



**STATE OF HAWAII
OFFICE OF COLLECTIVE BARGAINING
EXECUTIVE OFFICE OF THE GOVERNOR
235 S. BERETANIA STREET, SUITE 1201
HONOLULU, HAWAII 96813-2437**

March 16, 2015

TESTIMONY TO THE
HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
For Hearing on Tuesday, March 17, 2015
10:00 a.m., Conference Room 309

By

JAMES K. NISHIMOTO
CHIEF NEGOTIATOR, OFFICE OF COLLECTIVE BARGAINING

**Senate Bill No. 1011, S.D. 1
Relating to Collective Bargaining**

CHAIRPERSON NAKASHIMA, VICE CHAIR KEOHOKALOLE AND MEMBERS OF
THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT:

S.B. No. 1011, S.D.1 would amend Chapter 89, HRS to repeal the statutory language providing that arbitration shall not be available to resolve disputes regarding EUTF contributions by the State and Counties.

The Office of Collective Bargaining (OCB) **HAS CONCERNS** regarding this bill.

Allowing an arbitration panel to determine the amount of the employers' contribution toward employees' EUTF premiums through binding arbitration would constitute a major change in the negotiations impasse resolution process. There may be significant unintended consequences, given that the arbitration panel may not be in a position to consider the public employer's legal obligation under applicable laws to balance their respective budgets. It is strongly recommended that the Legislature fully

consider the implications of making such a substantial change in the process of resolving negotiations impasse, as it relates to EUTF contributions.

As part of the Committee's deliberation, OCB requests that consideration be given to the following amendment to §89-11(e)(2)(A), which relates to selection of the neutral third party member of the arbitration panel:

- (A) Arbitration panel. Two members of the arbitration panel shall be selected by the parties; one shall be selected by the employer and one shall be selected by the exclusive representative. The neutral third member of the arbitration panel, who shall chair the arbitration panel, shall be selected by mutual agreement of the parties. In the event that the parties fail to select the neutral third member of the arbitration panel within thirty days from the date of impasse, the board shall ~~request the American Arbitration Association, or its successor in function, to~~ furnish a list of five qualified arbitrators that includes arbitrators from the State, maintained by the board, from which the neutral arbitrator shall be selected.

Thank you for the opportunity to testify on this important measure.

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
ON
SENATE BILL NO. 1011, S.D. 1

March 17, 2015

RELATING TO COLLECTIVE BARGAINING

Senate Bill No. 1011, S.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) strongly 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.

While recent fiscal conditions have made it challenging to reach resolution in collective bargaining negotiations, altering the current process by allowing 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-Eighth Legislature, State of Hawaii
House of Representatives
Committee on Labor and Public Employment

Testimony by
Hawaii Government Employees Association
March 17, 2015

S.B. 1011, S.D. 1 – RELATING TO
COLLECTIVE BARGAINING

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 1011, S.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, and makes other technical, conforming amendments.

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. 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. 1011 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 S.B. 1011, S.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director



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TESTIMONY BEFORE THE HOUSE COMMITTEE
ON LABOR & PUBLIC EMPLOYMENT

Wil Okabe
President
Joan Kamila Lewis
Vice President
Colleen Pasco
Secretary-Treasurer
Wilbert Holck
Executive Director

DATE: TUESDAY, MARCH 17, 2015

RE: S.B. 1011, S.D. 1 - RELATING TO COLLECTIVE BARGAINING

PERSON TESTIFYING: WIL OKABE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

The Honorable Chair Mark Nakashima, Honorable Vice Chair Jarrett Keohokalole and Members of the Committee:

The Hawaii State Teachers Association (HSTA) **strongly supports S.B. 1011, S.D. 1**, relating to collective bargaining, which repeals the provision providing that arbitration shall not be available to resolve disputes regarding the employer – Union Health Benefits Trust Fund (EUTF).

The amendments in Senate Bill 1011 clarify negotiations relating to contributions to the EUTF which maybe be subject to the impasse procures as stated in chapter 89, Hawaii Revised Status.

HSTA believes in its commitment to its employees and its need for improvements for prepaid health, dental care, vision, and drug plans for bargaining unit members and their dependents.

As such, the amendments support actions to allow a negotiated resolution for affected employees to address the Employee and Employer share of the contributions to medical rate to be made inclusively - similarly to any other negotiated item - resolved through an impass procedure and subsequently by either interest arbitration or strike depending upon the bargaining unit.

Thank you for the opportunity to testify in **strong support of S.B. 1011, S.D. 1**.



The House Committee on Labor & Public Employment
Tuesday, March 17, 2015
10:00 a.m.

SB 1011, SD 1, Relating to Collective Bargaining.

Dear Chairperson Nakashima and Committee Members:

The University of Hawaii Professional Assembly (UHPA) strongly supports allowing impasse procedures found within H.R.S. Chapter 89 to be used in resolving disputes over EUTF contributions. The failure to allow impasse procedures to resolve these differences unduly impedes the negotiations process on salary and benefits that establish total employee compensation.

UHPA urges the committee to support this measure.

Respectively submitted,

Kristeen Hanselman
Associate Executive Director

UNIVERSITY OF HAWAII
PROFESSIONAL ASSEMBLY

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