



GOV. MSG. NO. 775

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 decision of the arbitration panel appointed pursuant to Section 89-11, HRS, for Bargaining Unit 9, represented by the Hawaii Government Employees Association (HGEA) was received on April 18, 2007. In accordance with Section 89-11(g), all items requiring funds for implementation must be submitted to the Legislature for appropriation. The following summarizes the included and excluded requirements (salary adjustments and other cost items) of the arbitration award for the current fiscal biennium:

	<u>FY 08</u>	<u>FY 09</u>	<u>Biennium</u>
General	\$6,667,346	\$16,468,383	\$23,135,728
Special	6,380	15,937	22,317
Federal	206,876	489,142	696,019
Other	<u>35,605</u>	<u>96,094</u>	<u>131,699</u>
Total	\$6,916,207	\$17,069,556	\$23,985,763

Attached for your consideration is a proposed conference draft amending Senate Bill No. 1388, in its entirety, to fund the arbitration award. The effective date of the proposed draft is July 1, 2007.

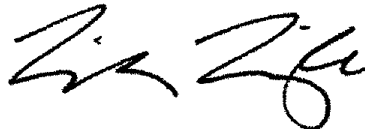
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The Legislative Auditor recommended that general fund appropriations include Social Security/Medicare and pension accumulation amounts for all programs, regardless of method of financing. As a result, the current budgeting practice is to include amounts 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	\$6,624,845	\$16,364,052	\$22,988,897

An agreement with the HGEA regarding the 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 \$155,009 for estimated EUTF costs for included members of the bargaining unit. An offsetting savings of \$2,491 is projected for excluded employees.

Sincerely,



LINDA LINGLE

Attachment

c: Honorable Rosalyn H. Baker