

STATE OF HAWAII
PUBLIC EMPLOYMENT RELATIONS BOARD

In the Matter of)	
)	
STATE OF HAWAII ORGANIZATION)	Case No. <u>SF-12-80</u>
OF POLICE OFFICERS (SHOPO),)	
)	Decision No. <u>124</u>
Petitioner.)	
_____)	

FINDINGS OF FACT, CONCLUSIONS
OF LAW, AND ORDERS

On December 28, 1979, the State of Hawaii Organization of Police Officers (hereafter SHOPO) filed a Petition for Certification of Reasonableness of Service Fees. In its petition, SHOPO requested the Board to certify as reasonable a monthly service fee of \$13.50 for employees in Unit 12 (Police officers) for the period from January 1, 1980 through December 31, 1980.

After publication of legal notices in newspapers of general circulation, the Board held a prehearing conference on January 28, 1980 and a hearing on February 7, 1980 for the SHOPO petition. Mr. Gordon H. Chun, the State Treasurer for Unit 12, presented SHOPO's case. No one appeared at the hearing in opposition to the petition. The official transcript of the hearing was received by this Board on February 21, 1980.

Upon a complete review of the record herein, the Board makes the following findings of fact, conclusions of law, and orders.

FINDINGS OF FACT

Petitioner SHOPO is and was, at all times relevant, the certified exclusive representative of Unit 12.

There are approximately 1,913 Unit 12 members, of which 1,834 are union members and 79 are service fee paying non-union members. There are also 13 associate members who are no longer Unit 12 employees. (Tr. p. 5)

The current service fee for employees in Unit 12 is \$13.50 per month. This fee was originally approved in HPERB Decision 88 on May 8, 1978. It has since been approved in two subsequent decisions (98 and 105) covering periods through December 31, 1979. Decision 105 directed SHOPO to petition for another service fee review no later than December 31, 1979.

The instant SHOPO petition requests the Board to approve as reasonable, the same service fee of \$13.50 for the period from January 1, 1980 through December 31, 1980. In support of this request, SHOPO submitted into evidence a projected budget containing estimated income and expenditures for calendar year 1980.

SHOPO's budget was prepared under a two-fund accounting system. One fund contains the \$13.50 service fee revenues used for expenditures dealing with negotiations and/or administration of the collective bargaining agreement. The other fund contains the \$1.50 differential paid by union members for expenditures for benefits and services available only to union and associate members. The figures noted below reflect only those expenditures from the service fee fund. (Tr. p. 5)

If the \$13.50 service fee is approved by the Board and continued through December 31, 1980, SHOPO anticipates an income of \$309,906. Additionally, SHOPO anticipates approximately \$1,000 from newsletter advertising and \$2,000

from interest payments which will increase the total service fee account to \$312,906.

For the 1980 calendar year, SHOPO projects a total expenditure of \$342,707 for its service fee budget. The breakdown of planned 1980 expenditures by categories and the comparable 1979 expenditures are as follows:

	<u>1979</u>	<u>1980</u>
ADMINISTRATIVE		
Staff Salaries and Wages	\$146,196	\$170,792
Salary Increase Reserve	---	8,451
Employer's Payroll Taxes (9%)	12,641	15,685
Payroll Tax Reserve	---	446
Fringe Benefits	<u>11,500</u>	<u>17,028</u>
	\$170,337	\$212,402

OPERATIONAL

Service Bureau	\$ 2,933	\$ 3,000
External Professional Services	10,149	14,500
Rent	23,377	24,504
Leasehold Improvements	4,118	2,000
Office Equipment	2,320	4,000
Office Equipment Rental	4,584	5,000
Janitorial, Repairs, Maintenance and Supplies	3,780	4,158
Office Supplies	3,909	4,300
Printing (stationery, envelopes)	808	1,000
Elections Printing	---	950
Insurance (Fire/Theft)	3,920	4,312
Dues and Publications	2,611	2,872
Employee Development	1,527	2,000
Telephones	7,305	8,035
Postage	1,386	1,524
Elections Postage	---	1,000
Messenger Service, Business Expense	<u>1,784</u>	<u>1,800</u>
	\$ 74,511	\$ 84,955

OTHER EXPENDITURES

Contract Negotiations (travel/per diem, contract booklets)	\$ 37,897	\$ 4,000
Grievance and Defense (including settlements and staff travel)	12,592	13,850
Membership Development	260	1,500
Public Relations	8,009	6,000
Board and Executive Board Meetings (State)	5,144	6,000
Chapter Meetings	6,182	7,500
State General Membership Meeting	---	3,000
Legislative Committee	<u>2,400</u>	<u>3,500</u>
	\$ 72,484	\$ 45,350

In accordance with guidelines established in Decisions 98 and 105 of this Board, SHOPO excluded from its service fee budget those portions of staff salaries, employer's taxes and fringe benefits attributable to staff time spent on union membership activities. The amount of staff time spent on service fee related activities was determined by the actual time logged by the executive secretary, bookkeeper, receptionist-typist, receptionist and part-timer for the period from January 1, 1979 through November 30, 1979. (Tr. p. 9; Pet. Ex. 2-6) The following percentages of the salaries, employer's taxes, fringe benefits and salary reserve have been included in the "Administrative" division of the service fee budget below:

Executive Secretary	99%
Bookkeeper	90%
Receptionist/Typist	93%
Receptionist	99%
Part-time Clerk	99%

The Bookkeeper's actual recorded time spent on service fee activity during 1979 was 79%, with 21% of her time spent primarily on the union's insurance program, a non-service fee matter. However, in November, 1979, a new insurance program was instituted which relieved SHOPO from most of the administrative duties such as signing up and processing new members, filing claims and making adjustments when a new member enrolls in or an old member terminates the plan. (Tr. p. 8) Hence, the projected service fee time for the bookkeeper for 1980 is 90%.

The \$170,792 appropriation for "Staff Salaries and Wages" includes salaries for the Business Manager (\$23,400), two Business Agents (\$42,000), General Counsel (\$33,000), Assistant General Counsel (\$19,058), Executive Secretary

(\$18,058), Bookkeeper (\$14,094), Receptionist/Typist (\$8,091), Receptionist (\$8,316) and Part-time Clerk (\$4,633). (Bd. Ex. 1, p. 12)

The Business Manager and General Counsel positions were vacant as of the date of the hearing before the Board. However, SHOPO also has a Senior Business Agent position which has not been budgeted for since it has been vacant throughout 1979. SHOPO indicated that it is contemplating the use of any surplus resulting from the vacant Business Manager and General Counsel positions for the hiring of a Senior Business Agent sometime in 1980. (Tr. p. 7)

The \$8,451 "Salary Increase Reserve" amount is to provide for known salary increases for the Business Manager (\$930), Assistant General Counsel (\$1,040), Receptionist/Typist (\$967) and Receptionist (\$554), and anticipated increases of 7% plus \$20 per month for the two Business Agents to be negotiated with their union, IABA (\$3,432). This account also includes \$1,528 paid to the former General Counsel in 1980 for accrued overtime owed by SHOPO. (Tr. pp. 9-10; Bd. Ex. 1, p. 12)

The "Employer's Payroll Taxes" and "Payroll Tax Reserve" amounts were calculated at nine percent of the salaries and wages attributable to service fee activity. (Tr. p. 10)

The "Fringe Benefits" account includes \$4,737 for medical insurance and \$2,271 for group life insurance. Also included in this category are \$420 for mileage allotments at 21 cents per mile and \$9,600 for car allowances for the Business Manager, General Counsel, Assistant General Counsel and two Business Agents. The car allowance is presently \$140

per month; however, an anticipated increase of \$20 per month has been projected in the 1980 budget. (Tr. p. 11)

The account of "External Professional Services" consists of \$4,500 for the Audit fee and \$10,000 for outside legal services. The previous expense for write-up was deleted since the Accounts Clerk position was upgraded to a Bookkeeper position. (Bd. Ex. 1, p. 4A)

The "Rent" allocation provides for \$1,938 per month rental fee plus additional parking at \$104 per month.

During 1979, SHOPO acquired additional office space which required renovation. An additional \$2,000 has been budgeted for 1980 under "Leasehold Improvements" to complete the renovation.

The "Office Equipment" account was substantially increased from \$2,320 in 1979 to \$4,000 in 1980. SHOPO explained that this increase is due to the purchase of a microfilm machine which will cost between \$1,000 to \$1,500.

The "Elections Printing" account allocation of \$950 is to provide for the printed material and labels for the 1980 election of SHOPO officers. This is a biennial type of expenditure.

At the 1979 service fee petition review, SHOPO indicated that it was deleting the "Business Expenses" account from its Operations budget. However, the Accounts Clerk was still charging expenses, which were related to union business, to this category in 1979. Of the \$1,784 spent in the "Messenger Service Category" in 1979, only \$600 was for Messenger service. Consequently, for 1980, the "Business Expenses" category has been revived. This account will be used for incidental expenses incurred while

conducting union business by the Business Manager as well as SHOPO Board members who perform union business on their own time without compensation. (Tr. p. 14)

The account of "Contract Negotiations" under the "Other Expenditures" division of the budget has experienced a substantial decrease for 1980. The reason is that since there are no contract negotiations with the counties and the recently dissolved SHOPO staff union, SHOPO will only be required to negotiate with the IABA, which represents the two Business Agents. An amount of \$1,500 was allocated to this account for IABA negotiation expenses as well as preparatory expenses for future county negotiations. (Tr. p. 15) In addition, \$2,500 of this account was budgeted for the printing and mailing of the new contract negotiated in 1979.

The Membership Development account was increased from \$260 in 1979 to \$1,500 in order to accelerate the shop steward program. (Tr. p. 15)

Included in the Public Relations account are \$3,000 for production costs of the SHOPO newsletter and \$3,000 for the editor's contract. SHOPO reported that for 1980, there would be a 25 percent reduction in the number of issues printed. However, the compensation for the editor in 1980 is budgeted at \$300 per month rather than \$200 per month for 1979. (Tr. p. 16) SHOPO excluded nine percent of the newsletter cost attributable to the amount of space used for recreation, social events and ideological issues.* A similar disallowance was made on the editor's fee.

*This estimate of nine percent was used in HPERB Decisions 98 and 105 after the Board reviewed nine issues of the SHOPO newsletter for 1978. SHOPO anticipates similar newsletter coverage for the 1980 calendar year.

Every two years SHOPO conducts a State General Membership Meeting to elect new officers. Such a meeting will be held in 1980 with a projected expense of \$3,000.

The "Legislative Committee" allocation of \$3,500 will be used to defray expenses incurred by the committee for service-fee related lobbying activities. SHOPO indicated that the expenditures for this account will be of the same nature in 1980 as in 1979 including the retention of a legislative advisor (see Decision 105 at p. 7).

The remaining budget accounts not specifically discussed herein reflect a ten percent inflationary increase from 1979 to 1980.

Major increases in the 1980 service fee budget include \$42,065 for salaries and benefits, \$1,680 for office equipment, and \$1,240 for membership development. Additionally, since it is an election year for SHOPO, \$4,950 has been allocated for the State General Membership Meeting and postage and printing expenses. The major decrease in the 1980 budget is \$33,897 in the contract negotiations account.

With a projected income of \$312,906 and allowable planned expenditures of \$342,707, SHOPO will still have a deficit of \$29,801 if this service fee petition is approved by this Board.

CONCLUSIONS OF LAW

After a complete review of the evidence presented at the hearing, the Board finds that SHOPO's planned expenditures for the period from January through December, 1980 are reasonable charges against service fees. SHOPO's disallowance of costs for newspaper space used for recreation, social events and ideological issues and portions of employee

expenditures attributable to work time spent on non-collective bargaining activities is consistent with this Board's rulings in prior service fee decisions and the requirements of Subsection 89-4(a), Hawaii Revised Statutes. Accordingly, the Board finds that the proposed service fee of \$13.50 per month is a reasonable charge for the employees of Unit 12.

In Decision 88 of this Board, the following order was made:

SHOPO is directed to petition for a service fee review no later than September 30, 1978, the ending date of its projected budget. In establishing this precedent, the Board is cognizant that SHOPO's service fee will be reviewed by the Board only five months from now. The Board, however, upon deeper consideration of its duty to certify the reasonableness of service fees, believes that it cannot approve a service fee for periods for which there is no accounting or showing as to how the service fee monies will be spent. Accordingly, henceforth, the Board will certify service fee amounts only for periods for which a projected budget has been provided.

Since SHOPO submitted a budget covering the period from January 1, 1980 through December 31, 1980, the Board will approve the subject service fee only through December 31, 1980.

ORDERS

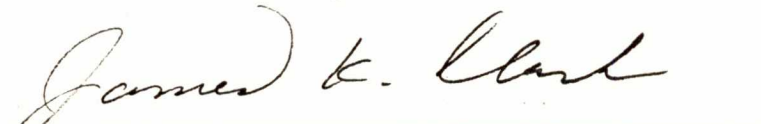
A monthly service fee of \$13.50 shall continue to be deducted by the employer from the payroll of each employee in Unit 12. Such deductions shall be made each payroll period in an amount which, to the extent possible, is equal to the monthly service fee divided by two payroll periods.

The service fee shall continue to be deducted until otherwise ordered by this Board.

SHOPO is directed to petition this Board for a service fee review no later than December 31, 1980.

HAWAII PUBLIC EMPLOYMENT RELATIONS BOARD


Mack H. Hamada, Chairman


James K. Clark, Board Member


John E. Milligan, Board Member

Dated: March 21, 1980

Honolulu, Hawaii