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TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON LABOR, CULTURE AND THE ARTS
ON
SENATE BILL NO. 785

February 7, 2019
2:45 p.m.
Room 224

RELATING TO COLLECTIVE BARGAINING

Senate Bill No. 785 amends Chapter 89, HRS, to allow the negotiation of Hawaii Employer-Union Health Benefits Trust Fund (EUTF) benefits and to repeal the prohibition of using arbitration to resolve impasses or disputes relating to EUTF contributions/benefits, allowing arbitration panels to decide on EUTF matters. The bill also removes the prohibition of striking over the issue of employer EUTF contributions.

The Department of Budget and Finance strongly opposes this bill for the following reasons.

First, allowing each bargaining unit to negotiate its own benefits could essentially create 14 different pools of employees, reducing the economies of scale in negotiations with carriers and increasing administrative complexity for EUTF. Each negotiating team would need to be advised or trained in health benefit matters, including compliance with federal requirements.

Second, allowing arbitration panels to decide matters relating to EUTF is fraught with uncertainty. 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 and under the provisions of this measure, they would also need to become experts in health benefit plan design. While difficult fiscal conditions can make it challenging to reach resolutions 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.

Thank you for your consideration of our comments.

DAVID Y. IGE
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TESTIMONY BY DEREK MIZUNO
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DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON LABOR, CULTURE AND THE ARTS
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RELATING TO COLLECTIVE BARGAINING

Chair Taniguchi, Vice Chair Ihara, and Members of the Committee:

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board of Trustees has not been able to take a position on this bill. Their next meeting is scheduled for February 19, 2019. EUTF staff would like to provide comments.

This bill will subject benefits under and employer contributions to EUTF health plans to collective bargaining and arbitration. Currently, such items are not subject to arbitration and EUTF health plan benefit designs are not subject to collective bargaining but are the responsibility of the EUTF Board of Trustees. This bill in regards to EUTF health benefits seems to conflict with the current provisions under Chapter 87A, Hawaii Revised Statutes.

Thank you for the opportunity to testify.

EUTF's Mission: We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.



The Senate Committee on Labor, Culture and the Arts
Thursday, February 7, 2019
2:45 pm, Room 224

RE: SB 785 RELATING TO COLLECTIVE BARGAINING

Attention: Chair Brian T. Taniguchi, Vice Chair Les Ihara, Jr. and
Members of the Committee

The University of Hawaii Professional Assembly appreciates the opportunity to provide **comments regarding SB 785.**

This measure seeks to expand the scope of collective bargaining under Chapter 89 to include benefits and allow collective bargaining impasse to be resolved through binding arbitration. This measure does not address those bargaining units that have the right to strike, such as Bargaining Unit 7.

UHPA is not opposed to expanding the scope of negotiations to include benefits. To the contrary, UHPA would embrace the opportunity to expand its ability to negotiate on behalf of its members, and find solutions that would meet our specific member's needs.

This measure does not address the roles and responsibilities of the Board of Trustees of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF). Passage of this measure would cause potential jurisdictional issues. Some questions that arise are:

- Who is responsible for health care benefits for public employees?
- What role do the EUTF and the Board of Trustees play?
- Would each bargaining unit have their own health plan?

UHPA appreciates the opportunity to provide **comments on SB 785.**

Respectfully Submitted,

A handwritten signature in black ink that reads "Kristeen Hanselman".

Kristeen Hanselman
Executive Director

University of Hawaii
Professional Assembly



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Thirtieth Legislature, State of Hawaii
The Senate
Committee on Labor, Culture and the Arts

Testimony by
Hawaii Government Employees Association

February 7, 2019

S.B. 785 – RELATING TO COLLECTIVE BARGAINING

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 785 which allows the scope of negotiations to include health benefits and allows Employers and Exclusive Representatives to resolve disputes over the health benefits and the amounts of contributions each party pays through binding arbitration.

This measure is part of a larger effort to reform the Employer-Union Health Benefits Trust Fund (EUTF) to make health care more affordable and flexible for employees. Health care benefits are an integral part of every employee's total compensation package and therefore we firmly believe that both the plan design and the cost-share of the health benefits should be negotiated between Employers and Exclusive Representatives.

All employees deserve affordable health care options but this is especially necessary for employees who need family coverage and who are in a lower salary range. Employees who participate in the EUTF often pay 40% of the total cost of their medical premiums regardless of how much they earn, which depending on the plan and type of enrollment, can be as high as \$1,300 per month for family coverage. This is simply unaffordable for too many. By negotiating both premiums and benefits like the private sector, Exclusive Representatives can identify benefit features that can be reduced or restructured without eliminating key coverage areas. Another objective of negotiating benefits is to promote preventive care while discouraging care that is not needed. Through negotiations, there will be greater incentives to implement wellness programs, which can help control plan costs over the long-term.

Thank you for the opportunity to testify in strong support of S.B. 785.

Respectfully submitted,

Randy Perreira
Executive Director



HAWAII FIRE FIGHTERS ASSOCIATION

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**THE SENATE
THE THIRTIETH LEGISLATURE
REGULAR SESSION OF 2019**



FEBRUARY 7, 2019

Committee on Labor, Culture and the Arts

**Testimony by
Hawaii Fire Fighters Association, Local 1463, IAFF, AFL-CIO**

S.B. No. 785 RELATING TO COLLECTIVE BARGAINING.

The Hawaii Fire Fighters Association (HFFA), Local 1463, IAFF, AFL-CIO, represents more than 1,900 professional active-duty fire fighters throughout the State. The HFFA, on behalf of all of our members, **strongly supports Senate Bill 785** which allows both the scope of collective bargaining negotiations to include benefits and the resolution of impasses relating to contribution disputes through binding arbitration.

Health care benefits are integral in an employee's total compensation package and HFFA has struggled with ensuring that medical premiums provided through the collective bargaining agreement remains affordable for our membership. **SB 785** is part of a larger effort to reform the Employer-Union Health Benefits Trust Fund and HFFA believes that both the plan design and cost-share of the health benefits should be negotiated between the Employers and the Exclusive Representatives during the negotiation/arbitration process. Absent a resolution during negotiation, the measure allows the arbitration panel to consider and decide the contribution amounts by both the employer and the employees after thorough and deliberate consideration of the award in its totality.

HFFA appreciates your Committee's favorable consideration of this measure. Thank you for the opportunity to testify.