

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
HOUSE BILL NO. 1848, H.D. 2, S.D. 1

March 29, 2012

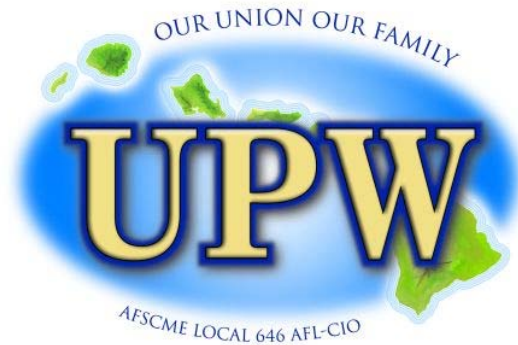
RELATING TO COLLECTIVE BARGAINING

House Bill No. 1848, H.D. 2, S.D. 1, repeals the prohibition of using arbitration to resolve impasses or disputes relating to State and county Hawaii Employer-Union Health Benefits Trust Fund (EUTF) contributions and authorizes arbitration panels to decide on EUTF contributions. The bill also repeals the prohibition on the right to strike over EUTF contributions.

The Department of Budget and Finance believes the best way to maintain control of EUTF costs is to leave the final decision for EUTF contributions in the hands of the Legislature if the parties are unable to reach an agreement. While arbitration panels are tasked to consider the employer's ability to pay and overall economic conditions, panels often fail to grasp the complexities of the State budget.

Recent fiscal conditions have made it increasingly difficult to reach resolution in collective bargaining negotiations. House Bill No. 1848, H.D. 2, S.D. 1, reintroduces problems with earlier drafts of this bill which do not allow the Legislature to reject or modify contribution amounts and without impacting the rest of the arbitration decision which could make it more difficult to reach resolution.

B&F recognizes that giving arbitration panels the opportunity to award a more comprehensive package on salary and benefits might possibly help bring resolution to this process. Accordingly, House Bill No. 1848, H.D. 2, allows arbitration panels to make awards concerning EUTF contributions, but would still allow the Legislature to reject or modify contribution amounts without impacting the rest of the arbitration panel's decision. If the Legislature desires to allow arbitration panels to consider EUTF contribution amounts, we recommend returning to the H.D. 2 language.



THE HAWAII STATE SENATE  
The Twenty-Sixth Legislature  
Regular Session of 2012

COMMITTEE ON WAYS AND MEANS  
The Honorable Sen. David Y. Ige, Chair  
The Honorable Sen. Michelle N. Kidani, Vice Chair

DATE OF HEARING: Thursday, March 29, 2012  
TIME OF HEARING: 9:00 a.m.  
PLACE OF HEARING: Conference Room 211

**TESTIMONY ON HB 1848 HD2 SD1 RELATING TO COLLECTIVE  
BARGAINING**

By DAYTON M. NAKANELUA,  
State Director of the United Public Workers,  
AFSCME Local 646, AFL-CIO (“UPW”)

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive representative for approximately 11,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

UPW strongly supports HB 1848 HD2 SD1, which clarifies that negotiations relating to contributions to the Hawaii employer-union health benefits trust fund (EUTF) shall be to agree upon amounts that the State and counties shall contribute toward the payment of costs for a health benefits plan and group life insurance benefits for active public employees. The bill also repeals prohibition on the use of arbitration to resolve impasses or disputes relating to the amounts contributed to by the State and counties.

Thank you for opportunity to testify on this measure.