

Honolulu, Hawaii

FEB 14 2013

RE: S.B. No. 885

S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Judiciary and Labor, to which was referred
S.B. No. 885 entitled:

"A BILL FOR AN ACT RELATING TO COLLECTIVE BARGAINING,"

begs leave to report as follows:

The purpose and intent of this measure is to provide a
dispute resolution mechanism to address the employer share of
contributions to the Hawaii Employer-Union Health Benefits Trust
Fund. Specifically, this measure:

- (1) Authorizes parties to use arbitration to resolve
impasses or disputes relating to the State and counties'
contributions to the Hawaii Employer-Union Health
Benefits Trust Fund;
- (2) Repeals the procedures parties are required to follow
after an arbitration panel issues a decision and the
understanding that members of collective bargaining
units are prohibited from striking on the issue of State
and county contributions to the Hawaii Employer-Union
Health Benefits Trust Fund; and
- (3) Makes housekeeping amendments relating to the scope of
negotiations.

Your Committee received testimony in support of this measure
from the Hawaii Government Employees Association, AFSCME Local
152, AFL-CIO and Hawaii Fire Fighters Association. Testimony in



opposition to this measure was submitted by the Department of the Attorney General, University of Hawaii System, and one private individual.

Your Committee finds that existing law lacks a dispute resolution mechanism to address the employer share of contributions to the Hawaii Employer-Union Health Benefits Trust Fund. Under existing law, if the employer and exclusive representative cannot agree on the employer contribution amount, the pro rata share is determined by the Legislature while all other negotiable items can proceed to impasse under law. This measure allows for the employer contribution disputes to be inclusively resolved under impasse procedures and subsequently by either interest arbitration or strike, depending on the collective bargaining unit involved in the impasse.

However, your Committee is concerned about the fiscal impact this measure may have on the State's budget, as amounts of contributions to health benefits comprise a substantial portion of the State's overall budget. Furthermore, this measure increases the likelihood of variability in the Hawaii Employer-Union Health Benefits Trust Fund contribution amounts for all public employees due to the involvement of multiple arbitration panels from different collective bargaining units subject to interest arbitration. As such, your Committee believes these fiscal concerns merit further discussion by your Committee on Ways and Means if that Committee chooses to schedule this measure for a hearing.

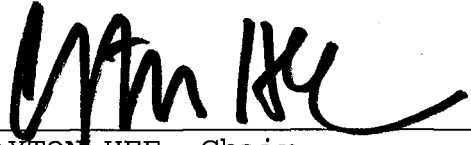
Accordingly, your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 885, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 885, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



