

GOV. MSG. NO. 782

EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE

April 23, 2007

The Honorable Colleen Hanabusa President of the Senate Twenty-Fourth State Legislature State Capitol Honolulu, Hawaii 96813

Dear Madam President:

The United Public Workers (UPW) and the employer entered into a tentative agreement concerning Bargaining Unit 1 on April 22, 2007. In accordance with Section 89-10(b), cost items must be submitted to the Legislature for appropriation within ten days of ratification. While this agreement has not yet been ratified, the following summaries of the included and excluded requirements of the agreement for the upcoming fiscal biennium are being transmitted to the Legislature for authorization in anticipation of union ratification to facilitate meeting the legislative timetable:

	<u>FY 08</u>	<u>FY 09</u>	Biennium
General	\$ 7,379,644	\$16,790,767	\$24,170,411
Special	2,231,999	4,901,126	7,133,125
Federal	279,724	637,141	916,865
Other	125,409	<u>277,779</u>	403,188
Total	\$10,016,776	\$22,606,813	\$32,623,589

Attached to the legislative transmittals is a proposed conference draft amending Senate Bill No. 1381, in its entirety, to fund the agreement. The proposed draft is effective July 1, 2007.

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The Legislative Auditor recommended that general fund appropriations include Social Security/Medicare and pension accumulation amounts for all programs, regardless of method of financing. As a result, the current budgeting practice is to include amounts for Social Security/Medicare and pension accumulation for non-general fund programs in the general fund appropriation. These costs are reimbursed by those programs through payroll assessments received by the general fund as non-tax revenues. The net general fund costs of the agreement, after reimbursements for Social Security/Medicare and pension accumulation, are as follows:

	FY 08	<u>FY 09</u>	<u>Biennium</u>
General	\$6,952,554	\$15,846,320	\$22,808,874

An agreement with the UPW regarding Employer-Union Health Benefits Trust Fund (EUTF) contribution amounts has also been reached. Because of lower medical premium rates for FY 08, FY 08 EUTF appropriations are not required. The FY 09 amounts above provide \$394,526 for estimated EUTF costs for included members of the bargaining unit and their excluded counterparts.

Sincerely,

LINDA LINGILE

Attachment

: Honorable Rosalyn H. Baker

S.B. NO. 1381 S.D. 1, H.D. 1, C.D. 1 Proposed Amendment

A BILL FOR AN ACT

MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS.

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

1	PART I		
2	SECTION 1. There a	re appropriated	or authorized from the
3	sources of funding indic	ated below to d	epartmental
4	administration & budget	division (BUF 1	01) the following sums,
5 ,	or so much thereof as ma	y be necessary,	to fund for fiscal
6	biennium 2007-2009 the s	alary increases	and other cost
7	adjustments in the agree	ment negotiated	with the exclusive
8	bargaining representativ	e of collective	bargaining unit 1:
9		FY 2007-2008	FY 2008-2009
10	General Funds	6,013,972	13,489,106
11	Special Funds	2,122,809	4,476,306
12	Federal Funds	273,934	623,824
13	Other Funds	125,409	277,779
14	Of the above listed	amounts, the fo	ollowing amounts are for
15	the department of educat	ion, including t	che Hawaii state public
16	library system:		
17		FY 2007-2008	FY 2008-2009
18	General Funds	3,437,899	7,711,350

- 1 SECTION 2. Funds appropriated or authorized by this part
- 2 shall be allotted by the director of finance to the appropriate
- 3 state departments for expenditure in the respective fiscal year
- 4 for the purposes of this part.
- 5 PART II
- 6 SECTION 3. There are appropriated or authorized from the
- 7 sources of funding indicated below to departmental
- 8 administration & budget division (BUF 101) the following sums,
- 9 or so much thereof as may be necessary, to fund for fiscal
- 10 biennium 2007-2009 the salary increases and other cost
- 11 adjustments authorized by chapter 89C, Hawaii Revised Statutes,
- 12 for state officers and employees excluded from collective
- 13 bargaining who belong to the same compensation plans as those
- 14 officers and employees within collective bargaining unit 1:

15		FY 2007-2008	FY 2008-2009
16	General Funds	153,881	322,534
17	Special Funds	109,190	224,820
18	Federal Funds	5,790	13,317

19 Of the above listed amounts, the following amounts are for

20 the department of education, including the Hawaii state public

21 library system:

22		FY 2007-2008	FY 2008-2009
23	General Funds	134,079	275,858
24	Special Funds	105,990	217,670

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H.D. 1,

C.D. 1

SECTION 4. Funds appropriated or authorized by this part 1 2 shall be allotted by the director of finance to the appropriate state departments for expenditure in the respective fiscal year 3 for the purposes of this part. 4 5 PART III SECTION 5. There are appropriated or authorized from the 6 sources of funding indicated below to administration (JUD 601) 7 8 the following sums, or so much thereof as may be necessary, to fund for fiscal biennium 2007-2009 the salary increases and 9 other cost adjustments in the agreement negotiated with the 10 exclusive bargaining representative of collective bargaining 11 unit 1: 12 FY 2007-2008 13 FY 2008-2009 General Funds 99,749 14 224,163 SECTION 6. Funds appropriated or authorized by this part 15 shall be allotted by the chief justice for expenditure in the 16 respective fiscal year for the purposes of this part. 17 18 PART IV SECTION 7. There are appropriated or authorized from the 19 sources of funding indicated below to hospital care - Hawaii 20 health systems corporation (HTH 210) the following sums, or so 21 much thereof as may be necessary, to fund for fiscal 22

biennium 2007-2009 the salary increases and other cost

adjustments in the agreement negotiated for state officers and

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employees in collective bargaining unit 1 assigned to the Hawaii 1 health systems corporation: 2 3 FY 2007-2008 FY 2008-2009 General Funds 1,071,668 2,275,537 5 SECTION 8. Funds appropriated or authorized by this part 6 shall be allotted by the director of finance to the Hawaii health systems corporation for expenditure in the respective 7 fiscal year for the purposes of this part. 8 9 PART V 10 SECTION 9. There are appropriated or authorized from the 11 sources of funding indicated below to hospital care - Hawaii health systems corporation (HTH 210) the following sums, or so 12 13 much thereof as may be necessary, to fund for fiscal biennium 2007-2009 the salary increases and other cost 14 adjustments authorized by chapter 89C, Hawaii Revised Statutes, 15 for state officers and employees excluded from collective 16 bargaining who belong to the same compensation plans as those 17 18 officers and employees within collective bargaining unit 1 19 assigned to the Hawaii health systems corporation: FY 2007-2008 20 FY 2008-2009 General Funds 40.374 84,901 21 SECTION 10. Funds appropriated or authorized by this part 22

shall be allotted by the director of finance to the Hawaii

health systems corporation for expenditure in the respective 1 fiscal year for the purposes of this part. 2 PART VI 3 SECTION 11. There are appropriated or authorized from the 4 sources of funding indicated below to Hawaii employer-union 5 trust fund (BUF 143) the following sums, or so much thereof as 6 may be necessary, to fund for fiscal biennium 2007-2009 the 7 Hawaii employer-union health benefits trust fund costs contained 8 in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 1: 10 FY 2007-2008 11 FY 2008-2009 General Funds 393,526 12 Of the above listed amounts, the following amounts are for 13 14 the department of education, including the Hawaii state public library system: 15 FY 2007-2008 FY 2008-2009 16 65,610 General Funds 17 18 SECTION 12. Funds appropriated or authorized by this part shall be allotted by the director of finance to the appropriate 19 state agencies for expenditure in the respective fiscal year for 20

PART VII

the purposes of this part.

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23 SECTION 13. There are appropriated or authorized from the 24 sources of funding indicated below to Hawaii employer-union

- 1 trust fund (BUF 143) the following sums, or so much thereof as
- 2 may be necessary, to fund for fiscal biennium 2007-2009 the
- 3 Hawaii employer-union health benefits trust fund costs
- 4 authorized by chapter 89C, Hawaii Revised Statutes, for state
- 5 officers and employees excluded from collective bargaining who
- 6 belong to the same compensation plans as those officers and
- 7 employees within collective bargaining unit 1:
- 8 <u>FY 2007-2008</u> <u>FY 2008-2009</u>
- 9 General Funds 1,000
- 10 SECTION 14. Funds appropriated or authorized by this part
- 11 shall be allotted by the director of finance to the appropriate
- 12 state agencies for expenditure in the respective fiscal year for
- 13 the purposes of this part.
- 14 PART VIII
- 15 SECTION 15. Salary increases and cost adjustments provided
- 16 in this Act for any officer or employee whose compensation is
- 17 paid, in whole or in part, from federal, special, or other funds
- 18 shall be paid wholly or proportionately, as the case may be,
- 19 from the respective funds.
- 20 SECTION 16. Funds appropriated or authorized by this Act
- 21 that are not expended or encumbered by June 30, 2008, and
- 22 June 30, 2009, of the respective fiscal years, shall lapse as of
- 23 those dates.
- 24 SECTION 17. This Act shall take effect on July 1, 2007.