

TESTIMONY

SB 2393

LATE

TESTIMONY BY **GEORGINA K. KAWAMURA**
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON LABOR
ON
SENATE BILL NO. 2393

February 2, 2010

MAKING AN APPROPRIATION FOR COLLECTIVE BARGAINING COST ITEMS

Senate Bill No. 2393 provides for the employer to pay 60% of the Hawaii Employer-Union Trust Fund premiums for the employees in collective bargaining units 2, 3, 4, 6, 8, 9, and 13 for Fiscal Years 2009-2010 and 2010-2011. Appropriations are provided, but the amounts are blank.

We have the following concerns with this measure: 1) the measure does not comply with Section 87A-32, Hawaii Revised Statutes, which requires the monthly contributions be a specified dollar amount; 2) the measure does not specify who will pay the administrative fees; and 3) the current fiscal situation of the State does not allow for funding of this measure.

If the State continues to pay 100% of administrative fees, it is estimated this proposal will cost \$11.7 million in Fiscal Year 2009-2010 and \$11.7 million in Fiscal Year 2010-2011 for the specified units. Extending the provisions of this measure to all State employees would cost an estimated \$26.3 million in Fiscal Year 2009-2010 and \$26.3 million in Fiscal Year 2010-2011.

The State's position has been to continue to pay contributions of the same dollar amount as Fiscal Year 2008-2009. A letter reflecting this position will be submitted shortly.



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

ON THE FOLLOWING MEASURE:

S.B. NO. 2393, MAKING AN APPROPRIATION FOR COLLECTIVE BARGAINING COST ITEMS.

BEFORE THE:

SENATE COMMITTEE ON LABOR

DATE: Tuesday, February 02, 2010 **TIME:** 3:00 p.m.

LOCATION: State Capitol, Room 224

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

Chair Takamine and Members of the Committee:

The Department of the Attorney General opposes this bill because it is contrary to section 87A-32, Hawaii Revised Statutes (HRS), and the agreement between the HGEA and the State of Hawaii.

The purpose of this bill is to require the employer to contribute to the Employer-Union Health Benefits Trust Fund (EUTF) sixty percent of the health premiums for the employees in collective bargaining units (2), (3), (4), (6), (8), (9), and (13) for fiscal biennium 2009-2011.

The bill has two legal problems. First, requiring the employer to pay sixty percent of the health premiums is contrary to the language of section 87A-32(a)(1), HRS. Section 87A-32(a)(1), HRS, specifically mandates that the monthly contribution specified in the collective bargaining agreement "shall be a specified dollar amount," and not a percentage amount.

Second, the effective date and time period covered (fiscal year 2009-2010) are contrary to the agreement entered into between the employer and the union. For plan year 2009-2010, it was agreed through a letter of understanding between the HGEA

and the employer that the employer shall continue to pay the same dollar amount indicated for plan year 2008-2009 (effective July 1, 2008 - June 30, 2009) as contained in the 2007-2009 HGEA collective bargaining agreement. (See Attachment A). The parties agreed that for plan year 2010-2011 only, the parties shall request the legislature to decide the amount of contributions. Id.

We respectfully ask the Committee to hold this bill in its current form.

LETTER OF UNDERSTANDING

This Letter of Understanding is entered into this 14th day of October, 2009, by and between the Hawaii Government Employees Association, hereinafter called the Union, and the State of Hawai'i, the City and County of Honolulu, the County of Hawai'i, the County of Maui, the County of Kaua'i, the Hawai'i Health Systems Corporation, and the Judiciary, hereinafter called the Employer.

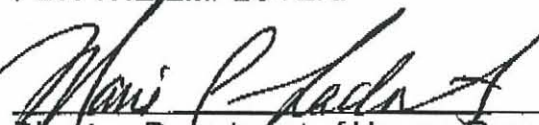
The purpose of this letter is to establish the terms and conditions of Employer contributions to the Hawaii Employer-Union Health Benefits Trust (EUTF) for the contract period July 1, 2009 – June 30, 2011. The following constitutes the understanding between the Union and the Employer:

1. For the plan year 2009-2010, the Employer shall continue to pay the same dollar amount indicated for plan year 2008-2009, (effective July 1, 2008 – June 30, 2009) as contained in the 2007-09 HGEA Collective Bargaining Agreements.
2. For the plan year 2010-2011, the parties shall submit their respective recommendations for such contributions to the 2010 Legislature. The legislature shall be requested to decide the amount of contributions and the parties shall abide by their determination.

This Letter of Understanding constitutes the full agreement between the Union and the Employer and may not be modified without the mutual consent of both parties.

ATTACHMENT A


FOR THE EMPLOYER:


 Director, Department of Human Resources
 Development and
 Chief Negotiator, Office of Collective
 Bargaining
 For the State of Hawaii

FOR THE UNION:


 Executive Director
 Hawaii Government Employees
 Association

APPROVAL AS TO FORM:


 Deputy Attorney General