

# **SB 935, SD2**

**RELATING TO STAFF OF THE HAWAII  
EMPLOYER-UNION HEALTH BENEFITS  
TRUST FUND.**

**LAB, FIN**

# SB935 SD2 [\(?\)](#)

Submit Testimony

**Measure Title:** RELATING TO STAFF OF THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND.

**Report Title:** Hawaii Employer-union Health Benefits Trust Fund (EUTF); Public Employment; Appropriation (\$)

**Description:** Classifies EUTF staff positions created after 7/1/2014 to be designated civil service employees. Appropriates funds for EUTF to employ staff through the civil service system. Effective 1/7/2059. (SD2)

**Companion:** [HB1069](#)

**Package:** Governor

**Current Referral:** LAB, FIN

**Introducer(s):** KOUCHI (Introduced by request of another party)

<u>Sort by Date</u>		<b>Status Text</b>
1/25/2017	S	Introduced.
1/25/2017	S	Passed First Reading.
1/25/2017	S	Referred to JDL, WAM.
2/9/2017	S	The committee(s) on JDL has scheduled a public hearing on 02-13-17 9:30AM in conference room 016.
2/13/2017	S	The committee(s) on JDL recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in JDL were as follows: 4 Aye(s): Senator(s) Keith-Agaran, K. Rhoads, Gabbard, L. Thielen; Aye(s) with reservations: none ; 0 No(es): none; and 1 Excused: Senator(s) Kim.
2/15/2017	S	Reported from JDL (Stand. Com. Rep. No. 252) with recommendation of passage on Second Reading, as amended (SD 1) and referral to WAM.
2/15/2017	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to WAM.

2/17/2017	S	The committee(s) on WAM has scheduled a public hearing on 02-22-17 9:30AM in conference room 211.
2/22/2017	S	The committee(s) on WAM recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in WAM were as follows: 10 Aye(s): Senator(s) Tokuda, Dela Cruz, English, Galuteria, Harimoto, Inouye, Riviere, Shimabukuro, Taniguchi, Wakai; Aye(s) with reservations: none ; 0 No(es): none; and 1 Excused: Senator(s) K. Kahele.
3/3/2017	S	Reported from WAM (Stand. Com. Rep. No. 771) with recommendation of passage on Third Reading, as amended (SD 2).
3/3/2017	S	48 Hrs. Notice 03-07-17.
3/7/2017	S	Report adopted; Passed Third Reading, as amended (SD 2). Ayes, 25; Aye(s) with reservations: none . Noes, 0 (none). Excused, 0 (none). Transmitted to House.
3/7/2017	H	Received from Senate (Sen. Com. No. 298) in amended form (SD 2).
3/9/2017	H	Pass First Reading
3/9/2017	H	Referred to LAB, FIN, referral sheet 27
3/13/2017	H	Bill scheduled to be heard by LAB on Thursday, 03-16-17 9:00AM in House conference room 309.

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# A BILL FOR AN ACT

RELATING TO STAFF OF THE HAWAII EMPLOYER-UNION HEALTH BENEFITS  
TRUST FUND.

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

1           SECTION 1. The legislature finds that the Hawaii employer-  
2 union health benefits trust fund (EUTF) would operationally  
3 benefit from employing certain EUTF staff through the civil  
4 service system. The purpose of this Act is to permit the EUTF  
5 to employ certain EUTF staff through the civil service system.

6           SECTION 2. Section 87A-24, Hawaii Revised Statutes, is  
7 amended to read as follows:

8           "§87A-24 Other powers. In addition to the power to  
9 administer the fund, the board may:

- 10           (1) Collect, receive, deposit, and withdraw money on  
11           behalf of the fund;
- 12           (2) Invest moneys in the same manner specified in section  
13           88-119;
- 14           (3) Hold, purchase, sell, assign, transfer, or dispose of  
15           any securities or other investments of the fund, as



1 well as the proceeds of those investments and any  
2 money belonging to the fund;

- 3 (4) Appoint, and at pleasure dismiss, an administrator and  
4 other fund staff. The administrator [~~and staff~~] shall  
5 be exempt from chapter 76 and staff may be exempt  
6 from, or subject to, chapter 76, at the discretion of  
7 the board. The administrator and exempt staff shall  
8 serve under and at the pleasure of the board[+].  
9 Exempt staff positions that were created pursuant to  
10 this paragraph after July 1, 2014, shall be exempt  
11 from section 76-16(b)(17)(A);

- 12 (5) Make payments of periodic charges and pay for  
13 reasonable expenses incurred in carrying out the  
14 purposes of the fund;

- 15 (6) Contract for the performance of financial audits of  
16 the fund and claims audits of its insurance carriers;

- 17 (7) Retain auditors, actuaries, investment firms and  
18 managers, benefit plan consultants, or other  
19 professional advisors to carry out the purposes of  
20 this chapter, including the retaining of an actuary to  
21 determine the annual required public employer



1 contribution for the separate trust fund established  
2 under section 87A-42;

3 (8) Establish health benefits plan and long-term care  
4 benefits plan rates that include administrative and  
5 other expenses necessary to effectuate the purposes of  
6 the fund; and

7 (9) Require any department, agency, or employee of the  
8 State or counties to furnish information to the board  
9 to carry out the purposes of this chapter."

10 SECTION 3. There is appropriated out of the Hawaii  
11 employer-union health benefits trust fund the sum of \$86,837 or  
12 so much thereof as may be necessary for fiscal year 2017-2018  
13 and the sum of \$104,616 or so much thereof as may be necessary  
14 for fiscal year 2018-2019 for the Hawaii employer-union health  
15 benefits trust fund to employ certain Hawaii employer-union  
16 health benefits trust fund staff through the civil service  
17 system.

18 The sums appropriated shall be expended by the Hawaii  
19 employer-union health benefits trust fund for the purposes of  
20 this Act.



1           SECTION 4. The Hawaii employer-union health benefits trust  
2 fund shall submit a report of its findings and recommendations,  
3 including any proposed legislation, regarding changes to its  
4 personnel and operations as a result of this Act, to the  
5 legislature no later than twenty days prior to the convening of  
6 the regular sessions of 2018 and 2019.

7           SECTION 5. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9           SECTION 6. This Act shall take effect on January 7, 2059.



S.B. NO. 935  
S.D. 2

**Report Title:**

Hawaii Employer-union Health Benefits Trust Fund (EUTF); Public Employment; Appropriation

**Description:**

Classifies EUTF staff positions created after 7/1/2014 to be designated civil service employees. Appropriates funds for EUTF to employ staff through the civil service system. Effective 1/7/2059. (SD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*







**STATE OF HAWAII**  
**HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**  
P.O. BOX 2121  
HONOLULU, HAWAII 96805-2121  
Oahu (808) 586-7390  
Toll Free 1(800) 295-0089  
www.eutf.hawaii.gov

**BOARD OF TRUSTEES**  
RODERICK BECKER, *CHAIRPERSON*  
AUDREY HIDANO, *VICE-CHAIRPERSON*  
GORDON MURAKAMI, *SECRETARY-TREASURER*  
LINDA CURRIVAN MUSTO  
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IAN TAKASHIBA  
CLIFFORD UWAINA

**ADMINISTRATOR**  
DEREK M. MIZUNO

**ASSISTANT ADMINISTRATOR**  
DONNA A. TONAKI

**TESTIMONY BY DEREK MIZUNO**  
**ADMINISTRATOR, HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**  
**DEPARTMENT OF BUDGET AND FINANCE**  
**STATE OF HAWAII**  
**TO THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT**  
**ON SENATE BILL NO. 935 S.D. 2**

**March 16, 2017**  
**9:00 a.m.**  
**Room 309**

**RELATING TO STAFF OF THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**

Chair Johanson, Vice Chair Holt, and Members of the Committee:

The EUTF Board of Trustees strongly supports this Administration bill. Currently, 49 out of the 57 EUTF authorized positions are exempt from civil service. Additionally, any new positions must be exempt in accordance with section 87A-24, Hawaii Revised Statutes. In certain respects, the exempt status has been detrimental to both the EUTF staff and operations. EUTF staff currently do not receive step movements that their civil service counterparts receive as well as other benefits under the civil service system. EUTF operations have been hindered through high turnover as some employees have left EUTF citing the exempt status as one of the reasons. EUTF believes that this change will improve operations by helping EUTF retain employees.

We are also requesting additional funds of \$86,837 in fiscal year 2017-2018 and \$104,616 in fiscal year 2018-2019.

**EUTF's Mission:** We care for the health and well being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

EUTF will work with the Department of Budget and Finance Personnel Office and the employee-organization representing the staff to ensure that the staff are not negatively impacted by the change and will report back to the Legislature no later than 20 days prior to the convening of the regular sessions of 2018 and 2019.

Thank you for the opportunity to testify.

**SB 935, SD2**  
**Late Testimony**



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

**LATE**

The Twenty-Ninth Legislature, State of Hawaii  
House of Representatives  
Committee on Labor and Public Employment

**LATE**

Testimony by  
Hawaii Government Employees Association

March 16, 2017

**LATE**

S.B. 935, S.D. 2 – RELATING TO STAFF OF THE  
HAWAII EMPLOYER-UNION HEALTH  
BENEFITS TRUST FUND

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 935, S.D. 2 which converts most staff of the Employer-Union Health Benefits Trust Fund from exempt status to civil service employment.

We have long supported the conversion of exempt positions and have consistently questioned the Employer's attempts to circumvent the civil service system. Exempt employees do not have the same rights and benefits of civil service employees and that is inherently unfair. Therefore, we are pleased to support this measure which proactively converts most of the EUTF staff from exempt to civil service status.

Thank you for the opportunity to testify in strong support of the passage of S.B. 935, S.D. 2.

Respectfully submitted,

Randy Perreira  
Executive Director