

DAVID Y. IGE  
GOVERNOR



**LATE TESTIMONY**

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EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
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OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY LAUREL A. JOHNSTON  
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON LABOR  
ON  
SENATE BILL NO. 2366

**January 30, 2018**  
**2:45 p.m.**  
**Room 229**

RELATING TO COLLECTIVE BARGAINING

Senate Bill No. 2366 requires the Hawaii Labor Relations Board to deliver its orders and decisions by hand, United States Postal Service mail using a delivery confirmation, or electronically; extends the time to hold a hearing on a complaint from 40 to 90 days; repeals the requirement for the State to pay for witness fees and to conduct an audit; and establishes a Collective Bargaining Dispute Resolution Special Fund, which shall be deposited: 1) appropriations made by the Legislature to the fund; 2) gifts, donations, and grants from public agencies and private persons; and 3) civil, criminal, and administrative penalties, fines and other charges collected under this chapter and Chapter 89 or any rule adopted pursuant to this chapter or Chapter 89.

The measure states that all interest earned or accrued on moneys deposited in the fund shall become part of the fund. Subject to legislative authorization, the board may expend moneys from the fund to resolve collective bargaining disputes and to carry out the board's duties, including conducting mediation and investigations.

While the Department of Budget and Finance does not take any position on the policies of the Hawaii Labor Relations Board and the collective bargaining process, as a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3, Hawaii Revised Statutes.

Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 2366, it is difficult to determine whether the special fund meets the criteria to establish a special fund.

Thank you for your consideration of our comments.