

STAND. COM. REP. NO. 803 -10

Honolulu, Hawaii

March 17, 2010

RE: S.B. No. 2884
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. 2884, 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 for the employees in collective bargaining unit (10). Specifically, this bill funds the EUTF costs of:

- (1) Employees of collective bargaining unit (10) for fiscal biennium 2009-2011; and
- (2) State officers and employees who are excluded from collective bargaining, authorized by Chapter 89C, Hawaii Revised Statutes (HRS).

The United Public Workers testified in support of this bill. The Department of the Attorney General (AG) testified in opposition to this measure. The Department of Budget and Finance (B&F) provided comments.

SB2884 HD1 HSCR LAB HMS 2010-2679



The current fiscal situation facing the State resulted in ongoing negotiations with the exclusive bargaining representative of the various public sector collective bargaining units over salaries and benefits. Although the parties involved with the negotiations concerning bargaining unit (10) reached agreement on numerous issues through the arbitration process, they were unable to resolve differences concerning the contribution amounts paid by the employers (State and counties) toward health benefit plan costs. While 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.

Since the parties are at an impasse with regard to the employer contributions, pursuant to section 89-11(g), HRS, the parties are required to submit their respective contribution recommendations to the Legislature for action.

However, your Committee understands that members of bargaining unit (1), who are represented by the same bargaining representative as unit (10) employees, have reached an agreement and has amended this bill to also make it applicable to unit (1).

Your Committee has further amended this bill by:

- (1) Requiring the employer to pay 100 percent of the EUTF's monthly administrative fees;
- (2) Clarifying that funds not expended or encumbered by September 30, 2010, for fiscal year 2009-2010 rather than June 30, 2010, shall lapse as of that date to ensure that delays in the enactment of this bill do not result in the loss of employer contributions for fiscal year 2009-2010; and
- (3) 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 which 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 be placed in this measure for the 2009-2011 fiscal



biennium. 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. 2884, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2884, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

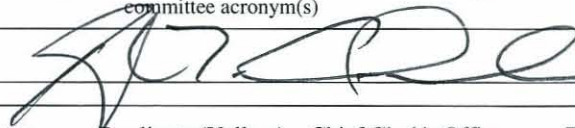
Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



KARL RHOADS, Chair



Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 2884, SD2	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. _____ committee acronym(s)				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				