



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Labor & Government Operations
February 9, 2023 at 9:30 a.m.

By

Kalbert K. Young

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

HB 1009 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

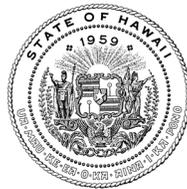
Chair Matayoshi, Vice Chair Garrett, and Members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** HB 1009, 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 2023-2025.

Although an agreement between the employer and the employees has not yet been reached, this bill serves as a vehicle should such an agreement occur.

Thank you for this opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
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
Ka 'Oihana Mālama Mo'ohelu a Kālā
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

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LABOR & GOVERNMENT OPERATIONS
ON
HOUSE BILL NOS. 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009,
1010, 1011, AND 1012

February 9, 2023
9:30 a.m.
Room 309 and Videoconference

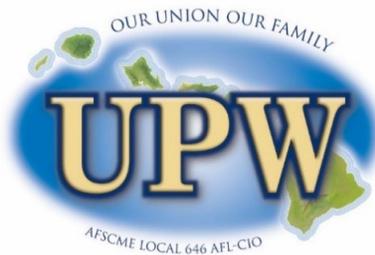
RELATING TO PUBLIC EMPLOYMENT COST ITEMS

The Department of Budget and Finance supports moving these Administration proposals, or similar bills, as collective bargaining negotiations, or re-opener negotiations, are currently in progress and vehicle bills may be necessary if an agreement is reached requiring an appropriation prior to the end of the legislative session.

These measures appropriate and authorize appropriations for collective bargaining cost items for salary adjustments and other cost adjustments for Fiscal Biennium 2023-25.

The bargaining units (BU) addressed in the bills are as follows: House Bill (H.B.) No. 1000, BU 1; H.B. No. 1001, BU 2; H.B. No. 1002, BU 3; H.B. No. 1003, BU 4; H.B. No. 1004, BU 5; H.B. No. 1005, BU 6; H.B. No. 1006, BU 7; H.B. No. 1007, BU 8; H.B. No. 1008, BU 9; H.B. 1009, BU 10; H.B. 1010, BU 11; H.B. No. 1011, BU 13; and H.B. No. 1012, BU 14.

Thank you for your consideration of our comments.



**HOUSE OF REPRESENTATIVES
THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2023**

Committee on Labor & Government Operations

Rep. Scot Z. Matayoshi, Chair
Rep. Andrew Takuya Garret, Vice Chair

Thursday, February 9, 2023, 9:00 AM
Conference Room 309 and via Videoconference

Re: Testimony in SUPPORT of HB1009 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Matayoshi, Vice Chair Garrett, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents 1,500 members in the private sector.

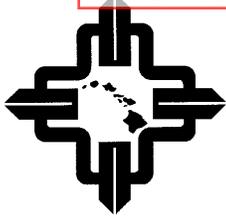
UPW **strongly supports** HB1009, which provides appropriations for collective bargaining cost items for the members of Unit (10) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2023-2025.

While an agreement between the Union and the Employer has not yet been reached, we appreciate the opportunity to provide testimony in strong support of the legislative vehicle for our Bargaining Unit 10 members.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kalani Werner', is written over a thin, light-colored line.

Kalani Werner
State Director



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Quality Healthcare For All"

House Committee on Labor & Government Operations
Representative Scot Z. Matayoshi, Chair
Representative Andrew Takuya Garrett, Vice Chair

February 9, 2023
Via Videoconference
Conference Room 309
9:30 a.m.
Hawaii State Capitol

Testimony Supporting House Bill 1009 Relating to public employment cost items.
Provides appropriations for collective bargaining cost items for the members of Unit (10) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2023-2025.

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

CHAIR Matayoshi, VICE CHAIR Garrett, AND MEMBERS OF THE HOUSE
COMMITTEE ON LABOR & GOVERNMENT OPERATIONS:

House Bill No. 1009 provides appropriations for collective bargaining cost items for the members of Unit (10) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2023-2025.

Hawai'i Health Systems Corporation ("HHSC") **strongly supports** this bill.

HHSC is bound by the public sector union collective bargaining pay increases that are negotiated by the State of Hawaii and arbitration awards. This is because HHSC only has one vote as a jurisdiction while the State of Hawai'i administration holds the majority of the votes. Given that salaries and benefits expenses comprise approximately 80% of HHSC's total operating expenses, collective bargaining pay raises represent a significant cost burden that HHSC's facilities simply cannot absorb. As an example, the impact of collective bargaining pay increases were over \$24 million for fiscal years 2018-2019, over \$30 million for fiscal years 2020-2021, and over \$15 million in fiscal years 2022-2023, all of which have been appropriated to HHSC via special fund appropriations. This means that HHSC is not provided any additional

specific funding to pay for these raises. For fiscal year 2024-2025, the estimated cost of collective bargaining pay raises is estimated to be almost \$12.7 million in fiscal year 2024.

Accordingly, HHSC needs a **general fund appropriation** to pay for the proposed raises.

Thank you for the opportunity to testify on this important measure.