individuals would be automatically enrolled and could affect them from a budgetary perspective. A feasibility study could be carried out to address this concern and see if there would be any cost-benefit for these particular households.

Another possibility for the study would be to look at, as some states have done, ramping up the mandatory contribution amount where participants would start off contributing at a low amount to get them accustomed to the program and then gradually increase their contribution.

## **VIII. Announcements**

### **A. Next Meeting to be Determined**

The next meeting was tentatively scheduled for August 1, 2023 at 2:45 p.m. However, a final posted agenda would confirm the actual date, time, and location for the next meeting.

## **IX. Adjournment**

There being no further business, Mr. Kunstman adjourned the meeting at 4:10 p.m.