



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Education and Housing
Committee on Labor

LATE TESTIMONY

Testimony by
Hawaii Government Employees Association
February 2, 2010

S.B. 2797 – RELATING TO
VOLUNTARY EMPLOYEES’
BENEFICIARY ASSOCIATION
TRUSTS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes S.B. 2797. Act 245 passed in 2005 creating VEBA's for active bargaining units, and allowing retirees of each unit a one-time option to join and requiring that all subsequent retirees of that unit be a part of that VEBA. At this time, only one bargaining unit and certain retirees of that bargaining unit have a VEBA plan. The plan was to sunset in 2008 but was twice extended, first to July 1, 2009 and then to July 1, 2010.

HGEA is deeply concerned about the escalating cost of health benefits for all employees. Currently, active employees in HGEA pay more than 60% of their premiums, with rates continuing to rise with each renewal. Unfortunately, due to governance and other issues, the EUTF has not realized the cost savings it should for employee health care. While we hope that legislation in this session will address some of these concerns, we also recall the reason for EUTF's inception. EUTF was created to bring all state and county participants under a single health delivery system. It was supposed to ensure that all employees regardless of their work classification received the same health benefits in employment and retirement. Allowing one group to remain separate does not promote equity.

Another inequity is the requirement of select retirees to join VEBA's thereby creating two classes of retirees. The employees and employers in the EUTF continue to pay higher premium contributions for the benefit of a select group of retirees. It has created a *de facto* class system: two or more levels of retirees; the younger VEBA retirees receiving more benefits than the older EUTF retirees. All retirees should be part of EUTF and receive equal treatment.

Hawaii State Senate, Committee on Education & Housing; Committee on Labor
Re: S.B. 2797 – Relating To Voluntary Employees' Beneficiary Association Trusts
February 2, 2010
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Thank you for the opportunity to testify in opposition S.B. 2797.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nora A. Nomura". The signature is written in a cursive, flowing style.

Nora A. Nomura
Deputy Executive Director

TESTIMONY OF BRIAN KAU
BEFORE THE SENATE COMMITTEES ON
EDUCATION AND HOUSING
AND
LABOR

FEBRUARY 2, 2010
2:45 P.M.
ROOM XXX

SENATE BILL NO. 2797
RELATING TO VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION TRUSTS

Chairpersons Sakamoto and Takamine, and Members of the Committees:

Thank you for the opportunity to testify on Senate Bill No. 2797. The purpose of this bill is to make the voluntary employees' beneficiary association (VEBA) trusts a permanent. I offer my **strong support of this bill.**

My wife and I have two young children and are both employees of the State of Hawaii government. She is a teacher and I am an engineer. Until December 31, 2009, my families health insurance was under my EUTF plan. Due to poorly explained reasons, in July of 2009, my family premium went from \$371.66 per month to \$587.74 per month, an increase of over 58%! Subsequently, my wife was furloughed, then I was furloughed. When calculating in the \$2,593 increase in health care premiums, our overall gross income dropped by over 10%. We had to pull our children out of morning care, after school activities, halted discretionary expenditures, and had a very lean holiday season. We have never lived "above our means" as our cars are sixteen and twenty-six years old and our mortgage is reasonable. As public workers, we acknowledge the state of the economy and that we must "do our part". We are also grateful that neither of us lost our jobs and understand that many in the public (and private) sector were not so lucky. After reviewing and moving to the health insurance

offered by the Hawaii State Teachers Association under the VEBA trust, our health insurance premiums have almost fallen back to the rate I was paying under EUTF before the increase. In addition, the drug plan seems to be significantly better and all of our doctors participate with the new provider. This has been a tremendous help to our household finances and we hope to savings to reenroll our children in one or two of their after school activities. If the VEBA trust were to sunset, we would be forced to go back on the EUTF system with the unexplainably high premiums.

My family and I sincerely appreciate your committees hearing this bill and urge it's passage. All families and individuals under VEBA benefit from better management and simply a better plan. Thank you for the opportunity to testify.

From: Melanie Mundon [puamundon@hotmail.com]
Sent: Monday, February 01, 2010 9:48 PM
To: Sen. Norman Sakamoto
Subject: Support of SB 2797

Aloha Chair of the Education and Housing Committee Senator Sakamoto,

My name is Melanie P. Mundon. I am blessed to call Kane'ohe home. I am also a 4th Grade teacher at Mokapu Elementary on the Kane'ohe Marine Corps Base.

I would like to thank you for hearing SB2797 relating to the HSTA VEBA Trust. I am writing in support of this bill. This bill authorizes and sets forth the continuation of a VEBA Trust to provide health benefits for public school teachers at an affordable rate while at the same time providing a savings to the state. In addition, savings created by the VEBA Trust may be diverted to other state programs and services.

I want to thank you for your support of teachers in the past. I support our legislators in all their efforts to make Hawai'i a place that our keiki can receive a quality public education by employing and retaining highly qualified teachers. My parents moved away at 18 yrs. old in hopes of being able to support a family. My mother was a public school teacher for over 30 years in East LA. I was born in California. Now I have been fortunate enough to return a generation later and have been able to support myself as a teacher while also serving my community. I love Hawai'i and its children and hope to continue to call it my home forever.

VEBA is due to sunset in July 2010. In these tough times, everyone, including us teachers, could use every bit of help we can get to survive during these times of hardship. Together we can achieve anything.

Mahalo for all that you do for our State and for your time and support of this issue SB 2797 VEBA Trust.

Malama Pono,

Melanie P. Mundon
4th Grade Teacher/ Mokapu Elem

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sakamoto2 - Erin

From: Patricia Chung [pattikm@hawaii.rr.com]
Sent: Monday, February 01, 2010 8:36 PM
To: Sen. Norman Sakamoto
Subject: SB 2797

Senator Sakamoto,

My name is Patricia Chung and I have been a public school teacher in the state of Hawaii for over 20 years.

I am asking that you **support** and approve SB 2797 which is relating to the Hawaii State Teachers' Association (HSTA) VEBA Trust. VEBA provides affordable health benefits for public school teachers, and savings to the state. This bill would make VEBA permanent.

Public school teachers have had to go through so much recently, especially with the pay cuts and Furlough Fridays. We really could use your help and support at this time.

Thank you very much for hearing and supporting the teachers of Hawaii, by approving SB 2797.

Sincerely,
Patricia Chung