

HB 592

**TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
ON
HOUSE BILL 592**

February 5, 2013

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

House Bill No. 592, amends Chapter 87A relating to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) by adding an eleventh board member to represent the general public, changing the voting and quorum requirements and clarifies the fiduciary duties of the board. H.B. 592 also requires the EUTF board to implement and recommend policies to amortize the unfunded accrued Other Post Employment Benefits (OPEB) liability within thirty years from January 1, 2014.

The Department of Budget and Finance provides the following comments on this measure. A neutral board member from the public who is appointed by the Governor may provide a balance between the employer and employee interests, provide a means for working through possible deadlocks, and add to the depth of experience on the EUTF board. The provision of one vote per trustee and, changes in the quorum requirements for the board to conduct business and to take actions from the current requirements could result in more efficient and productive trustee meetings.

With regards to amortizing the EUTF's unfunded actuarial accrued OPEB liability within thirty years, the Administration has proposed a comprehensive approach through a budget request and legislation to address the unfunded actuarial accrued OPEB liability of the EUTF.

We defer to the Department of the Attorney General regarding the provisions to clarify the fiduciary duties of the EUTF board.

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LATE TESTIMONY