

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY RODERICK K. BECKER
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
ON
HOUSE BILL NOS. 965, 966, 967, 968, 969, 970, 971, 972, 973, 974,
975, 976, AND 977

January 31, 2019
9:15 a.m.
Room 309

RELATING TO PUBLIC EMPLOYMENT COST ITEMS

These measures are vehicle bills to appropriate and authorize funds for collective bargaining cost items for salary adjustments and other cost adjustments for public employees and their excluded counterparts for Fiscal Biennium 2019-21.

The Department of Budget and Finance supports moving these Administration measures, or similar ones, as negotiations are currently in progress and vehicle bills will be necessary should an agreement be reached or arbitration award issued prior to the end of the legislative session. The bargaining units addressed in the bills and the bill number for the Administration measure for that bargaining unit are as follows: House Bill No. 965, Bargaining Unit 1; House Bill No. 966, Bargaining Unit 2; House Bill No. 967, Bargaining Unit 3; House Bill No. 968, Bargaining Unit 4; House Bill No. 969, Bargaining Unit 5; House Bill No. 970, Bargaining Unit 6; House Bill No. 971, Bargaining Unit 7; House Bill No. 972, Bargaining Unit 8; House Bill No. 973, Bargaining Unit 9; House Bill No. 974, Bargaining Unit 10; House Bill No. 975, Bargaining Unit 11; House Bill No. 976, Bargaining Unit 13; and House Bill No. 977, Bargaining Unit 14.

Thank you for your consideration of our comments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Labor and Public Employment
January 31, 2019 at 9:15 a.m.

By
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

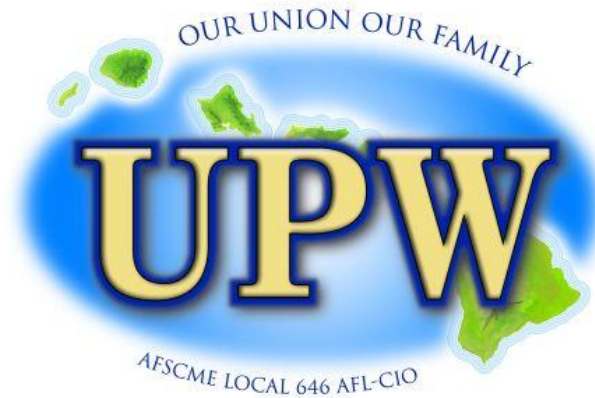
HB 965 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Johanson, Vice Chair Eli, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** HB 965, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit (1) and their excluded counterparts for fiscal biennium 2019-2021.

Government employers in the State are in negotiations with bargaining unit (1). Once negotiations and the collective bargaining process have concluded, this bill may be necessary if additional funding is required.

Thank you for this opportunity to testify.



THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Thirtieth Legislature
Regular Session of 2019

Committee on Labor & Public Employment
Representative Aaron Ling Johanson, Chair
Representative Staceylynn K.M Eli, Vice Chair
Members of the Committee

Date of Hearing: Thursday, January 31, 2019
Time of Hearing: 9:15 a.m.
Place of Hearing: Conference Room 309

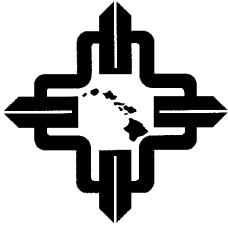
**TESTIMONY ON HOUSE BILL HB965 RELATING TO PUBLIC EMPLOYMENT COST
ITEMS**

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive bargaining representative for approximately 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and four counties. The UPW also represents about 1,500 members in the private sector.

The UPW strongly supports HB965 which appropriates collective bargaining cost items for Unit (1) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2019-2021.

Thank you for the opportunity to submit this testimony.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N
Quality Healthcare For All

LATE

House Committee on Labor & Public Employment
Representative Aaron Ling Johanson, Chair
Representative Stacelynn K.M. Eli, Vice Chair

January 31, 2019
Conference Room 309
9:15 a.m.
Hawaii State Capitol

Testimony Supporting House Bill 965
Making Appropriations for Collective Bargaining Cost Items.
Appropriates funds for fiscal biennium 2019-2021 for salary costs for public employees in collective bargaining unit (1) and for certain employees excluded from collective bargaining.

Linda Rosen, M.D., M.P.H.
Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in **support of H.B. 965** that will appropriate funds for fiscal biennium 2019-2021 for salary costs for public employees in collective bargaining unit 1 and for certain employees excluded from collective bargaining.

HHSC values all of its employees in the public sector unions. However, HHSC's financial condition cannot absorb any further collective bargaining pay increases without a corresponding general fund appropriation to pay for those raises. In HHSC's budget briefing testimony for the fiscal biennium 2019-2021, HHSC noted that out of HHSC's initial general fund appropriation request of \$36,907,000 for fiscal year 2020 and \$39,411,000 for fiscal year 2021, **over 80%** of HHSC's request relates to collective bargaining pay raises. The largest part of the request of \$24,080,000 each year is to pay for the cumulative effect of collective bargaining pay raises for the prior fiscal biennium 2017-2019 which were funded through special fund appropriations. In addition, HHSC's initial request includes \$7,099,000 and \$8,392,000 for fiscal years 2020 and 2021, respectively, for known UPW raises that the State of Hawaii negotiated and bound HHSC to under a four-year agreement during the 2017 Legislative Session. For HHSC, a special fund appropriation only allows the hospitals to spend the cash that they generate on paying these types of raises; however, HHSC's hospitals already are not able to generate sufficient cash to pay for all of its operating expenses. This is why

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HHSC constantly needs a general fund appropriation of between 15-20% of its operating budget just to end each fiscal year with a minimal level of cash on hand. HHSC needs a **general fund appropriation** to pay for the proposed raises; otherwise, it will need an emergency appropriation to pay for these raises in the upcoming Legislative Session.

Thank you for the opportunity to testify before this committee. We appreciate the Committee's continued focus on improving healthcare for our island communities.