

SB 1261

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 1261, S.D. 1

February 25, 2011

**MAKING EMERGENCY APPROPRIATIONS FOR COLLECTIVE BARGAINING
COST ITEMS**

Senate Bill No. 1261, S.D. 1, provides fund authorizations and appropriations for Fiscal Year 2010-2011 collective bargaining costs associated with the December 23, 2010 agreement negotiated between the State and counties and the exclusive bargaining representative of collective bargaining units 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 13 and their excluded counterparts to increase employer contributions for Hawaii Employer-Union Health Benefits Trust Fund premiums beginning March 2011. Appropriations of \$18,095,167 are provided.

We support immediate passage of this Administration measure.

State employees have absorbed the costs of all premium increases since July 2009. This increase in employer contributions coincides with the next Hawaii Employer-Union Health Benefits Trust Fund premium increase to begin in March 2011. Passage and approval of this bill prior to March 18, 2011 (for pay period March 1st to March 15th) will minimize the necessity of making retroactive adjustments.

COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair
Senator Michelle Kidani, Vice Chair

RE:
SB 1241 & SB 1269

Chair Ige,

My name is Michael Kaho'ohanohano and I have been a police officer for 28 years. When hired we were all promised the prospects of having our benefits provided after 25 years of service, which included the final compensation package to include overtime, differentials as well as regular wages for retirement benefit.

Over the years the legislature and the governor of this state took it upon themselves to take funding for the retirement system because of investments being over a certain amount. Now because government has not made the necessary contributions into the system, the employees have to suffer the fate of making "ends meet".

We as police officers are mandated to contribute into the system, we did not have the opportunity to take our contributions out in the late 80's as many in the retirement system at the time did. While we cannot control any new laws for future hires, we believe that the Constitution of the State of Hawaii protects members currently in the system, as to not "diminish" the benefits promised upon retirement.

I believe that the State Attorney General's Office has made a legal interpretation based on previous challenges for retiree's health benefits, and I believe that if these laws are passed as written additional legal challenges will be made further tying the hands of the State.

As for recruitment of police officers for the future, raising the retirement age for maximum benefits will further hinder efforts to recruit those police officers who will provide many years of public service in good standing. Further that all employees of the State and Counties will now have their contribution rates increased to offset the cost or to make whole the retirement system is just another way of penalizing the employees.

Thank you for the time to submit this testimony with hope that your Senate Committee will do the right thing.

Sincerely,

Michael Kaho'ohanohano