

TESTIMONY

SB 2884

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. 2884

February 2, 2010

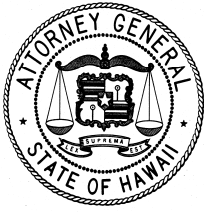
MAKING AN APPROPRIATION FOR COLLECTIVE BARGAINING COST ITEMS

Senate Bill No. 2884 provides for the employer to pay 60% of the Hawaii Employer-Union Trust Fund premiums for the employees in collective bargaining unit 10 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 \$1.6 million in Fiscal Year 2009-2010 and \$1.6 million in FY 2010-2011 for Unit 10. 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 has proposed continuing the pay contributions of the same dollar amount as Fiscal Year 2008-2009. This proposal is reflected in Senate Bill No. 2694 and House Bill No. 2541.



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

ON THE FOLLOWING MEASURE:

S.B. NO. 2884, 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).

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 unit (10) for fiscal biennium 2009-2011.

The bill is contrary to the language of section 87A-32(a)(1), HRS, which specifically mandates that the monthly contribution specified in the collective bargaining agreement "shall be a specified dollar amount," and not a percentage amount.

Further, the effective date of the bill is problematic. The bill takes effect on July 1, 2010. However, the bill seeks appropriation not only for fiscal year 2010-2011, but also for fiscal year 2009-2010. Section 7 of the bill states that funds appropriated that are not expended or encumbered by June 30, 2010, and June 30, 2011, of the respective fiscal years, shall

lapse as of those dates. Thus, the fiscal year 2009-2010 appropriation will lapse on June 30, 2010, before the bill takes effect.

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