



Legislators could nix teacher raise

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they can send the agreements back
to negotiations**

By Mike Yuen and Jim Witty
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Although the state's nearly 12,000 public schoolteachers have their \$100 million pay increase agreement with Gov. Ben Cayetano, they shouldn't be too euphoric.

House Speaker Joe Souki and House Finance Chairman Calvin Say said yesterday that if lawmakers can't find the money to pay for that pact and other collective-bargaining agreements, the Legislature could reject them and send them back for renegotiations.

The teachers' agreement means cuts to other programs, lawmakers concluded.

"It's scary," said Say (D, Palolo), who echoed fears that the deal - with a 17 percent raise over four years beginning with fiscal 1995-96 - sets a benchmark for other unions that still haven't settled.

Lawmakers also may have to find an additional \$80 million in raises for the 10,000 other state employees whose contracts are still being negotiated, said Souki (D, Wailuku). The House plan sets aside only \$24 million for those workers, Say added.

Souki said taxpayers could be paying as much as \$300 million to cover salary increases for state employees over the next two years.

Said Senate Ways and Means Co-Chairwoman Lehua Fernandes Salling (D, Kapaa): "Obviously, it does put more pressure on us to find more money. But we have been looking from Day One."

While some lawmakers are ruling out a broad-based tax increase, others, such as House Human Services Chairman Dennis Arakaki (D, Kalihi Valley), suggested an increase could be earmarked for education.

Under the salary agreement, public schoolteachers will see their base pay increase by 17 percent by February 1999, said Charles Toguchi, Cayetano's chief of staff, who was the administration's lead negotiator in talks with the Hawaii State Teachers Association union.

About 12.75 percent is directly attributable to pay raises, while the other 4.25 percent is due to the extra pay for teachers for the additional seven instructional days that will become part of the 1998-99 school year.

If lawmakers leave Cayetano's financial plan untouched, it covers the teachers' raises, Toguchi said.

Cayetano allocated \$94 million for teachers' pay increases. And by jettisoning three of his tax relief proposals - for first-time home buyers, for tuition expenses and giving a tax exemption for construction-related work done overseas - Cayetano freed up \$23.7 million for teachers' raises.

But Cayetano's financial plan has been shredded by lawmakers, who feel that it doesn't address the state's fiscal woes or the need for economic development.

Rep. David Tarnas (D, South Kohala-North Kona), who heads the Ocean Recreation and Marine Resources Committee, said committee heads were asked at a meeting yesterday to review their budgets again in light of the settlement and the possible cost of public-employee contracts that still must be negotiated.

One item that may have to be pared is Cayetano's "Ocean State" initiative, which seeks to nearly double the state aquatics program's \$2.1 million annual budget, said Tarnas, who supports the request.

Senate President Norman Mizuguchi said that since citizens have an aversion to tax increases and seem cool to gambling initiatives to raise revenue, legislators on his side of the aisle will focus on budget reductions and privatization.

"I am advising the (key) committees to look at targeted reductions in the state budget," said Mizuguchi. "Of course it won't happen this year but we're really going to move on privatization. Target No. 1 is the convention center, to reduce the debt service and use the dollars for state coffers."

The situation led some lawmakers to mull the need for tax increases. Labor Chairman Nobu Yonamine (D, Pacific Palisades-Manana) said a half percent increase in the general excise tax, combined with some balancing tax credits, could generate \$150 million. The lawmaker recalled being surveyed about the need for more taxes.

"I just said, only for compelling reasons," he said. "And we're arriving at that soon, real soon."

But others saw a tax increase only as a last resort, if at all. Souki said he would look first toward balancing the budget with cuts in a variety of unspecified programs. "As much as possible, we don't want to raise taxes. We'll do everything we can so that we don't."

Minority Leader Gene Ward (R, Mariner's Ridge-Aina Haina) said a tax increase would create a "win-lose situation by temporarily helping students and parents, but hurting everyone in the long run."

Senate Majority Leader Mike McCartney (D, Kaneohe) said funding the settlement will call for some tough decisions on holding back money for programs, but said it can be done without raising taxes. "The \$100 million is spread over four years. A lot of it is back-end loaded ... We can ease into it."

But Republican Sen. Sam Slom said he fears a tax increase looming. The question is where is it going to come from. The money only exists in the pockets of Mr. and Mrs. Hawaii ... (the) \$100 million is predicated on the governor getting his package through the Legislature. I'd say the chances of that are slim to none."