

TESTIMONY

HB2937 HD2



LINDA LINGLE
GOVERNOR

MARIE C LADERTA
CHIEF NEGOTIATOR

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

March 8, 2010

TESTIMONY to the
SENATE COMMITTEE ON LABOR
For Hearing on Tuesday, March 9, 2010
2:45 p.m., Conference Room 224

By

MARIE C. LADERTA
CHIEF NEGOTIATOR

House Bill No. 2937, H.D. 2
Relating to Collective Bargaining

WRITTEN TESTIMONY ONLY

CHAIRPERSON TAKAMINE AND MEMBERS OF THE COMMITTEE:

The purpose of H.B. No. 2937, H.D. 2, is to stipulate that the arbitration panel shall render a final and binding decision on contributions to the EUTF, effective July 1, 2020.

The **Office of Collective Bargaining is strongly opposed** to the proposed amendments to Chapter 89, HRS.

First, this bill irresponsibly leaves the arbitration panel, headed by a relatively uninformed neutral arbitrator, as the ultimate and final arbiter of one of the primary cost items in collective bargaining—the public employers' contribution amount to the EUTF and VEBA. Unless the factors which arbitrators must consider in rendering their awards are amended, as proposed in S.B. 2723, the arbitration panel is not required to consider the public employers' legal obligation under applicable laws to balance their respective budgets by keeping expenditures below projected revenues. For the State Executive

Branch, this obligation is found in Article VII of the State Constitution and Chapter 37, HRS. The arbitration panel is also not required to consider the impact of its putative award on the employer's ability to fund the EUTF, VEBA, and other cost items of other bargaining units. As presently constituted, this bill will virtually assure that different bargaining units will receive disproportionately favorable or unfavorable EUTF and VEBA contribution rates in comparison to other units.

Second, this bill essentially allows the Legislature to abdicate its responsibility to the ultimate employers—the taxpayers of Hawaii—to help control labor costs by establishing a fiscally-responsible EUTF/VEBA contribution amount if the parties are unable to agree to same. While the Legislature must still appropriate funds for any arbitrated award under Section 89-11(g), HRS, this is an ineffective and inefficient fiscal safeguard with respect to the EUTF/VEBA contribution because the statute only allows the Legislature to reject the cost items in their entirety and send the parties back to the bargaining table.

If there is interest in amending this bill back to its H.D. 1 form, wherein health benefits are also negotiable, we must also assert our opposition. As we testified in strong opposition to H.D. 1, making health benefits negotiable would usurp the power and duties of the EUTF board of trustees, bog down negotiations, and result in disproportionate plan benefits and costs between the different public employee bargaining units.

Thank you for the opportunity to testify in strong opposition to this measure.

CHARMAINE TAVARES
Mayor



LYNN G. KRIEG
Director

LANCE T. HIROMOTO
Deputy Director

COUNTY OF MAUI
DEPARTMENT OF PERSONNEL SERVICES

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March 5, 2010

The Honorable Dwight Y. Takamine, Chair
and Members of the Committee on Labor
The Senate
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Dear Chair Takamine and Committee Members:

RE: H.B. 2937, H.D. 2, Relating to Collective Bargaining

I am Lynn G. Krieg, Director of Personnel Services for the County of Maui, writing to express continued opposition to this measure even in its revised form. One need only review the results of the recent Unit 10 interest arbitration to see the mayhem which could result from leaving such a critical decision as contribution levels up to a third-party arbitrator. Can you envision a contribution structure fashioned according to job classes and/or differing work operations? When you leave such decisions up to a third-party arbitrator you never know what the outcome will be.

The legislature represents the public and the public's interests. If the employer and employee representatives are unable to find an amicable resolution, the legislature should step forward to exercise this responsibility in an effort to control labor costs. Such decisions should not be left to a third party who is basically accountable to no one once the arbitration is over and decision issued.

Thank you for the opportunity to offer testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn G. Krieg".

LYNN G. KRIEG
Director of Personnel Services

cc: Mayor Charmaine Tavares
Marian Feenstra, Executive Assistant



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Labor

Testimony by
Hawaii Government Employees Association
March 9, 2010

**H.B. 2937, H.D. 2 – RELATING
TO COLLECTIVE BARGAINING**

The Hawaii Government Employees' Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 2937, H.D. 2, which will permit Employer Union Health Benefits Trust Fund (EUTF) contributions to be presented in arbitration if the parties cannot reach agreement. Currently, EUTF contributions cannot be submitted to the arbitration panel.

While H.B. 2937, H.D. 2 represents a meaningful change to Chapter 89, HRS, we prefer H.B. 2937 in its original form. The original form permits public employee unions to negotiate not only the EUTF contributions, but also the benefits provided through the health plans. This bill is part of a larger effort to reform the EUTF by changing the composition of the board and imposing stricter requirements on board members to fulfill their fiduciary responsibilities.

We believe that benefits are an integral part of employee compensation and should be negotiated between unions and employers as is done in the private sector. Other reform efforts through negotiation must include effective mechanisms for controlling costs, requiring information on provider performance and enhancing efficiency.

As presently organized, the EUTF is not providing affordable health care to public employees. Premiums are unaffordable for employees who need family coverage and those who are at the lower pay range. By negotiating both premiums and benefits, unions can identify benefit features that may be reduced or restructured without eliminating key coverage areas. Another objective of negotiating benefits is to promote preventive care while discouraging features that are not needed.

Through negotiations, there will be greater incentives to implement wellness programs, which can help hold down plan costs over the long term. Specific diseases with the greatest potential to reduce plan costs should be targeted by helping employees to stay on appropriate therapies to avoid future complications and increased premiums.

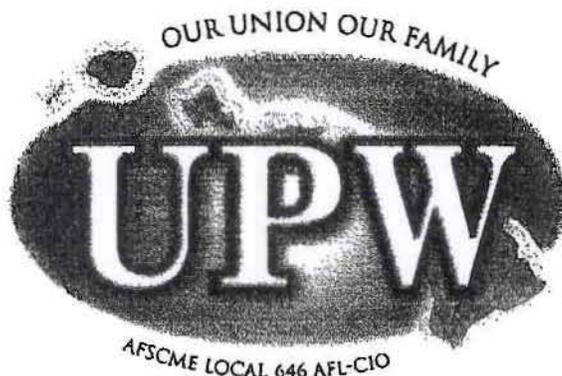
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Thank you for the opportunity to testify in support of H.B. 2937, H.D. 2 with the amendment back to its original form.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nora A. Nomura".

Nora A. Nomura
Deputy Executive Director



The Senate
The Twenty-Fifth Legislature
Regular Session of 2010

Committee on Labor
Senator Dwight Takamine, Chair
Senator Brian Taniguchi, Vice Chair

DATE: Tuesday, March 9, 2010
TIME: 2:45 p.m.
PLACE: Conference Room 224

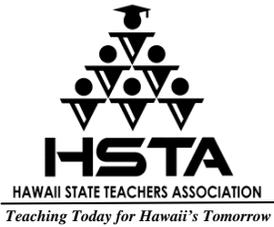
**TESTIMONY OF THE UNITED PUBLIC WORKERS, LOCAL, 646, ON HB
2937, HD2, RELATING TO COLLECTIVE BARGAINING**

HB 2937, HD2 clarifies that EUTF contributions are a subject of negotiation in collective bargaining and stipulates that the arbitration panel shall render a final and binding decision on contributions to the EUTF.

The United Public Workers supports this measure. However our strong preference is for the original bill that includes the negotiation of health plan benefits as part of the collective bargaining process.

Under current law, health plan benefits are excluded from negotiations. As insurance premiums continue to rise, (national increases have been running between 9.5% to 12% annually), health care is becoming less affordable especially for our blue collar government workers and their families. Health benefits are part of an employee's compensation and it is not unreasonable for this item to be negotiated.

This measure works in tandem with a larger effort (SB 2849) to reform the current BUTF. We ask for your committee's favorable passage of the original intent of this bill.



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TESTIMONY BEFORE THE SENATE COMMITTEE ON
LABOR

RE: **HB 2937, HD2** - RELATING TO COLLECTIVE BARGAINING.

March 9, 2010

WIL OKABE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Takamine and Members of the Committee:

The **Hawaii State Teachers Association** supports **HB 2937, HD2**, which allows for contributions to the health fund be subject to the arbitration process.

It makes sense that all matters bargained at the negotiations table be subject to the impasse process. A contribution for health benefits is part of the total wage and benefits package.

We ask that the bill be amended to include all procedures of impasse including a strike. The impasse procedures should include all salary and benefits items on equal footing.

Thank you for the opportunity to testify.