

STATE OF HAWAII

PUBLIC EMPLOYMENT RELATIONS BOARD

In the Matter of)	
)	Case No. <u>SF-01-15</u>
UNITED PUBLIC WORKERS,)	<u>SF-10-16</u>
Local 646, AFSCME,)	
)	Decision No. <u>34</u>
Petitioner.)	
_____)	

DECISION AND ORDER

STATEMENT OF THE QUESTION

By petitions filed May 29, 1973, the United Public Workers, Local 646, AFSCME, (hereinafter UPW), requested the Public Employment Relations Board, (hereinafter Board), to certify the reasonableness of its proposed service fee increase from \$4.60 per month to \$7.00 per month for employees in Unit 1 (non-supervisory employees in blue collar positions) and in Unit 10 (non-professional hospital and institutional workers) pursuant to Section 89-4, Hawaii Revised Statutes.

UPW's initial service fee request in the amount of \$4.60 per month for the respective units was approved by the Board in Decision No. 19, issued July 13, 1972. UPW alleges that increased costs in contract negotiations and administration warrant an increase of service fees for said units to \$7.00 per member per month.

Section 89-4, Hawaii Revised Statutes, requires that the Board make a determination as to the reasonableness of a service fee proposed by an exclusive representative; thus, the question before the Board is whether the proposed service fee of \$7.00 per month for employees in Units 1 and 10 is reasonable.

In its presentation to the Board, UPW was represented by its State Director, Henry B. Epstein, and by its office manager, Bok Hoo Lee. The hearing was conducted by the Board sitting en banc at the Board's hearing room, 550 Halekauwila Street, at 9:00 a.m., June 13, 1973.

Notice of such hearing was mailed to the appropriate public employers designated in Section 89-2(9), Hawaii Revised Statutes.

Only the above-named representatives of UPW appeared at the hearing.

No person in opposition to the service fee increase appeared at the hearing.

II. FINDINGS OF FACT

1. An auditor's opinion prepared by Katsuto Nagaue, Certified Public Accountant, covering the fiscal year ending June 30, 1972, was submitted in evidence. This opinion related to the UPW statement of assets and liabilities and balances of three existing funds; statement of income, expenses and change in fund balances arising out of cash transactions, and schedules supporting the statements.

In the opinion of the auditor, and within the limits of a cash basis method of accounting, the statements fairly represented the financial position of the UPW.

2. The statements examined by the auditor indicated that the UPW operated during the fiscal year ending June 30, 1972, at a deficit of \$78,199.55.

3. UPW proposed that the increase in service fees, if found by this Board to be reasonable, be made effective on July 1, 1973.

4. The operating statement for eleven months ending May 31, 1973, indicates a potential current loss rate of between \$15,000 and \$20,000 per year.

5. UPW membership has been apprised of the need for a dues increase through a special circular mailed to members of the bargaining unit.

6. The membership of the units approved the increase in dues by means of a referendum.

7. A portion of the increase in dues results from a requirement that the UPW pay a per capita tax to the national affiliate, American Federation of State, County and Municipal Employees, (hereinafter AFSCME). Such tax has been in effect since April 1, 1973. The per capita cost of AFSCME service is \$1.50 per member per month for an employed member and \$.50 per month for a retiree.

8. Before April 1, 1973, AFSCME provided service to UPW at no cost.

9. UPW estimates that the value of the service provided by AFSCME relating to contract negotiation and administration exceeds, or is at least equal to, its cost in per capita tax.

III. CONCLUSIONS OF LAW

The Board finds that the expenditures of UPW are attributable to contract negotiation and administration and reasonable in accordance with Chapter 89.

The Board finds further a service fee in the amount of \$7.00 per month per employee in Units 1 and 10 is reasonable. Such service fee shall become effective for said units as of July 1, 1973.

IV. ORDER

The Petitioner, and, to the extent appropriate AFSCME, shall maintain a cost accounting system which clearly distinguishes between services supplied to members of UPW only and services supplied to nonmembers of the union in Units 1 and 10. For any cost category for benefits which are not specifically identifiable as being for Units 1 and 10 employees only or UPW members only, the Petitioner and, to the extent applicable AFSCME, shall develop an appropriate and reasonable basis for allocating such costs between Units 1 and 10 non UPW members and UPW 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.

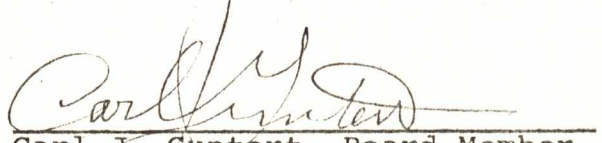
In accordance with the policy adopted by the Board, this certification of service fee shall be \$7.00 per month for Units 1 and 10 for the period commencing July 1, 1973, and shall continue until altered or terminated by the Board. Hereafter, the Board may, upon application of any affected employee, 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 the Board orders otherwise.

HAWAII PUBLIC EMPLOYMENT RELATIONS BOARD


Mack H. Hamada, Chairman


Carl J. Guntert, Board Member


John E. Milligan, Board Member

DATED: June 28, 1973

Honolulu, Hawaii