



LINDA LINGLE  
GOVERNOR

MARIE C LADERTA  
CHIEF NEGOTIATOR

STATE OF HAWAII  
OFFICE OF COLLECTIVE BARGAINING  
EXECUTIVE OFFICE OF THE GOVERNOR  
235 S. BERETANIA STREET, SUITE 1201  
HONOLULU, HAWAII 96813

February 3, 2010

TESTIMONY to the  
HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
For Hearing on Friday, February 5, 2010  
9:30 a.m., Conference Room 309

By

MARIE C. LADERTA  
CHIEF NEGOTIATOR

**House Bill No. 2937**  
**Relating to Collective Bargaining**

**(WRITTEN TESTIMONY ONLY)**

CHAIRPERSON RHOADS AND MEMBERS OF THE HOUSE COMMITTEE ON  
LABOR AND PUBLIC EMPLOYMENT:

The purpose of H.B. No. 2937 is to include health benefits in collective bargaining.

The Office of Collective Bargaining is **strongly opposed** to the proposed amendments to Chapter 89, HRS.

First, this bill unnecessarily usurps the statutory power and duties of the board of trustees of the employer-union health benefits trust fund under Chapter 87A, HRS, to establish health benefits plan(s) at a cost affordable to both the public employers and public employees.

Second, requiring the public employers and public employee unions to negotiate health benefits—as opposed to only the amount of the employer's contribution—will have the untoward effect of bogging down negotiations as myriad providers are

consulted to present the multitude of benefit plans available for consideration at each bargaining unit negotiation.

Third, the level of benefits and costs of the plans could vary disproportionately between the different bargaining units, as health plan providers factor in the demographics of each bargaining unit's population. Accordingly, this bill negates the whole point of having the EUTF, which is to negotiate better plans with one big pool.

Finally, allowing a third-party arbitrator to determine the benefits and the amount of the employer's contribution via binding arbitration removes the ability and responsibility of the Legislature to help control labor costs by establishing the contribution amount if the parties are unable to agree to same.

Thank you for the opportunity to testify in opposition to this measure.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-FIFTH LEGISLATURE, 2010**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 2937, RELATING TO COLLECTIVE BARGAINING.

**BEFORE THE:**

HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

**DATE:** Friday, February 05, 2010      **TIME:** 9:30 a.m.

**LOCATION:** State Capitol, Room 309

**TESTIFIER(S):** Mark J. Bennett, Attorney General, or  
James B. Halvorson, Deputy Attorney, or  
Maria C. Cook, Deputy Attorney

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Chair Rhoads and Members of the Committee:

The Department of the Attorney General opposes this bill.

The purpose of this bill is to include benefits in collective bargaining.

The bill usurps the primary statutory power of the board of trustees of the Employer-Union Health Benefits Trust Fund ("EUTF") under chapter 87A, Hawaii Revised Statutes (HRS), to establish health benefit plans at a cost affordable to both the public employers and public employees. If the bill is passed in its current form, it will create confusion regarding how benefits will be established unless chapter 87A, HRS, is also amended to remove the authority to establish benefits from the EUTF board of trustees.

We respectfully ask the Committee to hold this bill.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
HOUSE BILL NO. 2937

February 5, 2010

RELATING TO COLLECTIVE BARGAINING

The purpose of House Bill No. 2937 is to include the negotiation of health benefits plans in collective bargaining.

We oppose this bill. The amendments to Chapter 89, Hawaii Revised Statutes, are in conflict with Chapter 87A, Hawaii Revised Statutes, which tasks the Hawaii Employer-Union Health Benefits Trust Fund Board of providing health and other benefit plans at a cost affordable to both the public employers and the public employees.

Allowing each bargaining unit to negotiate benefit plans to be offered further complicates health benefit negotiations which have already proven difficult in recent times. In addition, allowing individual units to negotiate benefit plans and allowing arbitration panels to award specific benefits undermines the design of the Hawaii Employer-Union Health Benefits Trust Fund as a large group purchasing pool.

Finally, removing the Legislature's ability to establish contribution rates for arbitrated units unable to reach an agreement with the employer and allowing an arbitrator to make such determinations takes away a valuable health benefit cost control tool.

DEPARTMENT OF HUMAN RESOURCES  
**CITY AND COUNTY OF HONOLULU**

850 SOUTH KING STREET, 10<sup>th</sup> Floor  
HONOLULU, HAWAII 96813

MUFI HANNEMANN  
MAYOR



NOEL T. ONO  
ACTING DIRECTOR

February 5, 2010

The Honorable Karl Rhoads, Chair  
and Members of the Committee  
on Labor & Public Employment  
The House of Representatives  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Rhoads and Members:

Subject: House Bill No. 2937  
Relating to Collective Bargaining

The Department of Human Resources, City & County of Honolulu, **strongly opposes** H.B. 2937, which would dilute the statutory authority and obligations already vested with the Employer-Union Health Benefits Trust Fund ("EUTF"). Given the level of expertise the agency has regarding health benefits plans, we feel decisions regarding the types of benefits and number of plans offered to public employees should remain with the EUTF. Finally, the measure could have an unforeseen negative financial impact to public employees as health care costs will likely increase if health care providers are required to craft separate health care plans for the various bargaining unions.

We thank you for giving us the opportunity to testify on this matter.

Yours truly,

A handwritten signature in black ink, appearing to read "Noel T. Ono".

Noel T. Ono  
Acting Director

CHARMAINE TAVARES  
Mayor



LYNN G. KRIEG  
Director

LANCE T. HIROMOTO  
Deputy Director

COUNTY OF MAUI  
**DEPARTMENT OF PERSONNEL SERVICES**  
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February 4, 2010

The Honorable Karl Rhoads, Chair  
and Members of the Committee on  
Labor and Public Employment  
The House of Representatives  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

Dear Chair Rhoads and Committee Members:

RE: H.B. 2937, RELATING TO COLLECTIVE BARGAINING

I am Lynn G. Krieg, Director of Personnel Services for the County of Maui, writing in opposition of this measure as it directly interferes with the statutory authority and obligations vested with the Hawaii Employer-Union Health Benefits Trust Fund ("EUTF"). Decisions regarding types of benefits and number of plans require the kind of expertise that the EUTF currently possesses or has at its disposal. Furthermore, allowing individual bargaining units to negotiate separate benefit plans will diminish the EUTF's purchasing power and require health care providers to craft separate health care plans and cost proposals for each bargaining unit. This will have unforeseen negative impact not only in terms of cost, but in terms of the amount of time that will need to be devoted to the process. As such, decisions of this magnitude should remain with a body like the EUTF.

Thank you for the opportunity to testify on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn G. Krieg".

LYNN G. KRIEG  
Director of Personnel Services

cc: Mayor Charmaine Tavares  
Marian Feenstra, Executive Assistant



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**

AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii  
Hawaii State House of Representatives  
Committee on Labor & Public Employment

Testimony by  
Hawaii Government Employees Association  
February 5, 2010

H.B. 2937 – RELATING TO  
COLLECTIVE BARGAINING

The Hawaii Government Employees' Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 2937, which will permit unions to negotiate not only the contributions to the Employer Union Health Benefits Trust Fund (EUTF), but also the benefits provided through the health plans. This bill is part of a larger effort to reform the EUTF by changing the composition of the board and imposing stricter requirements on board members to fulfill their fiduciary responsibilities.

We believe that benefits are an integral part of employee compensation and should be negotiated between unions and employers. Other reform efforts through negotiation must include effective mechanisms for controlling costs, requiring information on provider performance and enhancing efficiency.

As presently organized, the EUTF is not providing affordable health care to public employees. Premiums are unaffordable for employees who need family coverage and those who are at the lower pay range. By negotiating both premiums and benefits, unions can identify benefit features that could be reduced or restructured without eliminating key coverage areas. Another objective of negotiating benefits is to promote preventive care while discouraging care that is not needed.

Through negotiations, there will be greater incentives to implement wellness programs, which can help hold down plan costs over the long term. Specific diseases with the greatest potential to reduce plan costs should be targeted by helping employees to stay on appropriate therapies to avoid future complications and increased premiums.

Thank you for the opportunity to testify in support of H.B. 2937.

Respectfully submitted,

Nora A. Nomura  
Deputy Executive Director



February 4, 2010

The Honorable Karl Rhodes, Chair  
The Honorable Kyle T. Yamashita, Vice Chair  
House Committee on Labor and Public Employment  
State Capitol  
Honolulu, HI 96813

Re: H.B. 2937 – Relating to Collective Bargaining

Dear Chair Rhodes and Members of the Labor and Public Employment Committee:

The University of Hawaii Professional Assembly supports H.B.2937 which will permit full negotiations on employee benefits. This will ensure that employee compensation can be appropriately balanced between wages and benefits. At the center of wage and benefit negotiations is the allocation of available funds with wage rate increases often lessened to ensure fringe benefits are provided. Moving compensation dollars to fringe benefits has the dual advantage of employers not paying taxes on these funds and the employee having no additional tax consequence for economic gain.

This opportunity provided by the Federal tax code is being lost in Hawaii. The erosion of employer provided premiums is lessening the value of current salaries. Conversely, when non-taxable dollars can be used to provide fringe benefits the greater value attaches to current salaries.

The current collective bargaining law has restricted benefit negotiations resulting in a system that is costly and helps neither the employee to maintain a standard of living or employer in recruitment and retention of employees. When benefits, co-pays, provider, and premium levels can be fully negotiated there is greater stability in providing fringe benefits. There is a clear picture of what constitutes the relation between wages and benefits and the full cost of compensation can be better anticipated for budgetary purposes. It also means that the parties to a contract can more quickly address developing premium and benefit challenges.

We respectfully ask you to pass H.B 2937. Thank you for your consideration and for the opportunity to testify.

Sincerely,

A handwritten signature in black ink that reads "Kristeen Hanselman".

Kristeen Hanselman  
Associate Executive Director

UNIVERSITY OF HAWAII  
PROFESSIONAL ASSEMBLY

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February 4, 2010



Representative Karl Rhoads, Chair  
Representative Kyle T. Yamashita, Vice Chair  
Committee on Labor & Public Employment  
Hawaii State Capitol, Room 309  
Honolulu, HI 96813

**RE: HB 2937 Relating to Collective Bargaining**

Dear Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

My name is John Radcliffe and I strongly support HB 2937, Relating to Collective Bargaining.

Having served thirteen years as Executive Director of the Hawaii State Teachers Association and another eighteen years as Associate Executive Director of the University of Hawaii Professional Assembly, thirty-one years in all, I know what I am talking about when I say that the status quo system never worked very well and is now broken.

If we are going to have bargaining over the terms and conditions of employment, then there ought to be bargaining over fringe benefits.

Thank you for this opportunity to submit written comments.

Respectfully Submitted,

John H. Radcliffe  
President

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