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CITY AND COUNTY OF HONOLULU

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PETER B. CARLISLE  
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DEPUTY MANAGING DIRECTOR

January 26, 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: Senate Bill No. 2069  
Relating to Collective Bargaining

The City and County of Honolulu **strongly supports** S.B. 2069 which seeks to amend the collective bargaining law to allow the State and the four counties to bargain separately and independently with the public sector unions.

The current system of the State having six votes and each county one vote does not allow for accountability and transparency that the public demands. If one county votes with the State, then each county, regardless of its fiscal situation is forced to accept a wage and benefit package that may not be affordable or financially sound. This bill would enable each Chief Executive to negotiate agreements that are consistent with their fiscal situation and provide increased transparency and accountability.

During the 2009-2011 round of negotiations for Hawaii Government Employees Association (HGEA) units, the various jurisdictions negotiated and implemented different wage and benefit packages via supplemental agreements. For example, the counties of Maui and Hawaii continued their Employer Union Trust Fund (EUTF) contribution rates at 60/40, while all other jurisdictions remained at the 50/50 negotiated rate. While the Employer negotiated a 5% across-the-board wage cut, Hawaii county negotiated a one day per month furlough and Maui and Kauai counties negotiated no wage cuts or furloughs. Similar supplemental agreements were negotiated with the United Public Workers.

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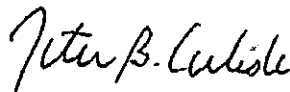
The problem with supplemental agreements is that the counties can only negotiate a "better" deal than what was agreed to by the majority. Even if the package is not fiscally sound for our county, the floor is set and the City must accept it. I do not support furloughs or a "favored nation" concept in collective bargaining yet I'm bound by these provisions. Furloughs are not the best options for our City operations such as emergency responders, water safety officers, and refuse collectors. And, we still do not know the true cost of the HGEA settlement due to the favored nation clause.

In the case of Bargaining Unit 11 and 12 (Fire and Police), the current system of the State having four votes and each of the counties having one vote is not logical. The City employs the majority of police officers and fire fighters in the State of Hawaii yet the City has one vote out of eight on all collective bargaining issues. The State has no police officers, yet they have the majority vote.

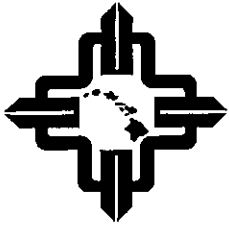
Wages and benefits comprise approximately 50% of my \$1.92 billion operating budget. As Chief Executive of the largest county in the State, I need to have the ability to control these costs. The City is also faced with unfunded liability of approximately \$1.5 billion for the Employees' Retirement System, and \$1.9 billion for EUTF. Giving the counties full autonomy to negotiate their own collective bargaining agreements would provide for increased accountability and transparency, which is in the public interest particularly in these tough economic times.

Thank you for the opportunity to testify.

Very truly yours,



**Peter B. Carlisle**  
Mayor



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N

*"Touching Lives Everyday"*

**Senate Committee on Judiciary and Labor**  
**Senator Clayton Hee, Chair**  
**Senator Maile S.L. Shimabukuro, Vice Chair**

Thursday, January 26, 2012  
2:30 p.m.  
Conference Room 229  
Hawaii State Capitol

**Testimony Supporting Senate Bill 2069, Relating to Collective Bargaining**  
Allows the State and the counties to bargain separately and independently with public sector unions.

**Bruce S. Anderson**  
**President and Chief Executive Officer**  
**Hawaii Health Systems Corporation**

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporation Board of Directors, thank you for the opportunity to present testimony in support of SB 2069, which amends Chapters 76 and 89 to allow the State and counties to bargain separately and independently with the public sector unions. The language of SB 2069 also expressly bestows upon the HHSC Board of Directors, as a "public employer," sole authority to negotiate collective bargaining agreements that would apply to HHSC employees.

HHSC has over 4000 employees and is the nation's fourth largest public health care organization, providing 24/7 acute and long-term health care services at 13 facilities across the State of Hawaii. As a 24/7 health care system, HHSC has issues and concerns that are uniquely different from those of other government departments and agencies, including census, process improvement, acuity and most importantly, providing quality patient care. Despite its uniqueness, the current law does not allow HHSC to independently negotiate its own collective bargaining agreements addressing wages, hours and conditions of work for its health care employees. Instead, the current collective bargaining law often forces HHSC's interests to take a "back seat" to those of other jurisdictions, without recognition of HHSC's fiscal situation or the impact of certain contract terms upon its 24/7 operations.

Given the rapid changes taking place in the health care industry and the implementation of national health care reform, in addition to the tenuous state of the economy, it is imperative that HHSC have flexibility and autonomy in addressing its

operational and labor issues, without having to contend with competing interests from other jurisdictions. It would be in the best interest of the people of Hawaii, as well as visitors to our state and our employees, to ensure that HHSC has the ability to address the unique labor issues inherent to its 24/7 operations, in order to provide the most cost-efficient, high-quality health care services possible.

For the above-stated reasons, HHSC supports SB 2069 and respectfully requests that this committee vote to advance the bill forward.

Thank you for the opportunity to testify before this committee.