

**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 546, H.D. 2, S.D.1**

March 25, 2013

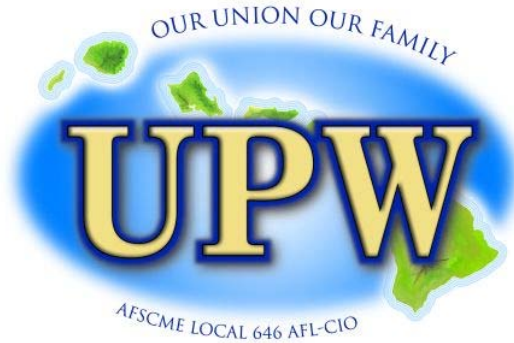
RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

House Bill No. 546, House Draft 2, Senate Draft 1, will establish a task force within the Department of Budget and Finance (Department) for administrative purposes that will examine the unfunded liability of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF).

The Department supports the intent of this bill that will establish this task force, provided that the Legislature also supports the Governor's proposed FB 2013-15 budget that includes approximately \$100 million in each of the next two fiscal years to begin the process of pre-funding the State employer contributions for Other Post Employment Benefits (OPEB). It is imperative for the State to take its first step with regard to the \$100 million in OPEB pre-funding for FY 2014 and FY 2015 and to become accustomed in terms of contributing the full annual required contributions of \$500 million in future fiscal years. It is further suggested that the task force should consider a wider range of issues, in addition to the possible alternative medical benefit plans which are provided in this bill. For example, the task force should explore mechanisms that would best enable the State to meet its annual pre-funding requirements, consider best approaches to ensure a consistent, balanced, and prudent investment return which would increase the corpus of the OPEB funds and possibly lower future contribution requirements and the

liability, consider appropriate and feasible new strategies and approaches in the EUTF benefits design, and possible employee and retiree involvement in wellness and other programs which may result in immediate and longer term benefits for employees, retirees, and employers.

Finally, while we support having county representation on this task force, appointing a member from the Hawaii Council on Mayors and appointing another member from the Hawaii Association of Counties is not reflective of the EUTF's membership. Currently, State employees make up approximately 76% of EUTF's participants. We respectfully ask that the Governor have the discretion in considering the making of appointments that would represent the interests of the counties.



THE HAWAII STATE SENATE
The Twenty-Seventh Legislature
Regular Session of 2013

COMMITTEE ON WAYS & MEANS
The Honorable Sen. David Ige, Chair
The Honorable Sen. Michelle Kidani, Vice Chair

DATE OF HEARING: Monday, March 25, 2013
TIME OF HEARING: 9:10 a.m.
PLACE OF HEARING: Conference Room 211

**TESTIMONY ON HB546 HD2 SD1 RELATING TO HAWAII EMPLOYER-UNION
HEALTH BENEFITS TRUST FUND**

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.

The UPW supports HB546 HD2 SD1 that establishes the Hawaii employer-union health benefits trust fund task force within the department of budget and finance to examine the unfunded liability of the Hawaii employer-union health benefits trust fund and makes an appropriation for the task force.

This measure would provide for time to thoroughly research the state's unfunded liability and possible means to address it. We recognize that the unfunded liability is a pressing issue, but believe that a thorough assessment is essential to the policy-making process. The UPW appreciates the opportunity to be part of the discussion for equitable solutions.

Thank you for the opportunity to testify on this measure.

Testimony Before the Senate Committee on
Ways and Means
March 25, 2013
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

Re: H.B. 546, HD2, SD1: RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND.

Senator Ige, Chair, Senator Kidani, vice-chair and members of the Senate Committee on Ways and Means:

H.B. 546, HD2, SD1 is a very timely Bill as the legislature addresses its concerns regarding the Hawaii Employees Union Trust Fund unfunded liability and the costs and benefits of health care for its employees and retirees.

I am a retired teacher and active member of the HSTA-Retired and strongly support HB546, HD2, SD1 which establishes a task force to address the concerns of both the legislature and the participants of the program. I hope that you will give favorable consideration to the Senate Judiciary Committee's recommendations (SD1) regarding the make-up of the task force: 1) delete the state chief negotiator or his designee as a member of the task force, and 2) that a member representing public employee retirees be allowed to serve on this task force. Leaving the chief negotiator off of the task force will eliminate the appearance of a conflict of interest at the bargaining table, and including a retiree on the task force will give credence to the state's willingness to recognize the valuable contributions of its retired members. I sincerely ask for your support of H.B. 546, HD2,SD1.

Thank you for allowing me to provide testimony in support of HB546, HD2, SD1

Sincerely,

Odetta Fujimori



From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: jtan@interpac.net
Subject: Submitted testimony for HB546 on Mar 25, 2013 09:10AM
Date: Sunday, March 24, 2013 9:29:43 PM

HB546

Submitted on: 3/24/2013

Testimony for WAM on Mar 25, 2013 09:10AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Yoshiichi "Joe" Tanaka	Individual	Support	No

Comments: Aloha Sen. David Ige, Chair, Sen. Michelle Kidani, Vice Chair, and members of the Senate Ways & Means Committee, My name is "Joe" Y. Tanaka, Retired school counselor and member of HSTA-Retired; and I write to urge support of SB546,HD2,SD1 calling for a task force to examine the UAAL problem confronting the HI Employer Union Trust Fund. The Fund has a tremendous unfunded liability which is growing as I write and you-all meet; and needs a learned, organized plan to stem its growth and reduce the liability; an arduous task indeed. The record is far too poor regarding management of the liability. Please pass upon this bill enabling a concerted effort to address the problem before it becomes too late. Mahalo for this opportunity to testify on this critical matter. (signed) Yoshiichi Tanaka

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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