



GOV. MSG. NO 781

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

April 20, 2007

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

Dear Madam President:

The United Public Workers (UPW) and the employer entered into a tentative agreement concerning Bargaining Unit 10 on April 6, 2007. In accordance with Section 89-10(b), cost items must be submitted to the Legislature for appropriation within ten days of ratification. While this agreement has not yet been ratified, the following summaries of the included and excluded requirements of the agreement for the upcoming fiscal biennium are being transmitted to the Legislature for authorization in anticipation of union ratification to facilitate meeting the legislative timetable:

| | <u>FY 08</u> | <u>FY 09</u> | <u>Biennium</u> |
|---------|---------------|----------------|-----------------|
| General | \$7,045,529 | \$15,251,136 | \$22,296,665 |
| Federal | <u>84,926</u> | <u>180,156</u> | <u>265,082</u> |
| Total | \$7,130,455 | \$15,431,292 | \$22,561,747 |

Attached to the legislative transmittals is a proposed conference draft amending Senate Bill No. 1389, in its entirety, to fund the agreement. The proposed draft is effective July 1, 2007.

Honorable Colleen Hanabusa

April 20, 2007

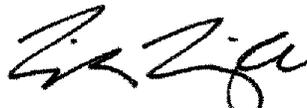
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The Legislative Auditor recommended that general fund appropriations include Social Security/Medicare and pension accumulation amounts for all programs, regardless of method of financing. As a result, the current budgeting practice is to include amounts 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 agreement, after reimbursements for Social Security/Medicare and pension accumulation, are as follows:

| | <u>FY 08</u> | <u>FY 09</u> | <u>Biennium</u> |
|---------|--------------|--------------|-----------------|
| General | \$7,031,622 | \$15,220,803 | \$22,252,425 |

An agreement with the UPW 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 \$582,839 for estimated EUTF costs for included members of the bargaining unit and their excluded counterparts.

Sincerely,



LINDA LINGLE

Attachment

c: Honorable Rosalyn H. Baker

A BILL FOR AN ACT

MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. There are appropriated or authorized from the
3 sources of funding indicated below to departmental
4 administration & budget division (BUF 101) the following sums,
5 or so much thereof as may be necessary, to fund for fiscal
6 biennium 2007-2009 all collective bargaining cost items in the
7 agreement negotiated with the exclusive bargaining
8 representative of collective bargaining unit 10:

| | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|------------------|---------------------|---------------------|
| 9 General Funds | 4,463,170 | 9,199,326 |
| 10 Federal Funds | 84,717 | 179,855 |

11 Of the above listed amounts, the following amounts are for
12 the department of education:

| | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|------------------|---------------------|---------------------|
| 13 General Funds | 51,277 | 111,846 |

14 SECTION 2. Funds appropriated or authorized by this part
15 shall be allotted by the director of finance to the appropriate
16 state departments for expenditure in the respective fiscal year
17 for the purposes of this part.
18
19

PART II

SECTION 3. There are appropriated or authorized from the sources of funding indicated below to departmental administration & budget division (BUF 101) the following sums, or so much thereof as may be necessary, to fund for fiscal biennium 2007-2009 the salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for state officers and employees excluded from collective bargaining who belong to the same compensation plans as those officers and employees within collective bargaining unit 10:

| | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|---------------|---------------------|---------------------|
| General Funds | 61,865 | 133,169 |
| Federal Funds | 209 | 301 |

Of the above listed amounts, the following amounts are for the department of education:

| | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|---------------|---------------------|---------------------|
| General Funds | 498 | 1,086 |

SECTION 4. Funds appropriated or authorized by this part shall be allotted by the director of finance to the appropriate state departments for expenditure in the respective fiscal year for the purposes of this part.

Part III

SECTION 5. There are appropriated or authorized from the sources of funding indicated below to administration (JUD 601)

1 the following sums, or so much thereof as may be necessary, to
2 fund for fiscal biennium 2007-2009 the salary increases and
3 other cost adjustments in the agreement negotiated with the
4 exclusive bargaining representative of collective bargaining
5 unit 10:

| | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|-----------------|---------------------|---------------------|
| 7 General Funds | 99,037 | 215,868 |

8 SECTION 6. Funds appropriated or authorized by this part
9 shall be allotted by the chief justice for expenditure in the
10 respective fiscal year for the purposes of this part.

11 PART IV

12 SECTION 7. There are appropriated or authorized from the
13 sources of funding indicated below to administration (JUD 601)
14 the following sums, or so much thereof as may be necessary, to
15 fund for fiscal biennium 2007-2009 the salary increases and
16 other cost adjustments authorized by chapter 89C, Hawaii Revised
17 Statutes, by the chief justice for state officers and employees
18 excluded from collective bargaining who belong to the same
19 compensation plans as those officers and employees within
20 collective bargaining unit 10:

| | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|------------------|---------------------|---------------------|
| 22 General Funds | 736 | 1,605 |

1 SECTION 8. Funds appropriated or authorized by this part
2 shall be allotted by the chief justice for expenditure in the
3 respective fiscal year for the purposes of this part.

4 PART V

5 SECTION 9. There are appropriated or authorized from the
6 sources of funding indicated below to hospital care - Hawaii
7 health systems corporation (HTH 210) the following sums, or so
8 much thereof as may be necessary, to fund for fiscal
9 biennium 2007-2009 the salary increases and other cost
10 adjustments in the agreement negotiated for state officers and
11 employees in collective bargaining unit 10 assigned to the
12 Hawaii health systems corporation:

| | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|----|---------------------|---------------------|
| 13 | | |
| 14 | 2,288,876 | 4,835,359 |

15 SECTION 10. Funds appropriated or authorized by this part
16 shall be allotted by the director of finance to the Hawaii
17 health systems corporation for expenditure in the respective
18 fiscal year for the purposes of this part.

19 PART VI

20 SECTION 11. There are appropriated or authorized from the
21 sources of funding indicated below to hospital care - Hawaii
22 health systems corporation (HTH 210) the following sums, or so
23 much thereof as may be necessary, to fund for fiscal
24 biennium 2007-2009 the salary increases and other cost

| | | | |
|---|---------------|---------------------|---------------------|
| 1 | | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
| 2 | General Funds | | 2,526 |

3 SECTION 14. Funds appropriated or authorized by this part
4 shall be allotted by the director of finance to the appropriate
5 state agencies for expenditure in the respective fiscal year for
6 the purposes of this part.

7 PART VIII

8 SECTION 15. There are appropriated or authorized from the
9 sources of funding indicated below to Hawaii employer-union
10 trust fund (BUF 143) the following sums, or so much thereof as
11 may be necessary, to fund for fiscal biennium 2007-2009 the
12 Hawaii employer-union health benefits trust fund costs
13 authorized by chapter 89C, Hawaii Revised Statutes, for state
14 officers and employees excluded from collective bargaining who
15 belong to the same compensation plans as those officers and
16 employees within collective bargaining unit 10:

| | | | |
|----|---------------|---------------------|---------------------|
| 17 | | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
| 18 | General Funds | | 1,331 |

19 SECTION 16. Funds appropriated or authorized by this part
20 shall be allotted by the director of finance to the appropriate
21 state agencies for expenditure in the respective fiscal year for
22 the purposes of this part.

1 PART IX

2 SECTION 17. Salary increases and cost adjustments provided
3 in this Act for any officer or employee whose compensation is
4 paid, in whole or in part, from federal, special, or other funds
5 shall be paid wholly or proportionately, as the case may be,
6 from the respective funds.

7 SECTION 18. Funds appropriated or authorized by this Act
8 that are not expended or encumbered by June 30, 2008, and
9 June 30, 2009, of the respective fiscal years, shall lapse as of
10 those dates.

11 SECTION 19. This Act shall take effect on July 1, 2007.