

B. Nakamura  
LCC Faculty Senate Legislative Committee  
4/1/09

I. State Budget Crisis—Update

In his March 27, 2009 letter to faculty, UHPA Executive Director J. N. Musto described the current situation with the phrase, "... the only certainty [is] continued uncertainty." The situation is serious and affects us all. There are some certainties, however, including the following:

A. The current session of the Hawai'i State Legislature is scheduled to adjourn on May 7, 2009. If a budget resolution is not reached during the regular session, a special session later in 2009 (July?) is likely.

B. The current UHPA contract for UH faculty expires on June 30, 2009. If a new contract is not negotiated, UH faculty will be working without a contract beginning on July 1, 2009.

C. The Hawai'i Council on Revenues issued its latest forecast for this and the next two fiscal years (2009-2011) on March 12, 2009. The council predicted further revenue shortfalls totally \$255 million. Altogether, the total budget deficit for 2009-2011 might total some \$2 billion.

D. UHPA contract negotiators will meet with State and UH representatives on April 7, 2009 in a formal Federal mediation session. UHPA Executive Director Musto will then, beginning during the week of April 27, present updates on the negotiations to the faculty.

E. This morning's *Honolulu Advertiser* (April 1, 2009) reported the following: "Gov. Linda Lingle asked lawmakers yesterday to back \$278 million in wage and benefit cuts for state workers to avoid massive layoffs and tax increases as she deals with the budget deficit." This points to the seriousness of the situation.

II. Hawai'i Employer-Union Health Benefits Trust Fund (EUTF)

Still uncertain are possible cost increases or benefit cuts regarding UH faculty health coverage. On July 1, 2009, Kaiser will increase its premiums by 10%-12%, while HMSA premiums are set to increase 29.4%. On March 19, the *Honolulu Star-Bulletin* reported the following: "Hawaii public employees enjoy some of the best medical coverage in the nation, according to EUTF officials, but the cost is soaring. [Gov.] Lingle wants employees to either take less in benefits or pay for a larger percentage of the plan."