

DEPARTMENT OF HUMAN RESOURCES

**LATE TESTIMONY**

**CITY AND COUNTY OF HONOLULU**

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

PETER B. CARLISLE  
MAYOR



NOEL T. ONO  
DIRECTOR

February 2, 2011

The Honorable Clayton Hee, Chair  
and Members of the Committee on Judiciary and Labor  
The Senate  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Hee and Members:

Subject: Senate Bill No. 1078  
Relating to Collective Bargaining

The Department of Human Resources, City & County of Honolulu, at this time **cannot support S.B. 1078**, which would dilute the statutory authority and obligations already vested with the Employer-Union Health Benefits Trust Fund. In addition, we believe the proposal would add to the complexity of securing benefits for employees, which may adversely affect employees and would likely increase costs.

Currently, HRS §89-9 specifically precludes the public employer and the various public unions from negotiating benefits of the Hawaii employer-union health benefits trust fund and only permits negotiations on the Employer's contribution towards those benefits. The proposal appears to require that the Employers and Unions negotiate for benefits to be offered to employees, secure or establish plans which provided for the negotiated benefits, then need to negotiate the Employer contribution towards those costs. We anticipate this will be a lengthy process. Noting that at times agreement could not even be reached on the Employer contributions towards the benefits, we are concerned that employees could suffer the complete loss of benefits if an agreement between the parties is not reached in a timely manner.

In addition to the above effect on employees, this proposal is likely to increase costs for the Employers and Unions, and for employees. At the present time the expertise needed to secure the benefits is with one entity—the Employer-Union Trust Fund. Under the proposal, it appears that each bargaining unit (or possibly each union) and either individual employers or the employer group, would need expend monies to acquire or contract to obtain the expert guidance needed to ensure that an appropriate benefit package is offered and that the pricing for such a package is reasonable. In addition to increasing the costs associated with obtaining expert advice, is the possible

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increase in premium costs due to the fragmentation of the employee pool to be covered by a plan.

Requiring the parties to negotiate a function that had been reserved for the EUTF may have additional negative consequences which are not readily apparent at this time.

Thank you for giving us the opportunity to testify.

Yours truly,

  
for Noel T. Ono  
Director

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TESTIMONY BY KALBERT K. YOUNG  
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR  
ON  
SENATE BILL NO. 1078

February 2, 2011

## RELATING TO COLLECTIVE BARGAINING

The purpose of Senate Bill No. 1078 is to include the negotiation of health benefit 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 with 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 contribution negotiations which have already proven difficult in recent times. It will make it more difficult to provide a uniform benefit package to employees that will promote fairness and consistency among employees in the workplace. 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.