

Honolulu, Hawaii
March 19, 2010

RE: S.B. No. 2393
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 2393, S.D. 2, entitled:

"A BILL FOR AN ACT MAKING AN APPROPRIATION FOR COLLECTIVE BARGAINING COST ITEMS,"

begs leave to report as follows:

The purpose of this bill is to fund the Hawaii Employer-union Health Benefits Trust Fund (EUTF) costs contained in the agreement with the exclusive bargaining representative of employees in collective bargaining units (2), (3), (4), (6), (8), (9), and (13).

The Hawaii Government Employees' Association testified in support of this bill. The Department of the Attorney General (AG) opposed this measure. The Department of Budget and Finance (B&F) provided comments.

The current fiscal situation facing the State resulted in ongoing negotiations with the exclusive bargaining representatives of the various public-sector collective bargaining units over salaries and benefits. Although the parties involved with the negotiations concerning bargaining units (2), (3), (4), (6), (8), (9), and (13) reached agreement on numerous issues, they were unable to resolve differences concerning the contribution amounts paid by the employers (State and counties) toward health benefit plan costs. While the current law allows negotiations over these



amounts to occur, it also prohibits the use of binding arbitration to resolve disputes relating to employer contributions to the EUTF. However, in a letter of understanding, the parties involved agreed to submit this issue to the Legislature for resolution. This measure is a result of that decision.

Nevertheless, your Committee does note the concerns raised by B&F and the AG concerning the use of percentages for health premium costs rather than specific dollar amounts and the time period covered by this measure. Accordingly, your Committee has amended this measure by deleting its contents and replacing it with provisions contained in H.B. No. 2204, H.D. 1. As amended, this bill:

- (1) Appropriates an unspecified amount of general funds to fund collective bargaining cost items relating to the employer contributions to the Hawaii employer-union health benefits trust fund;
- (2) Specifies that the funding contained in this bill only applies to fiscal year 2010-2011, as the letter of understanding between the parties stipulated that the employer continue to pay the same dollar amount as in fiscal year 2008-2009 for fiscal year 2009-2010 only; and
- (3) Requires the employer to pay 100 percent of the EUTF's monthly administrative fees for fiscal year 2010-2011.

Your Committee has further amended this bill by:

- (1) Changing the effective date to July 1, 2010; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Yet, your Committee recognizes that public employees have faced an approximately 24-percent increase in health care premiums while also experiencing furlough days that have resulted in reduced salaries. Therefore, your Committee respectfully requests that the Committee on Finance consider a cost-sharing split for health premium costs of 55 percent and 45 percent for employers and employees, respectively, when determining the exact amount of funds to place in this measure and that this consideration only be given for the 2010-2011 fiscal year. Future percentage divisions for health premiums can be decided through collective bargaining.



As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2393, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2393, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,

Karl Rhoads

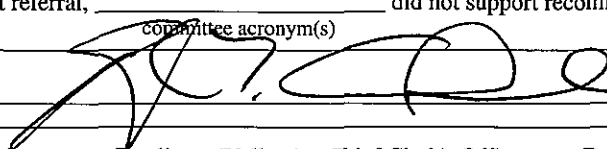
KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

H902 838-10

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 2393, SD 2	Committee Referral: LAB, FIN	Date: 3-12-10		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. AWANA, Karen Leinani	/			
5. HANOHANO, Faye P.	/			
6. KEITH-AGARAN, Gilbert S.C.	/			
7. LEE, Marilyn B.	/			
8. NAKASHIMA, Mark M.	/			
9. SAIKI, Scott K.	/			
10. SOUKI, Joseph M.	/			
11. TAKUMI, Roy M.				/
12. PINE, Kymberly Marcos	/			
TOTAL (12)	11	-	-	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				