

STATE OF HAWAII
PUBLIC EMPLOYMENT RELATIONS BOARD

In the Matter of)	Case No. <u>SF-05-83</u>
)	
HAWAII STATE TEACHERS)	
ASSOCIATION, NEA,)	Decision No. <u>141</u>
)	
Petitioner.)	
_____)	

FINDINGS OF FACT, CONCLUSIONS
OF LAW, AND ORDER

On August 11, 1980, the Hawaii State Teachers Association (hereafter HSTA) filed a Petition for Certification of Reasonableness of Service Fees with this Board. The HSTA asked the Board to certify as reasonable a service fee for employees in Unit 5 of \$177.36 per annum for the September 1, 1980 to August 31, 1982 biennium.

The current service fee is \$155.10 per annum.

After publication of legal notice in newspapers of general circulation, a hearing was held on October 6 and 7, 1980.

Based upon the entire record herein, the Board makes the following findings of fact, conclusions of law, and order.

FINDINGS OF FACT

Petitioner HSTA is, and was at all times relevant, the certified exclusive representative of all employees in bargaining unit 5 (teachers and other personnel on the same salary schedule).

The employers of Unit 5, for purposes of negotiations, are the Board of Education and the Governor. §§89-2(9), 89-6(b), HRS.

The average number of employees in Unit 5 for the 24 pay periods in the 1979-80 fiscal year was 8,802. Of this number, approximately 6,764 are HSTA members. Board Ex. 1-A.

As of the date of the commencement of the hearing, the number of Unit 5 employees was 8,553. The HSTA proposes to use the figure of 8,750 as the basis for budget projections. The Board shall use this figure herein. Based on this number of employees, the HSTA would receive \$1,551,900 per annum in income based on the proposed service fee, or \$3,103,800 in the 1980-82 biennium.

The present service fee for Unit 5 is \$155.10 per person per annum, of which \$42 per person is paid as a per capita to the National Education Association (hereafter NEA), of which the HSTA is an affiliate.

The proposed service fee for the September 1, 1980 to August 30, 1982 biennium is \$177.36 per annum, an increase of \$22.26 per person over the current service fee. Included in the requested increase are two successive increases in the NEA per capita of \$3.00 per annum on September 1, 1980, and September 1, 1981. For those respective fiscal years, the NEA per capita will be \$45.00 and \$48.00 per annum per person. In order to maintain a level service fee for two years, and to accommodate the rise in NEA per capita in the second year, the HSTA has mandated certain salary savings, projected certain reductions and use of accrued leave and related funds, discussed infra. Bd. Ex. 1-F, 1-G.

Service fee revenues are placed in the General Account. For the 1980-82 biennium, the General Account will draw off the following sources of revenue and anticipated income:

<u>General Account</u>	<u>1980-81</u>	<u>1981-82</u>	<u>1980-82</u>
Service Fees (8,750 x \$177.36)	\$1,551,900	\$1,551,900	\$3,103,800
UniServ Grant	89,600	89,600	179,200
DuShane Fund	2,500	2,500	5,000
Advertising/Other	3,500	3,500	7,000
Interest (Accrued Leave)	--	13,500	13,500
Transfer from Accrued Leave Fund	--	10,000	10,000
Balance Carried Forward	--	--	--
TOTALS	<u>\$1,647,500</u>	<u>\$1,671,000</u>	<u>\$3,318,500</u>

The last two items, "Interest (Accrued Leave)" and "Transfer From Accrued Leave Fund," are sums attributable to a fund accumulated primarily out of service fees used to compensate employees for accumulated vacation time upon retirement. To cover an anticipated shortage of income in fiscal 1981-82, HSTA has transferred excess sums from this fund to the General Account.

Based upon its proposed expenditures and anticipated revenues, the HSTA has a balanced General Account budget. Bd. Ex. 1-B, 1-D.

The HSTA collects from each of its dues-paying members and from persons not currently included in Unit 5 due to leave, retirement, etc., a dues differential over and above the service fee. On September 1, 1980, this dues differential was increased from \$13.44 to \$18.44. The revenue from the dues differential is placed in an account separate from the General Account called the membership or M Account.¹

¹The Board describes the HSTA M Account in Decision 123, the Board decision certifying the reasonableness of HSTA's current service fee, as follows: The M Account funds are derived primarily from membership dues, NEA grants for special services, member's insurance programs and interest for funds currently held. TR 9/10/79 at p. 44. The M Account budget is similar to the HSTA General Fund Account budget in that both budgets use the same format. Though the two budgets parallel one another in form, they differ in the intended use of the revenues. The General Fund Account funds (service fees) are statutorily restricted to negotiating and administering a collective bargaining agreement. In contrast, the use of the M Account funds is not restricted. Accordingly, the HSTA allocates expenses to the M Account which it believes are not proper charges against the General Fund Account. Currently, these apportionments need not be mere estimates as in previous service fee petitions, but can be based upon the preceding year's experience.

Items paid for out of the M Account include the costs of the members-only group insurance program, purely social activities, recruitment and organization of new members, supplies, office equipment, rent of premises, telephone, union governance expenses and other operating expenses.

The HSTA also has three other funds paid for out of the M Account: The Crisis Fund, the Board Fund and the Political Action Committee Fund. The Crisis Fund is to provide a reserve to be used in the event a rival union challenges the HSTA's exclusive representative status. The Board Fund or Reserve is primarily used for projects in the HSTA governance area. The Political Action Fund is used to make political contributions and endorse candidates.

The following display includes both the General Account and the M Account line budgets for the fiscal 1980-82 biennium and shows the allocations made by the HSTA between the two budgets:

ALLOCATION OF TOTAL EXPENDITURES
FISCAL YEAR 1980-82

ACCOUNT #	GENERAL FUND	MEMBERSHIP*	TOTAL
EXPENSES			
5120 Salaries-Profession/ Clerical	1,190,146	146,612	1,336,758
5140 Employee Welfare	200,606	23,652	224,258
5160 Employee Payroll Taxes	103,763	12,874	116,637
5180 Accounting & Data Processing	85,614	23,781	109,395
5200 Advertising-Public Media	2,000	5,254	7,254
5220 Automobile	37,173	1,042	38,215
5230 Board of Directors	34,894	30,000	64,894
5240 Board of Directors Fund	--	200,910	220,910
5260 Committees	102,226	16,810	119,036
5300 Conventions-HSTA	66,788	--	66,788
5320 Conventions-NEA	26,800	--	26,800
5340 Conventions-Locals	15,015	5,740	20,755
5360 Communications-Internal	78,600	8,195	86,795
5400 Expense Allowance	24,206	1,360	25,566
5420 Interest-Dues	4,702	70	4,772
5440 Insurance	17,719	1,198	18,917
5460 Legal	102,819	--	102,819
5480 Legislative	6,556	7,140	13,696
5500 Leadership Activities & Training	33,988	6,585	40,573
5520 Maintenance	6,995	630	7,625
5540 Office Supplies	48,660	4,570	53,230
5560 Outside Services	26,200	2,400	28,600
5580 Postage	29,613	6,540	36,153
5600 Publications & Research Materials	11,607	--	11,607
5620 Rental, Premises	114,009	10,024	124,033
5640 Rental, Equipment	12,059	1,062	13,121
5660 Room & Board	20,305	2,258	22,563
5680 Service Fees, NEA	813,750	4,650	818,400
5700 Service Fees, Locals	35,000	576	35,576
5740 Telephone	59,010	5,132	64,142
5760 Travel	32,877	3,095	35,972
5780 Accrued Leave Fund	--	800	800
0001 Equipment Fund	4,800	2,850	7,650
Attrition Policy	(30,000)	--	(30,000)
TOTAL	\$3,318,500	\$555,810	\$3,874,310

*Includes Membership Special Services \$134,794; Insurance \$295,134; Political Action \$125,882

The HSTA allocates expenses to the M Account when it believes said expenses are not proper charges against service fees. Monthly time sheets marking staff time spent as between General and Membership Account activities are the basis for the allocations. Adjustments to the apportionments made to the M Account are made at the end of the fiscal year to conform them to actual time spent on M Account activities. In fiscal year 1979-80, the HSTA determined that 7.3% of expenditures were properly charged to the M Account as follows:

RATIO TOTAL MEMBERSHIP EXPENDITURES TO TOTAL
GENERAL FUND EXPENDITURES
(1979-80)

TOTAL MEMBERSHIP EXPENDITURES

Membership/Special Services	\$ 54,264.16
Insurance	40,278.48
Political Action	<u>23,984.07</u>
TOTAL.....	\$ 118,526.71

Membership Total	\$ 118,526.71
General Fund Total	
Expenditures	<u>1,505,645.00</u>
	\$1,624,171.71

RATIO: \$118,527 / \$1,624,172 = 7.3%

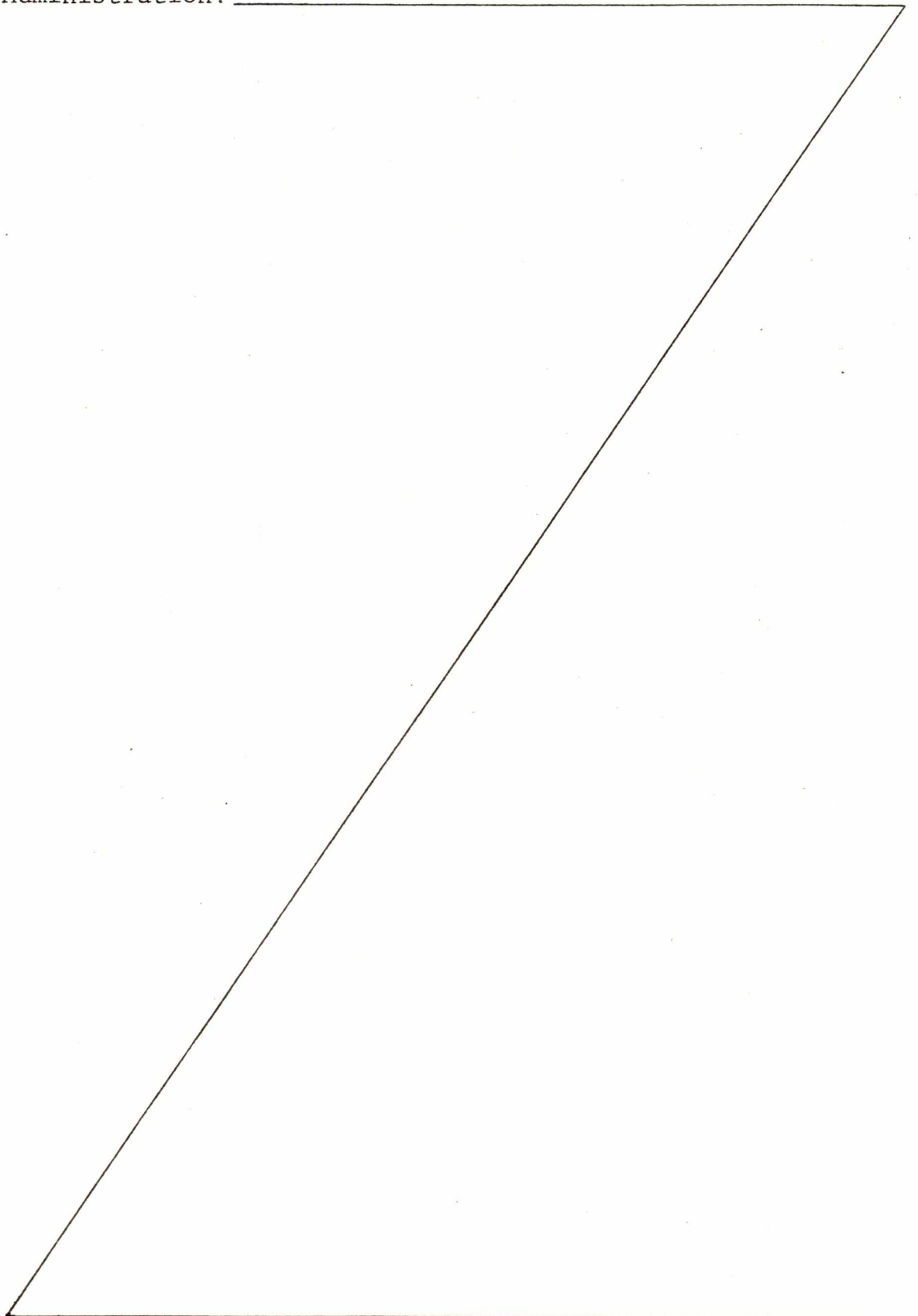
A similar figure for the ratio of the membership salary account to total salaries of 8.19% was obtained as follows:

RATIO MEMBERSHIP SALARY ACCOUNTS TO TOTAL SALARIES
F. Y. 1979-80

Membership/Special Services	\$ 25,392.56
Insurance	20,341.67
Political Action	<u>1,390.21</u>
Total Salary, Membership Accounts	\$ 47,124.44
Total Salary, General Fund Account (see Exhibit "C")	<u>528,172.00</u>
TOTAL SALARIES....	\$575,296.44

RATIO: \$47,124 / \$575,296 = 8.19%

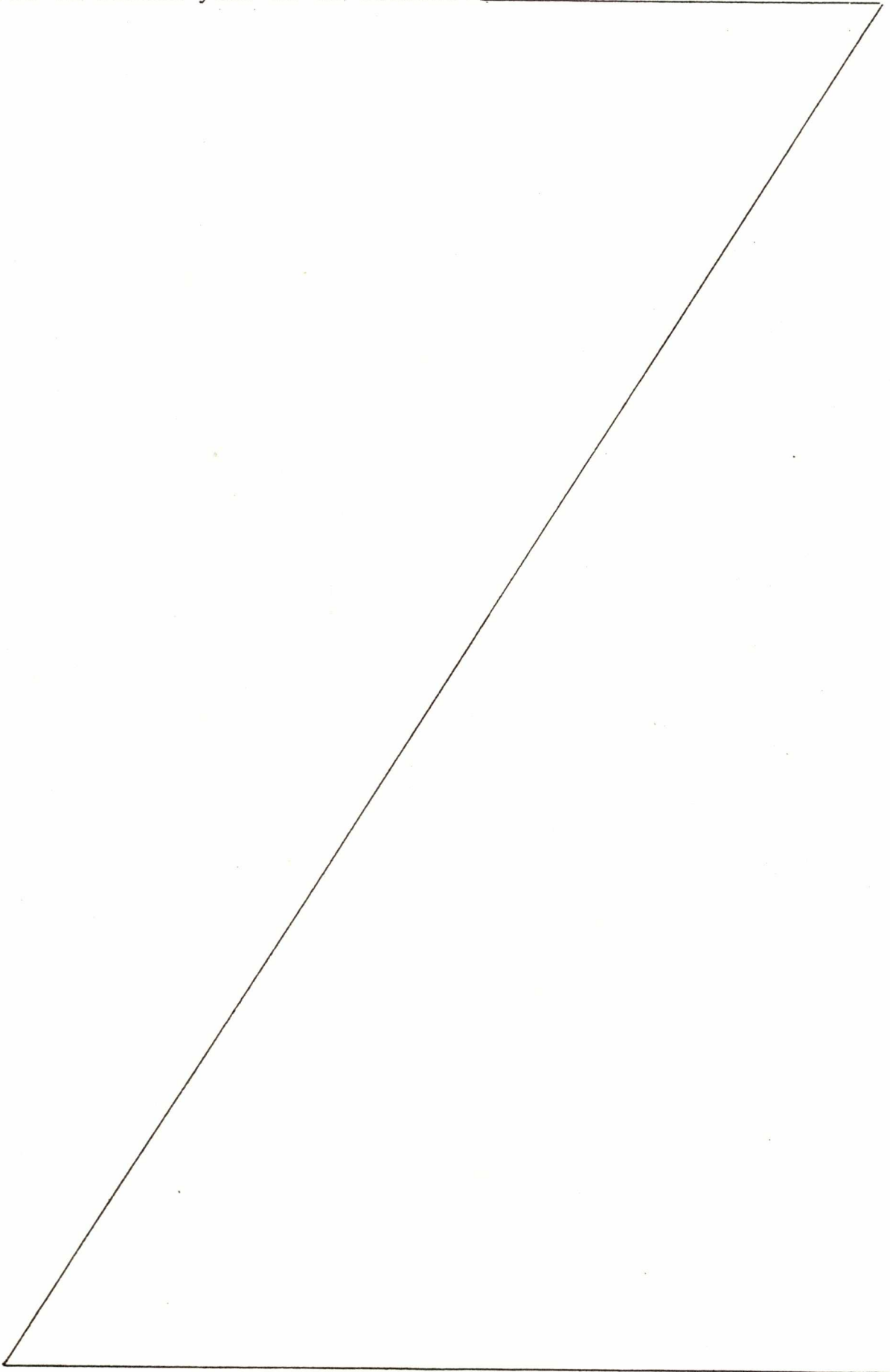
The following display shows the 1980-82 General Account budget broken down into the operational divisions of Programs, Governance, Legislative, Communication, and Administration: _____



HSTA BUDGET
GENERAL ACCOUNT
(1980-82)

ACCOUNT #	PROGRAMS	GOVERN.	LEGIS.	COMM.	ADMIN.	TOTAL
5120 Salaries - Professional/Clerical	633,693	159,395	56,347	69,257	271,545	1,190,146
5140 Employee Welfare	104,460	25,519	7,812	9,269	53,546	200,606
5160 Employee Payroll Taxes	55,250	14,066	5,317	6,079	23,051	103,763
5180 Accounting & Data Processing	--	--	--	--	85,614	85,614
5200 Advertising - Public Media	--	--	--	2,000	--	2,000
5220 Automobile	20,120	6,470	1,054	1,489	8,040	37,173
5240 Board of Directors	--	34,894	--	--	--	34,894
5250 Board of Directors Fund	--	--	--	--	--	--
5260 Committees	33,527	46,723	9,870	12,106	--	102,226
5300 Conventions - HSTA	--	66,788	--	--	--	66,788
5320 Conventions - NEA	1,600	25,200	--	--	--	26,800
5340 Conventions - Locals	--	15,015	--	--	--	15,015
5360 Communications - Internal	--	--	--	78,600	--	78,600
5400 Expense Allowance	11,600	5,366	1,040	1,200	5,000	24,206
5420 Dues	1,070	2,490	--	292	850	4,702
5440 Insurance	--	4,160	--	--	13,559	17,719
5460 Legal	68,000	12,355	--	--	22,464	102,819
5480 Legislature	--	--	6,556	--	--	6,556
5500 Leadership Activities & Training	9,550	24,438	--	--	--	33,988
5520 Maintenance	--	--	--	--	6,995	6,995
5540 Office Supplies	2,160	--	--	--	46,500	48,660
5560 Outside Services	3,000	--	--	--	23,200	26,200
5580 Postage	--	--	--	--	29,613	29,613
5600 Publications & Research Materials	10,272	--	76	225	1,034	11,607
5620 Rental, Premises	--	--	--	--	114,009	114,009
5640 Rental, Equipment	--	--	--	--	12,059	12,059
5660 Room & Board	7,255	3,477	1,157	2,292	6,124	20,305
5680 Service Fees, NEA	--	--	--	--	813,750	813,750
5700 Service Fees, Locals	--	--	--	--	35,000	35,000
5740 Telephone	--	--	--	--	59,010	59,010
5760 Travel	18,707	4,570	558	775	8,267	32,877
5780 Accrued Leave Fund	--	--	--	--	--	--
0001 Equipment Fund	--	--	--	--	4,800	4,800
Attrition Policy	--	--	--	--	(30,000)	(30,000)
TOTAL	980,264	450,926	89,787	183,584	1,613,939	\$3,318,500

The same budget broken down to the 1980-81 and
1981-82 fiscal year is as follows:



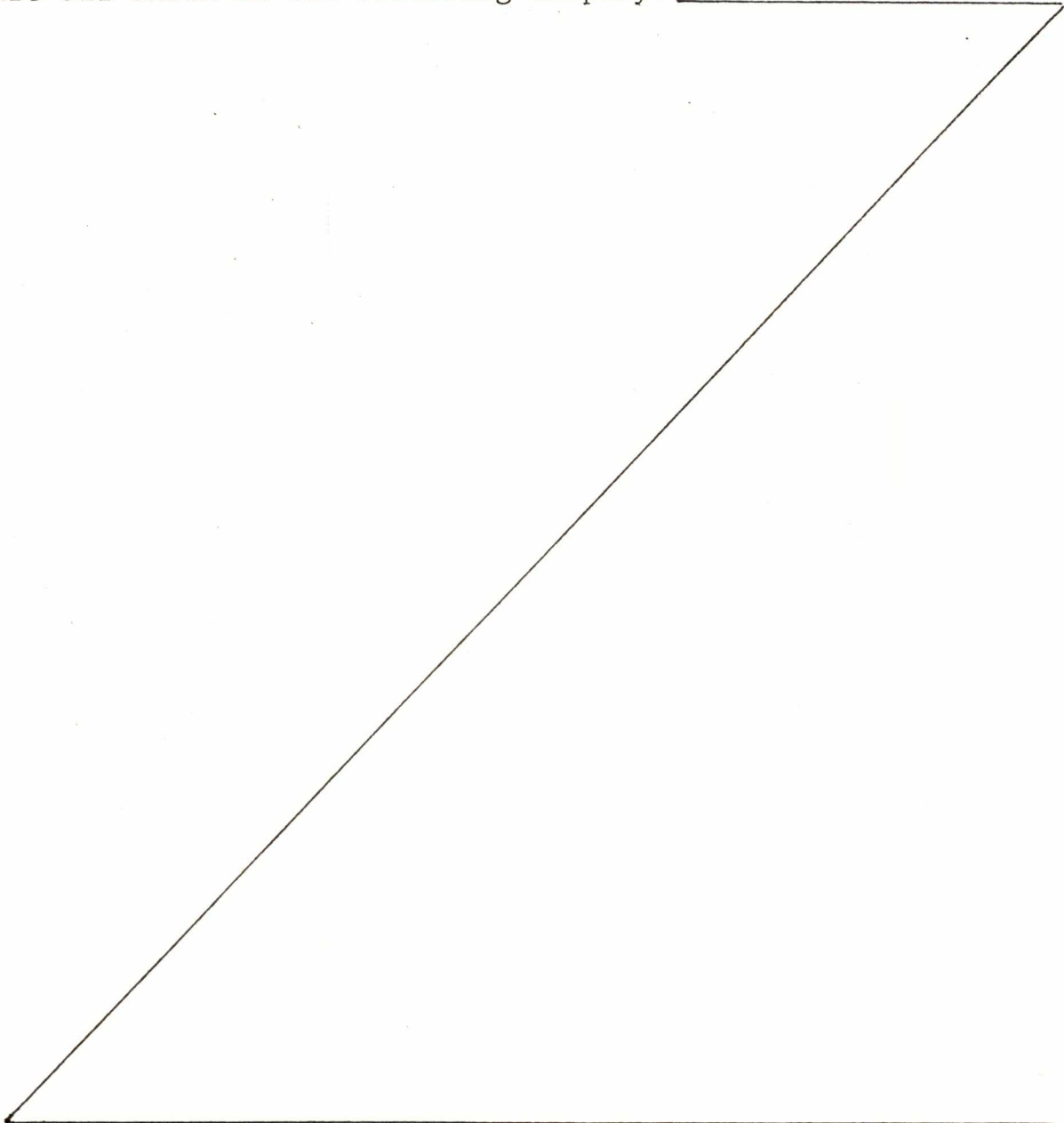
HSTA BUDGET
(1980-81)

ACCOUNT #	PROGRAMS	GOVERN.	LEGIS.	COMM.	ADMIN.	TOTAL
5120 Salaries - Professional/Clerical	307,168	77,754	27,043	33,754	132,843	578,562
5140 Employee Welfare	50,419	12,393	3,746	4,487	25,966	97,011
5160 Employee Payroll Taxes	26,868	6,883	2,577	2,972	11,281	50,581
5180 Accounting & Data Processing	--	--	--	--	40,099	40,099
5200 Advertising - Public Media	--	--	--	1,000	--	1,000
5220 Automobile	10,060	3,150	507	716	4,020	18,453
5240 Board of Directors	--	16,640	--	--	--	16,640
5250 Board of Directors Fund	--	18,735	--	--	--	18,735
5260 Committees	25,911	22,271	4,700	5,730	--	58,612
5300 Conventions - HSTA	--	32,142	--	--	--	32,142
5320 Conventions - NEA	800	12,000	--	--	--	12,800
5340 Conventions - Locals	--	7,150	--	--	--	7,150
5360 Communications - Internal	--	--	--	37,150	--	37,150
5400 Expense Allowance	5,800	2,672	520	600	2,500	12,092
5420 Dues	535	1,240	--	135	425	2,335
5440 Insurance	--	2,000	--	--	6,510	8,510
5460 Legal	33,000	5,940	--	--	10,800	49,740
5480 Legislature	--	--	3,180	--	--	3,180
5500 Leadership Activities & Training	4,690	11,117	--	--	--	15,867
5520 Maintenance	--	--	--	--	3,364	3,364
5540 Office Supplies	2,110	--	--	--	22,000	24,110
5560 Outside Services	1,500	00	00	00	11,000	12,500
5580 Postage	--	--	--	--	14,054	14,054
5600 Publications & Research Materials	2,113	--	38	103	497	2,756
5620 Rental, Premises	--	--	--	--	54,812	54,812
5640 Rental, Equipment	--	--	--	--	5,742	5,742
5650 Room & Board	3,483	1,690	562	1,102	2,944	9,781
5680 Service Fees, NEA	--	--	--	--	393,750	393,750
5700 Service Fees, Locals	--	--	--	--	17,500	17,500
5740 Telephone	--	--	--	--	28,100	28,100
5760 Travel	8,892	2,205	230	350	3,950	15,627
5780 Accrued Leave Fund	--	--	--	--	--	--
0001 Equipment Fund	--	--	--	--	4,800	4,800
Attrition Policy	--	--	--	--	--	--
TOTAL	483,354	235,982	43,103	88,104	796,957	1,647,500

HSTA BUDGET
(1981-82)

ACCOUNT #	PROGRAMS	GOVERN.	LEGIS.	COMM.	ADMIN.	TOTAL
5120 Salaries - Professional/Clerical	326,525	81,641	29,304	35,503	138,611	611,584
5140 Employee Welfare	54,041	13,126	4,066	4,782	27,580	103,595
5160 Employee Payroll Taxes	28,382	7,183	2,740	3,107	11,770	53,182
5180 Accounting & Data Processing	--	--	--	--	45,515	45,515
5200 Advertising - Public Media	--	--	--	1,000	--	1,000
5220 Automobile	10,060	3,320	547	773	4,020	18,720
5240 Board of Directors	--	18,254	--	--	--	18,254
5250 Board of Directors Fund	--	(18,735)	--	--	--	(18,735)
5260 Committees	7,616	24,452	5,170	6,376	--	43,614
5300 Conventions - HSTA	--	34,646	--	--	--	34,646
5320 Conventions - NEA	800	13,200	--	--	--	14,000
5340 Conventions - Locals	--	7,865	--	--	--	7,865
5360 Communications - Internal	--	--	--	41,450	--	41,450
5400 Expense Allowance	5,800	2,694	520	600	2,500	12,114
5420 Dues	535	1,250	--	157	425	2,367
5440 Insurance	--	2,160	--	--	7,049	9,209
5460 Legal	35,000	6,415	--	--	11,664	53,079
5480 Legislature	--	--	3,376	--	--	3,376
5500 Leadership Activities & Training	4,860	13,321	--	--	--	18,181
5520 Maintenance	--	--	--	--	3,631	3,631
5540 Office Supplies	50	--	--	--	24,550	24,550
5560 Outside Services	1,500	--	--	--	12,200	13,700
5580 Postage	--	--	--	--	15,559	15,559
5600 Publications & Research Materials	8,159	--	38	117	537	8,851
5620 Rental, Premises	--	--	--	--	59,197	59,197
5640 Rental, Equipment	--	--	--	--	6,317	6,317
5660 Room & Board	3,767	1,787	595	1,190	3,180	10,519
5680 Service Fees, NEA	--	--	--	--	420,000	420,000
5700 Service Fees, Locals	--	--	--	--	17,500	17,500
5740 Telephone	--	--	--	--	30,910	30,910
5760 Travel	9,815	2,365	328	425	4,317	17,250
5780 Accrued Leave Fund	--	--	--	--	--	--
0001 Equipment Fund	--	--	--	--	--	--
Attrition Policy	--	--	--	--	--	--
					(30,000)	(30,000)
TOTAL	496,910	214,944	46,684	95,480	816,982	\$1,671,000

The projected General Account expenses of \$1,647,500 for the 1980-81 fiscal year is increased by \$141,855 over the estimated General Account expenditures for 1979-80 of \$1,505,645. The increase is attributable to salary increases for HSTA employees (\$50,390), related employee welfare payments and taxes (\$23,882), an increase in the NEA per capita (\$23,635), committee (negotiations) expenses (\$28,528) and other inflationary increases. HSTA will realize a decrease in expenditures in fiscal 1980-81 as a result of a transfer from the accrued leave account to the General Account of \$10,000. These adjustments are all shown in the following display:



COMPARISON OF 1980-81 BUDGET
TO 1979-80 EXPENDITURES

ACCOUNT #	1980-81 BUDGET	ESTIMATED* 1979-80	DIFFERENCE	%
5120 Salaries-Professional/ Clerical	578,562	528,172	50,390	10%
5140 Employee Welfare	97,011	88,135	8,876	10%
5160 Employee Payroll Taxes	50,581	35,575	15,006	42%
5180 Accounting & Data Processing	40,099	35,851	4,248	12%
5200 Advertising-Public Media	1,000	500	500	100%
5220 Automobile	18,453	14,252	4,201	29%
5230 Board of Directors	16,640	19,848	(3,208)	(19%)
5240 Board of Directors Fund	18,735	2,208	16,527	749%
5260 Committees	58,612	30,084	28,528	95%
5300 Conventions-HSTA	32,142	33,275	(1,133)	(4%)
5320 Conventions-NEA	12,800	9,136	3,664	40%
5340 Conventions-Locals	7,150	5,138	3,012	59%
5360 Communications- Internal	37,150	30,075	7,075	24%
5400 Expense Allowance	12,092	10,995	1,097	10%
5420 Interest-Dues	2,335	4,097	(1,762)	(75%)
5440 Insurance	8,510	4,268	4,242	99%
5460 Legal	49,740	70,095	(20,355)	(41%)
5480 Legislative	3,180	1,495	1,685	113%
5500 Leadership Activities & Training	15,807	16,051	(244)	(2%)
5520 Maintenance	3,364	5,887	(2,523)	(75%)
5540 Office Supplies	24,110	21,823	2,287	10%
5560 Outside Services	12,500	22,092	9,592	77%
5580 Postage	14,054	10,790	3,264	30%
5600 Publications & Re- search Materials	2,756	7,590	(4,834)	(175%)
5620 Rental, Premises	54,812	45,111	9,701	(22%)
5640 Rental Equipment	5,742	5,014	728	15%
5660 Room & Board	9,781	9,503	278	3%
5680 Service Fees, NEA	393,750	370,115	23,635	6%
5700 Service Fees, Locals	17,500	17,625	(125)	(1%)
5740 Telephone	28,100	24,895	3,205	13%
5760 Travel	15,627	14,539	1,088	7%
5780 Accrued Leave Fund	--	10,000	(10,000)	(100%)
0001 Equipment Fund	4,800	1,411	3,389	240%
0002 Attrition Policy	--	--	--	--
TOTAL	1,647,500	1,505,645	141,855	9.4%

*Estimate Pending Auditor's Adjustments

A similar comparison of the 1980-81 and 1981-82

budgets follows:

COMPARISON OF 1981-82 TO
1980-81 BUDGET

ACCOUNT #	1981-82 Budget	1980-81 Budget	DIFFERENCE	%
5120 Salaries-Professional/ Clerical	611,584	578,562	33,022	5.7%
5140 Employee Welfare	103,595	97,011	6,584	6.8%
5160 Employee Payroll Taxes	53,182	50,581	2,601	5.1%
5180 Accounting & Data Processing	45,515	40,099	5,416	13.5%
5200 Advertising-Public Media	1,000	1,000	--	--
5220 Automobile	18,720	18,453	267	1.5%
5230 Board of Directors	18,254	16,640	1,614	9.7%
5240 Board of Directors Fund	(18,735)	18,735	(18,735)	(100%)
5260 Committees	43,614	58,612	(14,998)	(34.4%)
5300 Conventions-HSTA	34,646	32,142	2,504	7.8%
5320 Conventions-NEA	14,000	12,800	1,200	9.4%
5340 Conventions-Locals	7,865	7,150	715	10.0%
5360 Communications- Internal	41,450	37,150	4,300	11.6%
5400 Expense Allowance	12,114	12,092	22	.2%
5420 Interest-Dues	2,367	2,335	32	1.4%
5440 Insurance	9,209	8,510	699	8.2%
5460 Legal	53,079	49,740	3,339	6.7%
5480 Legislative	3,376	3,180	196	6.2%
5500 Leadership	18,181	15,807	2,374	15.0%
5520 Maintenance	3,631	3,364	267	7.9%
5540 Office Supplies	24,550	24,110	440	1.8%
5560 Outside Services	13,700	12,500	1,200	9.6%
5580 Postage	15,559	14,054	1,505	10.7%
5600 Publications & Re- search Materials	8,851	2,756	6,095	221.2%
5620 Rental, Premises	59,197	54,812	4,385	8.0%
5640 Rental, Equipment	6,317	5,742	575	10.0%
5660 Room & Board	10,519	9,781	738	7.6%
5680 Service Fees-NEA	420,000	393,750	26,250	6.7%
5700 Service Fees-Locals	17,500	17,500	--	--
5740 Telephone	30,910	28,100	2,810	10.0%
5760 Travel	17,250	15,627	1,623	10.4%
5780 Accrued Leave	--	--	--	--
0001 Equipment Fund	--	4,800	(4,800)	(100.0%)
Attrition Policy	(30,000)	--	(30,000)	(100.0%)
TOTAL	1,671,100	1,647,500	23,600	1.4%

Increases in the 1981-82 fiscal year over the 1980-81 fiscal year are primarily attributable to salary increases (\$33,022) and the increase in the NEA per capita (\$26,250). HSTA intends to implement an "attrition policy" in this fiscal year under which positions vacated by employees will not be refilled, resulting in a decrease in expenditures of \$30,000. A projected decrease in expenditures in fiscal 1981-82 of \$18,735 under the Board of Directors Fund account will be due to the carrying over of the amount remaining after 1980-81 to cover the account in 1981-82.

The Teacher Advocate is the union newspaper, copies of which all Unit 5 members are entitled to receive. The newspaper is paid for out of the General Account. Ten issues were published during the period September 1979 to June 1980 and were submitted into evidence.

Each issue is eight pages long with the exception of the March and May 1980 issues which are twelve pages each. Some issues carry ads regarding "special services," programs and benefits available only to HSTA members such as group insurance and discount purchasing programs. Profits from these ads go to the M Account but the General Account is reimbursed all expenses entailed in carrying such ads on a cost-per-inches basis.

Most issues deal heavily with NEA and HSTA activities, Unit 5 negotiations and contract benefits and rights, accomplishments of individual teachers, legislation affecting working conditions of teachers, and problems facing teachers and schools.

While the paper contains much reportage on political events, it contains no political endorsements, which are disallowable charges against service fees. Decision 94, 2 HPERB 83; Decision 123, 2 HPERB 402; Decision 129, 2 HPERB 458.

The HSTA currently remits a per capita charge of \$42 per individual per year to the NEA. The NEA revenues generated by this charge will amount to \$393,750 and \$420,000 for fiscal years 1980-81 and 1981-82, respectively.

In return for this money, the HSTA will receive the following yearly support and services from the NEA:

(1) Direct grants:

- \$89,600 Uniserv grants
- \$ 2,500 DuShane Fund

The purpose of the Uniserv program is to assist the HSTA in collective bargaining and grievance administration through the encouragement of the hiring of a full-time collective bargaining staff. Training funds are provided directly to the HSTA under NEA standards and guidelines.

Such grants require an annual application by the HSTA and compliance with NEA guidelines.

The DuShane Fund (Unified Legal Services) supports a system for providing reimbursement for legal costs arising out of contract negotiations and administration. The NEA reimburses the HSTA at the following rates:

\$4.00 and below	10%
7.99 and below	50%
8.00 and above	70%
Federal Appellate level	full costs

(2) Indirect services:

Research. The NEA maintains a computerized "Bargaining Support System Network" (BSSN), for technical, regularized bargaining assistance to locals. BSSN provides ready information to locals regarding contract negotiations and administration, such as contract provisions, budget analyses, arbitrator profiles, and compilation of arbitration decisions.

Teachers Assistance Fund. The NEA provides employees with strike assistance in the form of interest-free loans. Current reserves are \$3 million.

Education Employment Liability Program. Under this program, teachers are insured against tort and criminal liability up to \$250,000.

Malpractice insurance. Such insurance is provided for staff and HSTA officers to provide against malpractice claims incurred in the negotiation of the unit contract, processing of grievances, etc. Individuals are insured up to \$250,000 under this new program.

Bonding. Costs of bonding staff and leaders are borne by the NEA.

Computerized system for processing membership forms. NEA estimates that HSTA will save in excess of \$9000 per year in having the NEA assume this function.

Bargaining assistance. NEA staff are available to assist HSTA in bargaining, both at NEA headquarters and locally.

Training. The NEA pays the majority of costs involved in holding conferences and training sessions relating to such subjects as stress management and teachers' rights, and meetings on such subjects as class size, school violence, women's leadership, minority involvement, retirement issues, etc., and other annual meetings of different personnel, such as teachers' attorneys or communication staff.

Communications. NEA is currently conducting a national media campaign to set a better collective bargaining climate by countering what it perceives as a mounting public attack on public education and teachers' credibility.

The NEA maintains a telex system which permits the HSTA to communicate rapidly with the NEA and other affiliates.

The NEA makes available a variety of journals, newsletters and other publications relating to collective bargaining and educational issues.

(3) NEA legislative programs:

The NEA carries on lobbying efforts within both the executive and legislative branches of the federal and state governments. Areas of concern, for illustrative purposes, are the Impact Aid Program for those states, such as Hawaii, affected by a large number of federal dependents and installations; the Elementary and Secondary Education and the Higher Education's Funding Act, which involve, directly or indirectly, basic funding of grades K through 12; the Handicapped Aid Program and the Bilingual Education Program, which have created complex bargaining circumstances for local affiliates of NEA because of the increased levels of funding needed to meet federal mandates in these areas of legislation and the allied specific problems teachers face in the classroom; social security coverage of public employees and spouses; and the impact of voluntary wage-price guidelines on contract negotiations.

At hearing, NEA's witness, John Hein, NEA regional director for the Pacific states, asserted that the positive benefits to HSTA resulting from the provision of NEA services to HSTA far outweigh the costs of per capita payments to NEA. It was pointed out that the cost of purchasing on the open market services comparable to those provided by NEA, such as insurance or BSSN, would be considerably higher than the proportional amount of per capita payments spent on such services. Also, it was noted that HSTA is a relatively small affiliate drawing disproportionately on the cost to NEA of providing staff and other assistance to HSTA, and that because public employee collective bargaining is relatively sophisticated and advanced in Hawaii, HSTA's utilization of NEA bargaining-related assistance is relatively greater than that of an

affiliate in a jurisdiction with less rigorous public employee collective bargaining.

Increases in the NEA per capita are attributable to inflation, the provision of new programs and services such as the BSSN system, malpractice insurance, bonding services, membership processing assistance, the proposed small states grants, and staff salary increases.

The NEA has a rebate program to refund to dissenters money it expends on political activities.

Under the NEA procedure, only persons who are not members of the HSTA and who object to the expenditure of any portion of their service fee for political activity may request a political activity rebate by sending the NEA a timely written request for the rebate. The rebate is determined by multiplying the per capita amount by the percentage of the total NEA budget which is allocated to political activity. Provision is made for year-end adjustments of the rebate calculation to refund a proportion of actual expenditures for political activity if they differ from budgeted ones. One may take a challenge of the amount of the rebate to the executive committee and beyond that body to arbitration.

For purposes of the rebate plan, the term "political activity" means:

- (1) the administration of an independent political action committee;
- (2) the determination and/or publicizing of an organizational preference for a candidate for political office;
- (3) efforts to enact, defeat, repeal, or amend legislation which is not related

to the working conditions (legislation establishing collective bargaining, professional negotiation, or some other system of employer-employee relations shall be deemed related to working conditions), welfare, or working environment of employees represented by the NEA and/or its affiliates; or

- (4) contributions to charitable, religious or ideological causes.²

Two changes have been made in the NEA rebate plan since HSTA last applied for approval of service fees: the NEA now bears the full costs of arbitration, and NEA appeals are now available at the state rather than national level.

The HSTA has altered its practice of previous years of preparing a program budget in addition to a line budget such as has been submitted herein. The HSTA found the use of a program budget overly burdensome in terms of accounting for employee time and expenditures for each program activity. The HSTA has developed, in lieu of a program budget, an advanced program planning scheme for 1980-82 in which the goal areas of the former program plans are translated to program plans broken down to the five administrative divisions of Program Budget, Governance Budget, Legislative Budget, Communications Budget, and Administrative Budget. No monetary figures reflecting projected expenditures are attached to the program plans. All activities listed under the enumerated programs appear on their face to be

²Terms of NEA Rebate Plan submitted in SF-05-71, HSTA's service fee petition for fiscal 1979-80, Decision 123, 2 HPERB 402.

connected with the negotiation and administration of the collective bargaining agreement and to be distinct from membership or partisan political concerns.

CONCLUSIONS OF LAW

The Board finds that the HSTA proposed service fee expenditures are consistent with guidelines established in previous service fee decisions. The Board finds that the HSTA has provided sufficient evidence to justify the expenses as permissible activities reasonably related to contract negotiations and administration.

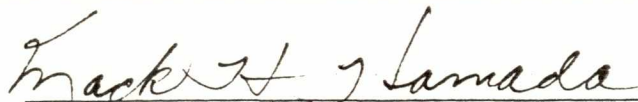
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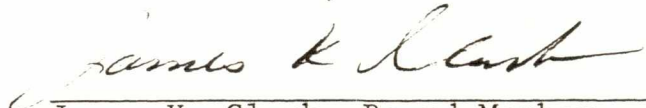
An annual service fee of \$177.36 per annum for the September 1, 1980 to August 31, 1982 biennium shall be deducted by the employer of employees in Unit 5 from their payroll and transmitted to the HSTA. Such deductions shall be made each payroll period in an amount which, to the extent possible, is equal to the annual service fee divided by 24 payroll periods.


The increased service fee shall be retroactive to September 1, 1980, for all employees on the payroll at that time. For all persons hired on or after that date, the service fee shall be effective as of the date of hire.

The service fee shall continue to be deducted until otherwise ordered by the Board. The HSTA is directed to petition the Board for a service fee review no later than August 31, 1982.

HAWAII PUBLIC EMPLOYMENT RELATIONS BOARD


Mack H. Hamada, Chairman


James K. Clark, Board Member


John E. Milligan, Board Member

Dated: December 19, 1980

Honolulu, Hawaii