



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committees on Higher Education and Judiciary and Labor
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SB 1112 – RELATING TO EDUCATIONAL BENEFITS

Chairs Kahele and Keith-Agaran and, Vice Chairs Kidani and Rhoads, and members of the committees:

I am submitting written testimony on behalf of the University of Hawai'i regarding Senate Bill 1112 – Relating to Educational Benefits – which proposes to statutorily require the University of Hawai'i at Mānoa to provide each of its officers or other employees assigned to the collective bargaining units established pursuant to section 89-6 (a) (1), (nonsupervisory employees in blue collar positions) and section 89-6 (a) (2) (supervisory employees in blue collar positions) with no less than one tuition waiver, either for the officer or employee's own tuition, or for the tuition of a family member of the officer or employee. The bill defines family member as a spouse, domestic partner, or minor child of an employee or officer.

The University of Hawai'i opposes this bill as a matter of governance, business protocol, and in defense of the policy authority of the Board of Regents. These types of benefits are rightfully to be determined as a matter of the employer through the collective bargaining process, not legislation. In addition, the bill incorrectly characterizes the inequity of employee benefits offered to UH faculty members and other employees employed at the University. All University employees, including Unit 1 and 2 University employees, are entitled to tuition waivers for credit courses in accordance with UH Board of Regents Policy RP 6.207, Exemption from Tuition and Other Fees (unless superseded by a collective bargaining agreement), as long as the employee is employed on a half-time basis or more in which tuition waivers are available at any University campus for a maximum of six (6) credit hours per academic semester. In this respect, all current Unit 1 and 2 employees employed at the University in a 50% FTE position or more are entitled to this benefit which is identical to UH faculty and other employees of the University. Therefore, the University already affords Unit 1 and 2 employees with tuition waiver benefits.

Upon further examination, it appears that the proposed statutory language as drafted "...provide each of its officers or other employees assigned to the collective bargaining units established pursuant to section 89-6 (a) (1) (nonsupervisory employees in blue collar positions) and section 89-6 (a) (2) (supervisory employees in blue collar positions)

..." could be interpreted to include ALL State employees assigned to collective bargaining unit 1 and 2 under HRS, §89-6(a)(1) and HRS, §89-6(a)(2), respectively. The gravity of allowing ALL Unit 1 and 2 State employees with tuition waiver benefits for themselves or their family members at the UH Mānoa campus will be financially and operationally incomprehensible. In addition, we have grave concerns about this draft language and the fact that the bill's description leads one to believe that the bill will only apply to Unit 1 and 2 employees employed at the University of Hawai'i at Mānoa campus when the bill could be interpreted otherwise.

Moreover, the intent of the proposed language would reverse the intent and work the Legislature took in Act 253, SLH 2000. In Act 253, the Legislature took the action of creating the "bright-line" separation between civil service and collective bargaining by modernizing the system to clear the blurred line of responsibility and authority under the prior statutes. The proposed language would re-enact a matter subject to collective bargaining effectuated through statutes in which Act 253 resolved.

The University does provide educational benefits that do extend to the employee's spouse or domestic partner for certain employees and staff beyond what is provided by the Board of Regents. However, even in these instances, the offered benefits are still similar to those provided under BOR Policy RP 6.207, and were accomplished and agreed upon as a result of the collective bargaining process (with Unit 7 and 8). For these employees, subsidized tuition is provided for employees, and their spouses or domestic partners, and the value of the tuition waiver may be taxable to the employee. Nevertheless, in no case is the tuition waiver benefit extended to the minor child of a University employee as SB 1112 attempts to legislatively mandate for all Unit 1 and 2 employees Statewide. Therefore, we are also very concerned that the proposed legislation, if enacted, will open the door for other UH bargaining unit employees (i.e. Units 3, 4, 9 and 10) to introduce legislation to attach themselves to these benefits, and of course, nothing will prevent UH Unit 7 and 8 employees to follow course.

Although a less appropriate standard than determination by policy itself, the collective bargaining process is arguably still more appropriate than legislatively mandating tuition waivers which is considered a "permissive subject of bargaining." The collective bargaining process inherently considers employee benefits and employer's ability to afford such benefits. Legislatively mandated benefits is contrary to the intent and purpose of HRS, Chapter 89, and its preamble where the legislature states that joint decision-making is the modern way of administering government and the enactment of positive legislation establishing guidelines for public employment relations is the best way to harness and direct the energies of public employees eager to have a voice in determining their conditions of work. This is the appropriate process to negotiate such a matter.

Providing tuition waivers, reduced tuition, or other subsidized tuition benefits is a cost and expense for the University. For the legislature to mandate such expenses and

provide no funding to afford such expenses of extending benefits to minor children of employees, spouses and domestic partners of employees, and others further exacerbates the cost of all programs. Established BOR policies already provides tuition benefits to students, employees, and other citizens to the extent that the University has the sufficient revenue stream, assets, and funds to afford such benefits. An expansion of these benefits beyond employees will definitely have an economic impact on the University and for that reason, decisions over the degree and extent of where and how tuition revenues are subrogated are best left to policy governance of the Board of Regents and not by and through enacting legislation. Should this be legislatively mandated, this cost item will require appropriations by the appropriate legislative bodies in accordance with section 89-10(b).

While the University supports employees continuing their education, we respectfully oppose SB 1112. All eligible employees of the University currently have the opportunity to register for credit courses and be exempt from the payment of tuition up to six (6) credits per academic semester pursuant to BOR Policy RP 6.207. In the spirit and intent of Act 253, SLH 2000, the University believes that such benefits to employees and their spouse, domestic partner, and possible minor children, are more appropriately handled through Board of Regents policy or through collective bargaining as with Unit 7 and 8 rather than enacting legislation.

Thank you for the opportunity to testify on this bill.