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OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN COMMENTS

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 810, H.D. 1

February 23, 2017
1:00 p.m.
Room 308

RELATING TO COLLECTIVE BARGAINING

House Bill No. 810, H.D. 1, amends Chapter 89, HRS, by repealing the prohibition of using arbitration to resolve impasses or disputes relating to Hawaii Employer-Union Health Benefits Trust Fund (EUTF) contributions, allowing arbitration panels to decide on EUTF matters.

The Department of Budget and Finance opposes this bill because it takes away control from the executive branch to determine the State's ability to pay for cost items that are directly linked to the State's overall fiscal condition. Arbitration panels are not often prepared to understand the complexities of the State budget. While difficult fiscal conditions can make it challenging to reach resolutions in collective bargaining negotiations, allowing binding arbitration would take this critical decision out of the hands of elected leadership and put it in the hands of unelected and unaccountable arbitrators.

Further, although the legislature would still have the authority to reject an arbitration award, it appears all cost items would be rejected, not just EUTF

contributions. This would seem to give the legislature a choice of fully conceding control of this significant portion of the budget to arbitration panels or risk unending collective bargaining negotiations. Finally, the bill does not provide a resolution mechanism if the strike units (1, 5, and 7) cannot come to an agreement in negotiations on EUTF matters.

Thank you for your consideration of our comments.

DEPARTMENT OF HUMAN RESOURCES
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 10th Floor
HONOLULU, HAWAII 96813

KIRK CALDWELL
MAYOR



CAROLEE C. KUBO
DIRECTOR
NOEL T. ONO
ASSISTANT DIRECTOR

February 23, 2017

The Honorable Sylvia Luke, Chair
The Honorable Ty J. K. Cullen, Vice Chair
and Members of the Committee on Finance
The House of Representatives
State Capitol, Room 308
Honolulu, Hawaii 96813

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee:

Subject: House Bill No. 810, HD 1
Relating to Collective Bargaining

The Department of Human Resources, City & County of Honolulu, would like to share our concerns with this measure. If passed, the legislature would relinquish its decision making authority regarding the amount of employer contributions to the Employer-Union Health Benefit Trust Fund in the event the public employers and various public unions are not able to reach an agreement. Moreover, according to H.B. 810, HD1, such decision could be made by a third party arbitrator, who may or may not understand the public employers' ability to pay for such benefits.

We thank you for giving us the opportunity to testify on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Carolee C. Kubo".

Carolee C. Kubo
Director

cc: Mayor's Office



The House Committee on Finance
Thursday, February 23, 2017
1:00 pm, Room 308

RE: HB 810, HD1 Relating to Collective Bargaining

Attention: Chair Sylvia Luke, Vice Chair Ty Cullen and
Members of the Committee

The University of Hawaii Professional Assembly (UHPA) urges the committee to **support passage of HB 810, HD1.**

Chapter 89-9, Hawaii Revised Statutes, outlines the scope of negotiations and consultation and Chapter 89-11, Hawaii Revised Statutes, outlines the resolution of disputes and impasse procedures between the exclusive representative and the employer. The amendments to these respective sections outlined in HB 810 HD1 will provide the appropriate pathway for resolving disputes between the exclusive representative and the employer regarding contributions to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF).

UHPA urges the committee to **support HB 810, HD1.**

Respectfully Submitted,

Kristeen Hanselman
Executive Director

**University of Hawaii
Professional Assembly**

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 22, 2017 10:52 AM
To: FINTestimony
Cc: tim.streitz@gmail.com
Subject: Submitted testimony for HB810 on Feb 23, 2017 13:00PM

HB810

Submitted on: 2/22/2017

Testimony for FIN on Feb 23, 2017 13:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Tim Streitz	Individual	Support	No

Comments: As someone affected by this bill, I support it because of the more efficient negotiation process that's created when all benefits are considered as a complete package. I would also think this method improves budgeting by removing the multiple variables under the current structure.

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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HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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LATE

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

Testimony by
Hawaii Government Employees Association

February 23, 2017

H.B. 810, 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. 810, H.D. 1, which allows contributions to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) 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 Employer and Employee 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 H.B. 810, H.D. 1, 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 the consideration of a full benefits and compensation package.

Thank you for the opportunity to testify in strong support of H.B. 810, H.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director