



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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The Twenty-Fifth Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association
April 6, 2009

S.B. 1122, S.D. 2, H.D. 1 (Proposed
H.D. 2) – RELATING TO PUBLIC
EMPLOYMENT

The Hawaii Government Employees Association opposes S.B. 1122, S.D. 2, H.D. 1 (Proposed H.D. 2). While the intent of the bill is good, the protections provided to employees in the event of a furlough through this proposed legislation must be achieved through collective bargaining between the exclusive representative and the employer as required under Chapter 89, HRS.

Sections 89-1 and 89-9 (a), HRS, require the employer to negotiate and enter into written agreements with the exclusive representative with respect to wages, hours, and other terms and conditions of employment. Any type of furlough will adversely affect wages, hours and other terms and conditions of employment. Therefore, legislation is not the appropriate means of ensuring that employees retain certain rights, privileges and benefits if a furlough takes place.

Thank you for the opportunity to testify in opposition to S.B. 1122, S.D. 2, H.D. 1 (Proposed H.D. 2).

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director

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**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
FINANCE**

RE: SB 1122, SD2, HD2 – RELATING TO PUBLIC EMPLOYMENT.

April 6, 2009

**ROGER TAKABAYASHI, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION**

Chair Oshiro and Members of the Committee:

The Hawaii State Teachers Association tentatively supports SB 1122, SD2, HD2, which protects the rights of public employees by preserving health, retirement, personal and sick leave, and other benefits if furloughs are implemented during fiscal years 2009 to 2013.

HSTA understands the implications for Hawaii's economy resulting from the current global financial crisis. We also understand that drastic measures may need to be taken to ease the impacts of this crisis on the state budget. If furloughs are required in the future to address the budget deficit, we believe this bill will help preserve certain employee rights, privileges, and benefits when an employee is furloughed.

Section 3 states "Any furlough of an employee during fiscal years 2008-2009 through 2010-2013 shall not cause or be deemed to cause: . . . (5) Any change on any right, privilege, or benefit that the employee is entitled to or would have been entitled to by law but for the furlough."

HSTA believes that, in keeping with the purpose of this bill, the calculation of an employee's retirement benefit, using the highest three years of earnings, should not be adversely impacted by the furlough and should be calculated as if the furlough had not occurred. If this is indeed the case, then HSTA supports this bill as an excellent measure whose provisions support employees affected by furloughs.

Thank you for the opportunity to testify.

LINDA LINGLE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
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CHIYOME LEINAALA FUKINO, M.D.
DIRECTOR OF HEALTH

LATE

In reply, please refer to:
File:

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WRITTEN TESTIMONY ONLY

Committee on Finance

S.B. 1122, SD2, HD2 (PROPOSED), RELATING TO PUBLIC EMPLOYMENT

**Testimony of Chiyome Leinaala Fukino, M.D.
Director of Health**

April 6, 2009

1 **Department's Position:** The Department of Health strongly supports Proposed H.D. 2, as it seeks to
2 preserve the well-being of our employees and we greatly appreciate that the Committee is hearing it
3 today.

4 **Fiscal Implications:**

5 **Purpose and Justification:** The purpose of S.B. No. 1122, S.D. 2, Proposed H.D. 2 is to protect the
6 rights of public employees by preserving health, retirement, leave, and other benefits if furloughs are
7 implemented in fiscal years 2009 to 2013.

8 As the State undertakes efforts to address the projected budget shortfall, we believe employee
9 furloughs provide a viable option which would cause the least amount of disruption to public services
10 and can potentially postpone or avert layoffs. This bill is necessary to ensure employees' rights,
11 privileges, and benefits are not inadvertently adversely impacted.

12 Thank you for the opportunity to testify.

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FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, April 06, 2009 5:05 PM
To: FINTestimony
Cc: thirr33@gmail.com
Subject: Testimony for SB1122 on 4/6/2009 5:00:00 PM

Testimony for FIN 4/6/2009 5:00:00 PM SB1122

Conference room: 308
Testifier position: support
Testifier will be present: Yes
Submitted by: Arvid T. Youngquist
Organization: Individual
Address:
Phone:
E-mail: thirr33@gmail.com
Submitted on: 4/6/2009

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Comments:
Chair Marcus R. Oshiro
Vice Chair Marilyn B. Lee
The Right Honorable Members of
The House Committee on Finance

My name is Arvid T. Youngquist.

I provide written testimony in support of SB 1122 SD2 HD1 Relating to Public Employment. But my support is conditional. In principle, and in practice, my fellow workers do not support the notion of a furlough.

I support that portion of this measure which refers to preserving health, retirement, leave, and other benefits if furloughs are implemented with Union agreement(s) in fiscal years 2009 to 2013.

I also understand that a HD2 is in the "hopper". Without reference to that language, I still support the notion of preserving the benefits and the rights currently enjoyed by the public sector workforce.

Mahalo for this opportunity to supply my testimony.

Arvid T. Youngquist
Liliha Resident

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TESTIMONY BY DAVID SHUMABUKURO
 ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM
 STATE OF HAWAII
 TO THE HOUSE COMMITTEE ON FINANCE
 ON
 SENATE BILL NO. 1122, S.D. 2, H.D. 2 PROPOSED
 RELATING TO PUBLIC EMPLOYMENT

APRIL 6, 2009

Chairperson Oshiro and Members of the Committee:

S.B. 1122, S.D. 2, H.D. 2 proposes to preserve the rights of certain employee's health, retirement, and other benefits if furloughs are implemented in fiscal years 2009 through 2013.

We have the following comments and concerns on this measure:

- Item 5 of Section 3 of this Bill states that any furlough of an employee shall not cause or be deemed to cause "any change on any right, privilege, or benefit that the employee is entitled to or would have been entitled to by law but for the furlough."

The language in this section is not clear as to whether the "unpaid" salary as a result of the furlough will be included in the employee's retirement benefit computations. Under current law, the employee's actual salary is used for retirement benefit computation purposes.

Example:

An employee's regular salary is \$1,000 per month.

This employee is placed on furlough for one day each month and receives \$950.

If the intent of this Bill is to use the employee's regular monthly salary of \$1,000 instead of the actual paid salary of \$950 for retirement benefit calculation purposes, we note that the employers and employees

would not be making contributions on the "unpaid" salaries.

The ERS Board of Trustees has opposed this interpretation of the Bill as it would increase the ERS' unfunded liability and be contrary to the provisions of Act 256, Session Laws of Hawaii 2007, which placed a moratorium on benefit enhancements until January 2, 2011.

- If the intent of this Bill is to continue to use the employee's actual salary for retirement benefit computation purposes, we are attaching a technical revision for your Committee's consideration.
- The Bill will not have an impact on an employee's retirement service credit as long as the employee is not furloughed 15 or more calendar days during the month, or 14 or more calendar days for the month of February.

Thank you for the opportunity to testify on this measure.

Attachment

**ATTACHMENT TO ERS TESTIMONY FOR S.B. No. 1122, S.D. 2,
H.D. 2 Proposed**

Add to Item 5 of Section 3 in S.B. No. 1122, S.D. 2, H.D. 2
Proposed the following underscored language as follows:

- (5) Any change on any right, privilege, or benefit that the employee is entitled to or would have been entitled to by law but for the furlough; provided that an employee's retirement allowances and other benefits under chapter 88, Hawaii Revised Statutes, shall be based on the employee's actual compensation during the furlough.