

HB1848

HD2

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

March 19, 2012

RELATING TO COLLECTIVE BARGAINING

House Bill No. 1848, H.D. 2, Proposed 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, Proposed 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 retaining the H.D. 2 language.

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March 19, 2012

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: House Bill 1848, HD2, SD1 Proposed
Relating to Collective Bargaining

Although the Departments of Budget and Fiscal Services and Human Resources believe the intent of House Bill 1848, HD 2 SD 1 Proposed, is good, we find we must oppose this measure due to our overriding concerns regarding the provision allowing the employer contributions towards health benefits to be decided by an outside party if an agreement cannot be reached on the issue.

House Bill 1848, HD2, SD1 Proposed, provides that if an agreement cannot be reached on the employer contribution for Employer-Union Trust Fund (EUTF) benefits, then for those units that cannot strike, the decision on the amount of the contribution is made by an arbitration panel.

We believe that previously the Legislature wisely determined that decisions on the EUTF employer contributions should not be made by a third party, but should rather be made by the parties that would have to "live" with the outcome and understand the true costs of health care. Deferring the decision to a third party may result not only in widely differing contribution amounts between bargaining units, but also within the same bargaining unit from one contract to the next. Also, due to the high cost of medical and health care, where an award requires the employer to pay for a percentage of the total premium, the true cost of an arbitrator's award will be unknown since insurance rates have steadily increased.

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The City recognizes that EUTF costs in general and the unfunded liability in particular are major concerns for all of us, and we appreciate this and other bills that attempt to address this issue. However, based on our concerns, we strongly oppose this bill at this time.

Thank you for the opportunity to testify on House Bill 1848, HD2, SD1 Proposed.

Yours truly,



f Michael R. Hansen, Director
Department of Budget & Fiscal Services



Noel T. Ono, Director
Department of Human Resources



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Sixth Legislature, State of Hawaii
The Senate
Committee on Judiciary and Labor

Testimony by
Hawaii Government Employees Association
March 19, 2012

H.B. 1848, H.D. 2, Proposed S.D. 1 – RELATING TO
COLLECTIVE BARGAINING

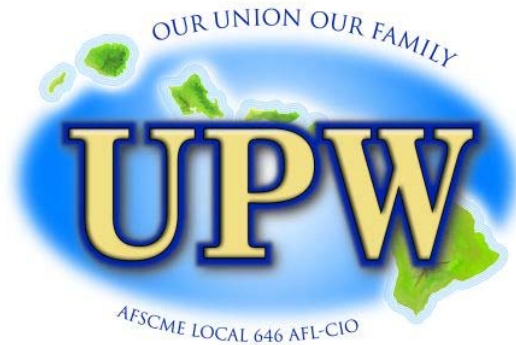
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of the proposed S.D. 1 to H.B. 1848, H.D. 2 which clarifies that negotiations relating to contributions to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) shall be subject to the impasse procedure as delineated in Ch. 89, Hawaii Revised Statutes (HRS) and makes other technical, conforming amendments.

Chapter 89, HRS lacks a dispute resolution over the contributions to the EUTF. As currently written, if the Employer and the Exclusive Representative cannot agree on the contributions, then the pro-rata share shall be determined by the Legislature, while all other negotiable items can proceed to impasse. The amendments contained in the proposed S.D. 1 to H.B. 1848, H.D. 2 allow for the dispute over contributions to be inclusively – similarly to any other negotiable item – resolved via the impasse procedure and subsequently by either arbitration or strike, depending on the bargaining unit. Adoption of this language will increase conformity between public-sector and private-sector employee bargaining, as the Exclusive Representatives can fully utilize their dispute resolution mechanisms for all negotiable items.

Thank you for the opportunity to testify in strong support of this legislation.

Respectfully submitted,

Randy Perreira
Executive Director



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

COMMITTEE ON JUDICIARY AND LABOR

The Honorable Sen. Clayton Hee, Chair
The Honorable Sen. Maile S. L. Shimabukuro, Vice Chair

DATE OF HEARING: Monday, March 19, 2012
TIME OF HEARING: 10:00 a.m.
PLACE OF HEARING: Conference Room 016

**TESTIMONY ON HB 1848 HD2 PROPOSED 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 01 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.

The UPW strongly supports HB 1848 HD2 Proposed 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.