

STATE OF HAWAII
PUBLIC EMPLOYMENT RELATIONS BOARD

In the Matter of)	
)	Case No. <u>SF-12-41</u>
STATE OF HAWAII ORGANIZATION)	
OF POLICE OFFICERS,)	Decision No. <u>66</u>
)	
Petitioner.)	
_____)	

FINDINGS OF FACT, CONCLUSIONS
OF LAW AND ORDER

On December 19, 1975, the State of Hawaii Organization of Police Officers (hereafter SHOPO or Petitioner) requested the Hawaii Public Employment Relations Board (hereafter Board) to certify as reasonable its proposed service fee increase to \$15 per month (\$180 per annum) for employees in unit 12, policemen. The current service fee for unit 12 employees is \$7.50 per month.

A prehearing conference was held on January 27, 1976, with Mr. Stanley Burden, SHOPO Executive Director, and other representatives of SHOPO present.

On February 2, 1976, after publication of legal notice, a formal hearing was held before the entire Board. Mr. Stanley Burden testified on behalf of SHOPO. No person appeared at the hearing in opposition to the SHOPO petition.

The question before this Board is whether the proposed service fee increase is reasonable, under the provisions of §89-4(a), Hawaii Revised Statutes (hereafter HRS).

After a full review of all testimony and exhibits presented at the hearing, this Board makes the following findings of fact, conclusions of law and order.

FINDINGS OF FACT

Petitioner SHOPO is the exclusive representative of unit 12, policemen, as defined by §89-6(a)(12), HRS, and was certified as such by this Board on July 14, 1972. (HPERB Case R-12-8, Decision 18)

There are 1,879 employees in bargaining unit 12. Of these employees, 1,759 are members of SHOPO. (Petitioner's Exhibit #1)

A membership dues increase from \$7.50 to \$15 per month, effective January 1, 1976, has been approved by SHOPO's Board of Directors.

Petitioner notified employees in its bargaining unit of its petition for a service fee increase to \$15 per month in its January, 1976, newsletter. (Petitioner's Exhibit #2)

The current service fee for bargaining unit 12 is \$7.50 per month. Said service fee was approved by this Board on January 29, 1973. (HPERB Case SF-12-5, Decision 27) This is SHOPO's first request for a service fee increase.

SHOPO's operating expenditures for 1976 are anticipated to be \$257,993. (Board Exhibit #1 and Petitioner's Exhibit #4) Petitioner initially submitted an operating budget of \$293,993, which includes \$257,993 for 1976 operating expenses plus \$36,000 for retiring a portion of its legal services debt. (Board Exhibit #1) It submitted during the hearing an amended operating budget of \$342,993, which includes \$257,993 for 1976 operating expenses plus \$85,000 for retiring its entire legal services debt. (Petitioner's Exhibit #4)

Aside from inflationary increases and staff expansion, the major reason for the service fee increase is attributable

to the legal services debt incurred in past years. There is outstanding a legal services debt of approximately \$75,000 for the 1972-75 period and an estimated, unbilled \$10,000 for 1976. (Petitioner's Exhibit #5)

Petitioner testified that it intends to retire the legal services debt with all remaining service fee monies after actual operating expenses have been paid. Petitioner also testified that it intends to initiate a service fee review when it retires the legal services debt.

Petitioner has group life insurance and disability income group policy plans available for SHOPO members only. The cost of administering the group life insurance program is \$371.50 per month (\$4,458 per year). (Petitioner's Exhibit #6) The cost of administering the disability income group policy is \$24.25 per month (\$291 per year). (Petitioner's Exhibit #8) The total cost of administering these plans available to SHOPO members only is \$4,749 per year.

Based on a bargaining unit count of 1,879, Petitioner will receive \$337,220 from bargaining unit employees for 1976 if the service fee is increased to \$15 per month.

CONCLUSIONS OF LAW

Based on the evidence presented during the hearing, the Board finds that all expenditures to be made from service fees by Petitioner for its operating expenses are properly attributable to contract negotiations and administration in accordance with §89-4(a), HRS, with the exception of costs relating to administration of the group life insurance program and the disability income group policy.

The group life insurance and disability income group policy plans are available to SHOPO members only. Therefore, the annual cost of \$4,749 for administering these plans is disallowable for the purpose of determining a reasonable service fee. The Board was made aware of the fact that SHOPO receives outside income sufficient to cover administrative costs of these plans. However, outside income is not relevant since the Board is weighing anticipated revenues from bargaining unit employees against estimated expenditures relating to contract negotiation and administration for bargaining unit employees.

The balance remaining in SHOPO's 1976 operating budget and allowable for service fee purposes is \$338,224 (\$342,993 - \$4,749). Weighed against projected revenues of \$337,220 for 1976 (based on a bargaining unit count of 1,879 employees at the rate of \$15 per month), the Board finds that Petitioner's request for a service fee increase to \$15 per month is reasonable.

A service fee of \$15 per month will allow SHOPO to retire in 1976 approximately \$79,000 of its legal services debt if actual operating expenses for 1976 approximate budgeted amounts. For this reason, the Board finds that a review of SHOPO's service fee will be necessary once the legal services debt is retired, since the major justification for the increase in service fees to \$15 per month is the legal services debt.

ORDER

A service fee of \$15 per month shall be deducted by the employer from the payroll of employees in bargaining unit 12 and transmitted to SHOPO.


The increased service fee shall be retroactive to January 1, 1976, for all said employees on the payroll at that time. For employees hired after such date but before the date of this decision, it shall be retroactive to the date of hire. For employees hired on or after the date of this decision, the service fee shall be effective as of the date of hire. The deductions shall commence at the earliest possible date.

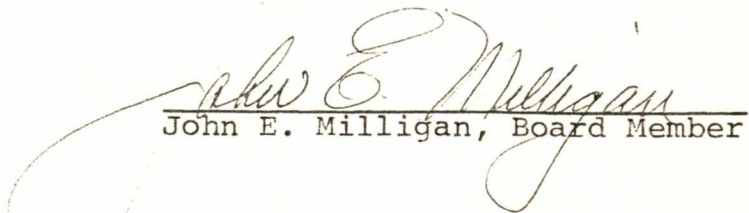
The service fee certified herein as reasonable shall continue to be deducted until such time as this Board directs otherwise.

The Board directs SHOPO to petition for a service fee review as soon as possible after it retires its legal services debt, but in any event no later than June 30, 1977. The Board may, upon its own motion or the petition of SHOPO or any affected employee, review the reasonableness of said service fee at any other time it deems such a review would be appropriate. Any service fee review shall be based upon a history of actual costs incurred by SHOPO up to the date of the review.

HAWAII PUBLIC EMPLOYMENT RELATIONS BOARD


Mack H. Hamada, Chairman


James K. Clark, Board Member


John E. Milligan, Board Member

DATED: February 25, 1976

Honolulu, Hawaii