



GOV. MSG. NO. 782

EXECUTIVE CHAMBERS  
HONOLULU

LINDA LINGLE  
GOVERNOR

April 23, 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 1 on April 22, 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 | \$ 7,379,644   | \$16,790,767   | \$24,170,411    |
| Special | 2,231,999      | 4,901,126      | 7,133,125       |
| Federal | 279,724        | 637,141        | 916,865         |
| Other   | <u>125,409</u> | <u>277,779</u> | <u>403,188</u>  |
| Total   | \$10,016,776   | \$22,606,813   | \$32,623,589    |

Attached to the legislative transmittals is a proposed conference draft amending Senate Bill No. 1381, in its entirety, to fund the agreement. The proposed draft is effective 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 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 | \$6,952,554  | \$15,846,320 | \$22,808,874    |

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 \$394,526 for estimated EUTF costs for included members of the bargaining unit and their excluded counterparts.

Sincerely,



LINDA LINGLE

Attachment

c: Honorable Rosalyn H. Baker



1 SECTION 2. Funds appropriated or authorized by this part  
2 shall be allotted by the director of finance to the appropriate  
3 state departments for expenditure in the respective fiscal year  
4 for the purposes of this part.

5 PART II

6 SECTION 3. There are appropriated or authorized from the  
7 sources of funding indicated below to departmental  
8 administration & budget division (BUF 101) the following sums,  
9 or so much thereof as may be necessary, to fund for fiscal  
10 biennium 2007-2009 the salary increases and other cost  
11 adjustments authorized by chapter 89C, Hawaii Revised Statutes,  
12 for state officers and employees excluded from collective  
13 bargaining who belong to the same compensation plans as those  
14 officers and employees within collective bargaining unit 1:

|                  | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|------------------|---------------------|---------------------|
| 16 General Funds | 153,881             | 322,534             |
| 17 Special Funds | 109,190             | 224,820             |
| 18 Federal Funds | 5,790               | 13,317              |

19 Of the above listed amounts, the following amounts are for  
20 the department of education, including the Hawaii state public  
21 library system:

|                  | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|------------------|---------------------|---------------------|
| 23 General Funds | 134,079             | 275,858             |
| 24 Special Funds | 105,990             | 217,670             |

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

5 PART III

6 SECTION 5. There are appropriated or authorized from the  
7 sources of funding indicated below to administration (JUD 601)  
8 the following sums, or so much thereof as may be necessary, to  
9 fund for fiscal biennium 2007-2009 the salary increases and  
10 other cost adjustments in the agreement negotiated with the  
11 exclusive bargaining representative of collective bargaining  
12 unit 1:

|                  | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|------------------|---------------------|---------------------|
| 14 General Funds | 99,749              | 224,163             |

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

18 PART IV

19 SECTION 7. There are appropriated or authorized from the  
20 sources of funding indicated below to hospital care - Hawaii  
21 health systems corporation (HTH 210) the following sums, or so  
22 much thereof as may be necessary, to fund for fiscal  
23 biennium 2007-2009 the salary increases and other cost  
24 adjustments in the agreement negotiated for state officers and

1 employees in collective bargaining unit 1 assigned to the Hawaii  
2 health systems corporation:

|                 | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|-----------------|---------------------|---------------------|
| 4 General Funds | 1,071,668           | 2,275,537           |

5 SECTION 8. Funds appropriated or authorized by this part  
6 shall be allotted by the director of finance to the Hawaii  
7 health systems corporation for expenditure in the respective  
8 fiscal year for the purposes of this part.

9 PART V

10 SECTION 9. There are appropriated or authorized from the  
11 sources of funding indicated below to hospital care - Hawaii  
12 health systems corporation (HTH 210) the following sums, or so  
13 much thereof as may be necessary, to fund for fiscal  
14 biennium 2007-2009 the salary increases and other cost  
15 adjustments authorized by chapter 89C, Hawaii Revised Statutes,  
16 for state officers and employees excluded from collective  
17 bargaining who belong to the same compensation plans as those  
18 officers and employees within collective bargaining unit 1  
19 assigned to the Hawaii health systems corporation:

|                  | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|------------------|---------------------|---------------------|
| 21 General Funds | 40,374              | 84,901              |

22 SECTION 10. Funds appropriated or authorized by this part  
23 shall be allotted by the director of finance to the Hawaii

1 health systems corporation for expenditure in the respective  
2 fiscal year for the purposes of this part.

3 PART VI

4 SECTION 11. There are appropriated or authorized from the  
5 sources of funding indicated below to Hawaii employer-union  
6 trust fund (BUF 143) the following sums, or so much thereof as  
7 may be necessary, to fund for fiscal biennium 2007-2009 the  
8 Hawaii employer-union health benefits trust fund costs contained  
9 in the agreement negotiated with the exclusive bargaining  
10 representative of collective bargaining unit 1:

|                  | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|------------------|---------------------|---------------------|
| 12 General Funds | .....               | 393,526             |

13 Of the above listed amounts, the following amounts are for  
14 the department of education, including the Hawaii state public  
15 library system:

|                  | <u>FY 2007-2008</u> | <u>FY 2008-2009</u> |
|------------------|---------------------|---------------------|
| 17 General Funds | .....               | 65,610              |

18 SECTION 12. Funds appropriated or authorized by this part  
19 shall be allotted by the director of finance to the appropriate  
20 state agencies for expenditure in the respective fiscal year for  
21 the purposes of this part.

22 PART VII

23 SECTION 13. There are appropriated or authorized from the  
24 sources of funding indicated below to Hawaii employer-union

