



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Labor, Culture and the Arts
January 31, 2019 at 2:45 p.m.

by
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Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 1200 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Taniguchi, Vice Chair Ihara, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** SB 1200, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit (10) and their excluded counterparts for fiscal biennium 2019-2021.

Government employers in the State are in negotiations with bargaining unit (10). 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.



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

LATE

Senate Committee on Labor, Culture & the Arts

Senator Brian T. Taniguchi, Chair

Senator Les Ihara, Jr., Vice Chair

January 31, 2019
Conference Room 224
2:45 p.m.
Hawaii State Capitol

Testimony Supporting Senate Bill 1200
Making Appropriations for Collective Bargaining Cost Items.
Appropriates funds for fiscal biennium 2019-2021 for salary costs for public employees in collective bargaining unit (10) 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 S.B. 1200** that will appropriate funds for fiscal biennium 2019-2021 for salary costs for public employees in collective bargaining unit 10 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.