



GOV. MSG. NO. 773

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

April 19, 2007

The Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
State Capitol
Honolulu, Hawaii 96813

Dear Madam President:

The Hawaii Government Employees Association (HGEA) and the employer have entered into agreements concerning Bargaining Units 2, 3, 4, 6, 8, and 13. The HGEA notified the Chief Negotiator on April 19, 2007, that their membership has ratified the agreements.

In accordance with Section 89-10(b), cost items must be submitted to the Legislature for appropriation within ten days of ratification. The following summaries of the included and excluded requirements of the agreements for the upcoming fiscal biennium are being transmitted to the Legislature for authorization:

	<u>FY 08</u>	<u>FY 09</u>	<u>Biennium</u>
General	\$46,693,238	\$100,102,407	\$146,795,645
Special	4,755,164	9,693,364	14,448,528
Federal	5,172,811	10,634,306	15,807,117
Other	<u>3,588,919</u>	<u>7,241,164</u>	<u>10,830,083</u>
Total	\$60,210,132	\$127,671,241	\$187,881,373

Attached for your consideration is a proposed conference draft amending Senate Bill No. 1382, in its entirety, to fund the agreements. The proposed draft is effective July 1, 2007.

The Legislative Auditor recommended that general fund appropriations include Social Security/Medicare and pension accumulation amounts for all programs, regardless of method of financing. As a result, the current budgeting practice is to include amounts for Social Security/Medicare and pension accumulation for non-general fund programs in the general fund appropriation. These costs are reimbursed by those programs through payroll assessments received by the general fund as non-tax revenues. The net general fund costs of the arbitration award, after reimbursements for Social Security/Medicare and pension accumulation, are as follows:

	<u>FY 08</u>	<u>FY 09</u>	<u>Biennium</u>
General	\$44,669,800	\$95,929,544	\$140,599,344

An agreement with the HGEA regarding Employer-Union Health Benefits Trust Fund (EUTF) contribution amounts has also been reached. Because of lower medical premium rates for FY 08, FY 08 EUTF appropriations are not required. The FY 09 amounts above provide \$1,990,887 for estimated EUTF costs for included members of the bargaining unit and their excluded counterparts.

Sincerely,



LINDA LINGLE

Attachment

c: Honorable Rosalyn H. Baker