

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 1057, S.D. 2

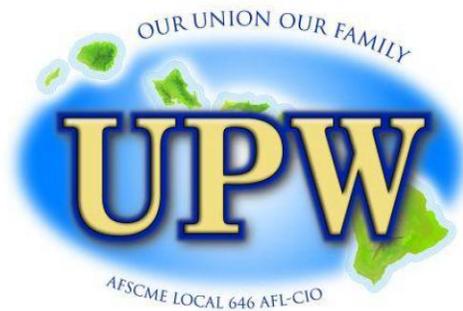
April 2, 2013

RELATING TO EMPLOYER UNION HEALTH BENEFITS TRUST FUND
CONTRIBUTIONS

Senate Bill No. 1057, S.D. 2, provides public employer contribution amounts for plan years 2011-2012 and 2012-2013 for Hawaii Employer-Union Health Benefits Trust Fund (EUTF) health benefit plan premiums for the employees of Collective Bargaining Unit 10 and its excluded counterparts.

The Department of Budget and Finance strongly supports this Administration measure. The decision of the arbitration panel appointed pursuant to Section 89-11, HRS, for Bargaining Unit 10, represented by the United Public Workers, was received on January 10, 2013. An agreement was not able to be reached concerning the Hawaii EUTF employer contributions. Therefore, in accordance with Section 89-11(g), the employer was required to submit its recommendation for contributions to the Legislature. Section 89-11(g) states that the parties shall submit their recommendations for contributions to the Legislature, and that the final and binding agreement of the parties on all provisions shall consist of the panel's decision and the amounts of contributions established by the Legislature by enactment, after the Legislature has considered the recommendations for such contributions by the parties.

The employer recommends contributions at the 50% level. The Legislature included specific adjustments to the FB 2011-13 budget to fund employer contributions for EUTF benefits at the 50% level. Senate Bill No. 1057, S.D. 2, is designed to effectuate 50% employer contribution levels for Bargaining Unit 10 members and their excluded counterparts retroactive to July 11, 2011. These rates are the same as for employees of other bargaining units with current collective bargaining agreements.



THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Twenty-Seventh Legislature
Regular Session of 2013

COMMITTEE ON FINANCE

The Honorable Rep. Sylvia Luke, Chair
The Honorable Rep. Scott Nishimoto, Vice Chair
The Honorable Rep. Aaron Ling Johanson, Vice Chair

DATE OF HEARING: Tuesday, April 2, 2013
TIME OF HEARING: 2 p.m.
PLACE OF HEARING: Conference Room 308

**TESTIMONY ON SB1057 SD2 RELATING TO EMPLOYER UNION HEALTH BENEFITS
TRUST FUND CONTRIBUTIONS**

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive representative for approximately 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

The UPW opposes SB1057 SD2 that establishes employer contribution amounts for plan years 2011-2012 and 2012-2013 for Employer-Union Health Benefits Trust Fund (EUTF) health benefit plan premiums for the employees of collective bargaining unit (10) and their excluded counterparts.

UPW is concerned because SB1057 SD2 reduces the amount of the employer's contribution to the EUTF for plan years 2011-2012 and 2012-2013 for Unit 10. The current draft is inconsistent with the 60-40 ratio that historically has defined the EUTF contributions between employers and employees. To retroactively reduce the contribution ratio to 50-50 through legislation would impair the vested rights in the bargain reached.

We urge this Committee to amend SB1057 SD2 to hold the State public employers to the agreement they made to retain the 60-40 ratio concept in EUTF contributions.

Thank you for the opportunity to testify on this measure.