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STATE OF HAWAII  
PUBLIC EMPLOYMENT RELATIONS BOARD

In the Matter of	)	Case No.	SF-03-7
	)		SF-02-8
	)		SF-04-10
HAWAII GOVERNMENT EMPLOYEES'	)		SF-13-11
ASSOCIATION, Local 152	)		SF-06-13
HGEA/AFSCME,	)		SF-08-14
	)		
Petitioner.	)	Decision No.	32

DECISION AND ORDER

I. STATEMENT OF THE QUESTION

By petitions filed December 20, 1972, in Case No. SF-03-7 and SF-02-8, December 27, 1972, in Case No. SF-04-10 and SF-13-11, and February 22, 1973, in Case No. SF-06-13 and SF-08-14, the HAWAII GOVERNMENT EMPLOYEES' ASSOCIATION, Local 152, HGEA/AFSCME (hereinafter HGEA) requested the Hawaii Public Employment Relations Board (hereafter Board) to certify the reasonableness of its proposed service fee for the six bargaining units for which it has been certified as exclusive collective bargaining representative.

As it is the policy of the HGEA to consolidate its services and accounting records into a single structure for all of the bargaining units it has been certified to represent, the various petitions enumerated herein have been consolidated for investigation and action by the Board.

HGEA proposes a service fee of \$54.00 per year for each employee in each of the six units from date of

certification, and \$84.00 per year from February 1, 1973, forward.

The question before the Board is whether the proposed service fees are reasonable pursuant to Section 89-4(a), Hawaii Revised Statutes.

## II. BOARD INVESTIGATION

Pursuant to Sections 6.03 and 6.04 of its Rules of Practice and Procedure, the Board conducted an investigation to determine the reasonableness of the proposed service fees as follows:

In a series of investigatory conferences between members of the Board and officials of the HGEA and including HGEA's certified public accountants, an examination was made of HGEA's current costs and anticipated costs of providing negotiating and contract administering services to members and anticipated members of bargaining units.

The examination was made in response to an HGEA petition to determine the reasonableness of its proposed service fee of \$54.00 per year for members of Unit 6 (Educational officers and other personnel of the department of education under the same salary schedule).

The Board, on April 20, 1972, certified that \$54.00 per year was a reasonable service fee for employees in Unit 6.

On February 23, 1973, the Board conducted a pre-hearing conference with officials of HGEA and its attorney to investigate its petitions for a determination of reasonableness of service fees in the amount of \$54.00 per year from date of certification to January 31, 1973,

for all other units it now represents as exclusive collective bargaining representative, and a service fee of \$84.00 per year from February 1, 1973, and thereafter for all units including unit 6.

On March 5, 1973, at 9:00 a.m., the Board conducted a formal hearing into the consolidated petitions at its hearing room at 550 Halekauwila Street, Honolulu, Hawaii.

Notices of the hearing were mailed to the appropriate public employers, to HGEA, and to other employee organizations which had previously established an interest in any of the bargaining units involved.

Mr. Mikio Izuka appeared at the hearing representing himself and expressed a desire to question HGEA witnesses. His request was granted by the Board.

No other persons appeared in opposition to the consolidated petitions.

### III. FINDINGS OF FACT

1. Petitioner, HGEA, is an employee organization as defined in Chapter 89, Hawaii Revised Statutes.

2. Petitioner was certified by the Board as the exclusive bargaining representative for the six units as follows:

Unit 2 on October 22, 1971

Unit 3 on April 3, 1972

Unit 4 on May 3, 1972

Unit 6 on June 10, 1971

Unit 8 on January 26, 1973

Unit 13 on May 3, 1972



3. HGEA Exhibit #1 indicates that its actual expenses from 7/1/1971 to 6/30/1972, were \$1,283,244.00 and that its budgeted expenses for the period 7/1/1972 to 6/30/1973 were \$1,490,295.00.

4. HGEA does not claim that the following items of expense for the first period and budgeted for the second period are in support of negotiations and contract administration:

<u>Expense Item</u>	<u>Actual Expense 7/1/71-6/30/72</u>	<u>Budgeted Expense 7/1/72-6/30/73</u>
Pension Fund- Kendall	\$ 6,258.00	\$ 6,303.00
Hawaii-Public		
Relations	507.00	600.00
Recruitment	595.00	
Recreation	841.00	3,400.00
Maui -Public		
Relations	375.00	600.00
Recruitment	85.00	
Recreation	1,387.00	2,400.00
Oahu -Public		
Relations	459.00	900.00
Recruitment	7,375.00	
Indoctrina- tion	26.00	
Recreation	4,049.00	12,000.00
Organizing	16,518.00	10,100.00
Kauai -Public		
Relations	244.00	600.00
Recruitment	125.00	
Indoctrina- tion	7.00	
Recreation	300.00	1,500.00
Total:	\$39,451.00	\$38,403.00

5. The amounts attributable by HGEA to negotiations and contract administration excluding those not claimed above are:

<u>Actual Expenses 7/1/71-6/30/71</u>	<u>Budgeted Expenses 7/1/72-6/30/73</u>
\$ 1,243,693.00	\$ 1,451,892.00

6. HGEA is affiliated with, and pays fees to the AFL-CIO State Federation as follows:

<u>Actual Expenses</u> <u>7/1/71-6/30/72</u>	<u>Budgeted Expenses</u> <u>7/1/72-6/30/73</u>
\$ 35,729.00	\$ 46,649.00

These fees are in support of lobbying efforts before legislative and administrative bodies in the interest of some 50,000 members affiliated with the AFL-CIO in Hawaii.

7. HGEA is affiliated with, and will pay fees to the American Federation of State, County and Municipal Employees (hereafter AFSCME) in the budgeted year 7/1/72-6/30/73 amounting to \$116,622.00. There was no fee in the actual expenses for the period 7/1/71-6/30/72. HGEA has shown that the services provided by AFSCME to HGEA are equal to \$116,622.00.

8. HGEA estimates its current membership in the organization at between 13,000 and 13,500. It estimates its total consolidated bargaining unit membership at somewhat over 15,000.

9. HGEA has income from sources other than from service fees in amounts ranging from \$100,000 to \$180,000 per year.

10. HGEA provides a number of services to members which are not supported by service fees, but by other income.

11. HGEA membership dues were set at \$54.00 per year prior to February 1, 1973, and have been changed, by duly constituted authority to \$84.00 per year from that date forward.

12. HGEA estimates that its actual expenses for negotiations and contract administration will exceed the amount collected through the service fee deduction and that these additional expenses will be supported by non-service fee income.

13. Mr. Izuka presented no testimony, nor did he bring forth any facts in contradiction to HGEA testimony.

#### IV. CONCLUSIONS OF LAW

The Board finds that all items claimed by Petitioner to be attributable to negotiations and contract administration are proper and reasonable in accordance with Section 89-4, H.R.S.

The Board finds further that a service fee at the rate of \$54.00 per year from the date of certification of HGEA as the exclusive bargaining agent for each of the subject bargaining units to the 31st day of January 1973, is reasonable and that from February 1, 1973, forward a service fee at the rate of \$84.00 per year is reasonable for said units in accordance with Section 89-4, Hawaii Revised Statutes.

#### V. ORDER

The Petitioner, and, to the extent appropriate the AFSCME, shall maintain a cost accounting system which clearly distinguishes between services supplied to the bargaining units and services supplied to members of HGEA only. For any cost category for benefits which are not specifically identifiable as being for Units 2, 3, 4, 6,



8, and 13 employees only or HGEA members only, the Petitioner and, to the extent applicable, the AFSCME, shall develop an appropriate and reasonable basis for allocating such costs between Units 2, 3, 4, 6, 8, and 13 and HGEA members. Further, the Petitioner shall supply the Board annually with six copies of the financial reports required to be supplied to its members pursuant to Section 89-15, Hawaii Revised Statutes.

In accordance with the policy adopted by the Board, this certification of service fee shall be \$54.00 per year for units 2, 3, 4, 8, and 13 for the period commencing from the date of the respective unit's certification and thereafter \$84.00 per year for the interim period commencing February 1, 1973, for units 2, 3, 4, 6, 8, and 13 and shall continue until altered or terminated by the Board. Hereafter, the Board may, upon application of any affected employee, or by the Petitioner, or in the Board's discretion, initiate a review of the service fees. Any such review will be based upon a history of actual costs and expenditures incurred by the Petitioner up to the date of such review.

The Board suggests that the appropriate Public Employers and Petitioner negotiate a mutual agreement on methods and procedures which are to be followed in deducting said service fees. Failing such agreement, the parties may petition the Board concerning the mechanics of said service fee deductions.

The appropriate Public Employers are hereby directed to commence such deductions at the earliest possible date and to continue such deductions until such time as this Board orders otherwise.

PUBLIC EMPLOYMENT RELATIONS BOARD

Mack H. Hamada  
Mack H. Hamada, Chairman

Carl J. Guntert  
Carl J. Guntert, Board Member

John E. Milligan  
John E. Milligan, Board Member

Dated: March 20, 1973

Honolulu, Hawaii