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TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1173, H.D. 1

February 25, 2013

RELATING TO COLLECTIVE BARGAINING

House Bill No. 1173, H.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 (B&F) opposes this bill. B&F 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. However, altering what is done in these situations to allow binding arbitration would take this critical decision out of the hands of elected leaders and put it in the hands of unelected and unaccountable arbitrators. While the Legislature would still have the authority to reject an arbitration award, it appears all cost items would be rejected, not just EUTF contributions. The end result of this bill could result in giving the Legislature a choice of fully conceding control of this significant portion of the budget to arbitration panels or risk unending collective bargaining negotiations.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Twenty-Seventh Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association
February 25, 2013

H.B. 1173, H.D. 1 – RELATING TO
COLLECTIVE BARGAINING

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 1173, H.D. 1, 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, with the requested amendment to change the effective date to be upon approval.

As currently written, Ch. 89, HRS lacks a dispute resolution mechanism to address the Employee and Employer share of the contributions to medical premiums in the EUTF. As written, if the Employer and the Exclusive Representative cannot agree on the contribution amount, then the pro-rata share shall be determined by the Legislature, while all other negotiable items can proceed to impasse. The amendments contained in S.B. 885 allow for the dispute over contributions to be inclusively – similarly to any other negotiable item – resolved via the impasse procedure and subsequently by either interest arbitration or strike, depending upon the bargaining unit. Adoption of this language increases conformity between public-sector and private-sector employee bargaining, as both parties can fully utilize their dispute resolution mechanisms for all negotiable items, and also allows for consideration of a full benefits and compensation package.

Thank you for the opportunity to testify in strong support of H.B. 1173, H.D. 1, with the proposed amendment to the effective date.

Respectfully submitted,

Randy Perreira
Executive Director