



JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR

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

LUIS P. SALAVERIA  
DIRECTOR

SABRINA NASIR  
DEPUTY DIRECTOR

**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 SENATE COMMITTEE ON LABOR AND TECHNOLOGY  
ON  
HOUSE BILL NO. 1640, H.D. 1

**March 13, 2024**  
**3:00 p.m.**  
**Room 224 and Videoconference**

RELATING TO COLLECTIVE BARGAINING

The Department of Budget and Finance (B&F) offers comments on this bill.

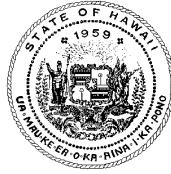
This measure amends Chapter 89, HRS, to require the employer to negotiate repricing within 30 days of receipt of a written request from the unions, provided that a repricing request can only be submitted once per occupation in any 18-month period, provided further that impasse procedures shall not apply if the impasse occurs within 180 days after a collective bargaining agreement has been reached. In addition, the measure implements impasse procedures if the employer fails to timely initiate a negotiation in compliance with paragraph (1) or the parties cannot reach an agreement within 90 days after the exclusive representative's written request to negotiate or by January 31<sup>st</sup> of a year in which the agreement is due to expire, whichever is earlier.

B&F has serious operational concerns with this measure. Under the terms of this measure, soon after a collective bargaining agreement is reached or an arbitration award is issued, unions could request repricing negotiations with impasse following 90 days after that. In addition to the direct costs of repricing arbitration awards, there are concerns with the increasing administrative costs and complexities of a potential endless cycle of contract negotiations and arbitrations.

Thank you for your consideration of our comments.

**JOSH GREEN, M. D.**  
GOVERNOR  
KE KIA'ĀINA

**SYLVIA LUKE**  
LT. GOVERNOR  
KA HOPE KIA'ĀINA



**BRENN A H. HASHIMOTO**  
DIRECTOR  
KA LUNA HO'OKELE

**RYAN YAMANE**  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

**STATE OF HAWAII | KA MOKU'ĀINA O HAWAII**  
**DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT**  
**KA 'OIHANA HO'OMŌHALA LIMAHANA**  
235 S. BERETANIA STREET  
HONOLULU, HAWAII 96813-2437

Statement of  
**BRENN A H. HASHIMOTO**  
Director, Department of Human Resources Development

Before the  
**SENATE COMMITTEE ON LABOR AND TECHNOLOGY**  
Wednesday, March 13, 2024  
3:00 p.m.  
State Capitol, Conference Room 224 and Videoconference

In consideration of  
**HB 1640, HD1 RELATING TO COLLECTIVE BARGAINING**

Chair Aquino, Vice Chair Moriwaki, and the members of the committee.

The Department of Human Resources Development (DHRD) appreciates the intent of HB 1640, HD1 which requires the employer to initiate negotiations on repricing of classes within thirty days of a written request by the exclusive representative to negotiate and if an agreement is not reached within 90 days, the impasse procedures in HRS §89-11 will apply. However, we must respectfully oppose this measure.

DHRD is concerned for the following reasons:

1. Mandating unresolved repricing requests to the impasse procedures jeopardizes the employer's ability to maintain an equitable pay system and pay relationships, which is a foundation of the civil service merit principles. It exposes the employer to serious claims of unequal pay and discrimination with the risk of costly litigation and pay inequality.
  - An objective, consistent system of pricing and repricing classes of work based on a thorough analysis of job duties and responsibilities protects the employer who is required to comply with federal and state laws that prohibit discrimination in compensation.
  - There will no longer be a consistent application of criteria if multiple arbitration panels make repricing determinations. Repricing requires a technical

- analysis and the decision maker should be knowledgeable about the subject class and related classes, and be trained in the factors that determine pricing.
2. The existing statute already provides unions with the opportunity to negotiate the repricing of classes at times allowed under the collective bargaining agreement. They can choose to submit these requests to arbitration in accordance with HRS §89-11 without the amendments made in this bill.
  3. This bill may lead to costly arbitration hearings and it is not clear when repricing requests may be submitted.
  4. To meet the timelines proposed in this bill DHRD will require a substantial number of additional staff to conduct a thorough and accurate review of repricing requests and carry out the impasse procedures that result when there is a failure to reach agreement.

Thank you for the opportunity to provide testimony and comments on this measure.

**DEPARTMENT OF HUMAN RESOURCES  
KA 'OIHANA HO'OMOHALA LIMAHANA  
CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 10TH FLOOR • HONOLULU, HAWAII 96813  
PHONE: (808) 768-8500 • FAX: (808) 768-5563 • WEBSITE: honolulu.gov/hr

RICK BLANGIARDI  
MAYOR  
MEIA



NOLA N. MIYASAKI  
DIRECTOR  
PO'O

FLORENCIO C. BAGUIO, JR.  
ASSISTANT DIRECTOR  
KOKUA PO'O

March 12, 2024

The Honorable Henry J.C. Aquino, Chair  
The Honorable Sharon Y. Moriwaki, Vice Chair  
and Members of the Committee on Labor and Technology  
State Senate, Room 224  
State Capitol  
415 South Beretania Street  
Honolulu, Hawai'i 96813

Dear Chair Aquino, Vice Chair Moriwaki, and Members of the Committee:

**SUBJECT: House Bill 1640, H.D.1  
Relating to the Collective Bargaining**

House Bill 1640, H.D.1 requires the employer to initiate negotiations on repricing of classes within a bargaining unit within thirty days of its receipt of the exclusive representative's written request to negotiate; and establishes that the employer's failure to initiate the negotiation within such time frame and the parties' failure to reach an agreement within ninety days of the exclusive representative's written request to negotiate or by January 31 of a year in which the collective bargaining agreement is due to expire, whichever is earlier, constitutes an impasse to which the impasse procedures shall apply, under certain conditions.

The City and County of Honolulu, Department of Human Resources, respectfully submits the following comments:

1. Pursuant to HRS Chapter 89, the Unions have the ability to negotiate the actual pay rate of employees through the determination of the salary schedules for the various bargaining units and can also negotiate repricing as well. Vacancy rates, retention issues, cost of living, market rate, and comparable salaries for similarly functioning positions/classes are factors that are considered in the collective bargaining of salaries. The collective bargaining process, as established and agreed upon, has a regular, predictable timetable based on the expiration dates of the union contracts and

The Honorable Henry J.C. Aquino, Chair  
The Honorable Sharon Y. Moriwaki, Vice Chair  
and Members of the Committee on Labor and Technology  
March 12, 2024  
Page 2

provides a statutory schedule for completing negotiations and arbitrations so any adjustments can be timely and properly funded by the respective legislative bodies. The current bill would allow the unions to negotiate pricing outside of the collective bargaining process—which could significantly and unexpectedly increase the employer’s overall payroll cost beyond what has been budgeted for during the City’s budget approval cycle.

2. Repricing decisions rendered by multiple independent arbitration panels may not be consistent with each other, thus impacting the City’s ability to comply with federal and state laws that prohibit discrimination, and to maintain the pricing of classes based on a consistent application of well-defined criteria or a fair and impartial evaluation of jobs.
3. The timelines for the employer to respond to repricing requests and to reach agreement will be difficult to meet given the employer’s need to assess and maintain its internal structure and hierarchy of classes within a jurisdiction. In addition, the expansion of impasse procedures to pricing/repricing—except where the impasse occurs within one hundred eighty days after a collective bargaining agreement has been reached—will require significant additional staffing capacity that the City currently does not have due to existing budget constraints.

Thank you for allowing the City to respectfully provide comments on this measure.

Sincerely,



Nola N. Miyasaki  
Director

**RICHARD T. BISSEN, JR.**  
Mayor

**CYNTHIA M. RAZO-PORTER**  
Director

**KAINEA K.G. AIWOHI-ALO**  
Deputy Director



**DEPARTMENT OF PERSONNEL SERVICES**  
COUNTY OF MAUI  
200 SOUTH HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
PHONE (808) 270-7850 \* FAX (808) 270-7969

Website: [www.mauicounty.gov/departments/Personnel](http://www.mauicounty.gov/departments/Personnel) • Email: [personnel.services@mauicounty.gov](mailto:personnel.services@mauicounty.gov)

March 12, 2024

The Honorable Chair Aquino  
The Honorable Vice Chair Moriwaki  
and Members of the Committee on Labor & Technology  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Aquino, Vice Chair Moriwaki, and Members of the Committee:

Subject: House Bill No. 1640 HD1  
Relating to Collective Bargaining

House Bill 1640 HD1 requires the employer to initiate negotiations on repricing of classes within a bargaining unit within thirty days of its receipt of the exclusive representative's written request to negotiate; in addition, the bill establishes that if the employer fails to initiate the negotiation within such time frame and the parties fail to reach an agreement by the earlier of the following: 1) within ninety days of the exclusive representative's written request to negotiate or 2) by January 31 of a year in which the collective bargaining agreement is due to expire, this will constitute an impasse to which the impasse procedures in Section 89-11, Hawaii Revised Statutes, shall apply.

The County of Maui, Department of Personnel Services, respectfully opposes this measure.

First, the Unions currently have the ability to negotiate the actual pay rate of employees through the determination of the salary schedules for the various bargaining units. Vacancy rates, retention issues, cost of living, market rate and comparable salaries for similarly functioning positions/classes are factors that are required to be considered in the collective bargaining of salaries. This bill would allow the unions to also negotiate pricing, which could significantly increase the employer's overall payroll cost beyond what is already bargained for in the statutorily-prescribed collective bargaining process.

Second, the short timelines for employer to respond to requests and reach agreement compromises the employer's ability to assess its ability to maintain its internal structure and hierarchy of classes with a jurisdiction. This problem would be compounded by decisions

The Honorable Chair Aquino  
The Honorable Vice Chair Moriwaki  
and Members of the Committee on Labor & Technology  
March 12, 2024  
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rendered by multiple independent arbitration panels which may not be consistent with each other. Repricing changes ordered by the arbitration panels will also directly impact the County of Maui's ability to comply with federal and state laws that prohibit discrimination as the County of Maui will no longer be pricing classes based on a consistent application of well-defined criteria or a fair and impartial evaluation of jobs.

Finally, this significant expansion of existing impasse procedures to pricing/repricing will require significant additional staffing capacity that the County of Maui does not have due to existing budget and staffing constraints.

Thank you for allowing the County of Maui to testify in respectful opposition to this measure.

Sincerely,



Kainea K.G. Aiwahi-Alo  
Deputy Director of Personnel Services

# DEPARTMENT OF HUMAN RESOURCES

ANNETTE L. ANDERSON, DIRECTOR



DEREK S.K. KAWAKAMI, MAYOR  
REIKO MATSUYAMA, MANAGING DIRECTOR

**Testimony of Annette L. Anderson**  
Director, Department of Human Resources, County of Kaua'i  
Before the

## **Senate Committee on Labor and Technology**

March 13, 2024; 3:00 pm  
Conference Room 224  
& Videoconference

In consideration of  
**House Bill 1640, HD 1**  
**Relating to Collective Bargaining**

The Honorable Chair Aquino, Vice Chair Moriwaki and Members of the Committee:

The County of Kaua'i respectfully submits the following **comments**:

- 1) Currently, HRS Section 89-9(f)(1)(2) allows the unions to request to negotiate the repricing of classes within the time allowed under the collective bargaining agreement, and if not negotiated then the employer of each jurisdiction will periodically review at least once in five years the repricing of classes. House Bill 1640 HD 1 will impose timelines for bargaining as well as impasse procedures and arbitrations should the parties not reach agreement. These requirements will negatively impact the employers in that the cost may increase well beyond the costs negotiated or arbitrated for salary schedules, and multiple arbitrators could make inconsistent awards.
- 2) Pricing and repricing of classes is beyond the scope of one particular bargaining unit in that various factors must be considered in determining the initial pricing of a class or the repricing. Human resources professionals review "benchmark" classes and other related classes to establish base



relationships. They must consider kind and scope of work, nature and extent of supervision over others, special working conditions plus other factors when considering pricing of classes and to ensure internal alignment and compliance with HRS §76-1(5) which states “equal pay for equal work shall apply between classes in the same bargaining unit among jurisdictions for those classes determined equal through systematic classification of positions based on objective criteria and adequate job evaluation. . . .” Pricing and repricing by human resources professionals based upon a thorough analysis ensures compliance with federal and state discrimination laws and thus provides protection to the employer.

Sincerely,



Annette L. Anderson  
Director, Human Resources Department  
County of Kauaʻi



## UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

**THE SENATE  
KA 'AHA KENEKOA  
THE THIRTY-SECOND LEGISLATURE  
REGULAR SESSION OF 2024**

**COMMITTEE ON LABOR AND TECHNOLOGY**

Senator Henry J.C. Aquino, Chair  
Senator Sharon Y. Moriwaki, Vice Chair

Wednesday, March 13, 2024, 3:00 PM  
Conference Room 224 & Videoconference

**Re: Testimony on HB1640, HD1 – RELATING TO COLLECTIVE BARGAINING**

Chair Aquino, Vice Chair Moriwaki, 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.

UPW supports HB1640, HD1, which requires the employer to initiate negotiations on repricing of classes within a bargaining unit within thirty days of its receipt of the exclusive representative's written request to negotiate. This measure also establishes that the employer's failure to initiate the negotiation within such time frame and the parties' failure to reach an agreement within ninety days of the exclusive representative's written request to negotiate or by January 31 of a year in which the collective bargaining agreement is due to expire, whichever is earlier, constitute an impasse to which the impasse procedures in section 89-11, Hawaii Revised Statutes, shall apply.

Having a reasonable timetable to negotiate repricing of classes within a bargaining unit will help to ensure that public employees are being paid competitive and fair wages. By promoting access to fair and competitive wages, the State and Counties would be able to recruit and retain workers to help to address any outstanding vacancies and prevent high turnover for these positions.

Mahalo for the opportunity to testify on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kalani Werner", is written over a light blue horizontal line.

Kalani Werner  
State Director

**HEADQUARTERS**

1426 North School Street  
Honolulu, Hawaii 96817-1914  
Phone 808.847.2631

**HAWAII**

362 East Lanikaula Street  
Hilo, Hawaii 96720-4336  
Phone 808.961.3424

**KAUAI**

2970 Kele Street, Suite 213  
Lihue, Hawaii 96766-1803  
Phone 808.245.2412

**MAUI**

841 Kolu Street  
Wailuku, Hawaii 96793-1436  
Phone 808.244.0815

1.866.454.4166

Toll Free - Molokai/Lanai only



# HB1640

## Collective Bargaining; Repricing; Negotiation; Impasse

Aloha Legislators:

The Hawai'i Association of School Psychologists (HASP) **supports** HB1640. This legislation requires employers to initiate negotiations on repricing of classes within a bargaining unit within 30 days of receiving the exclusive representative's written request to negotiate. This legislation is crucial for ensuring fair and timely negotiation processes that uphold the rights and interests of workers.

First and foremost, this legislation promotes fairness and equity in labor negotiations. By mandating that employers promptly engage in negotiations upon receiving a request from the exclusive representative, the bill ensures that employees' concerns regarding repricing of classes within a bargaining unit are addressed in a timely manner. This proactive approach fosters a more collaborative and transparent negotiation process, ultimately leading to more equitable outcomes for workers.

Furthermore, the provision stipulating that failure to initiate negotiations within the specified timeframe constitutes an impasse underscores the importance of timely action in labor relations. Delays in negotiation processes can have detrimental effects on workers, leading to prolonged uncertainty and potential hardships. By establishing clear timelines and consequences for non-compliance, this legislation encourages both parties to engage in negotiations promptly and in good faith.

Additionally, the inclusion of specific timeframes for reaching an agreement further strengthens the effectiveness of the legislation. By setting a deadline for reaching an agreement, the bill creates a sense of urgency and accountability, encouraging both parties to work towards a resolution within a reasonable timeframe. This helps prevent negotiations from dragging on indefinitely and ensures that workers are not left in limbo awaiting decisions on repricing of classes within their bargaining unit.

Finally, this legislation will strengthen collective bargaining for unique cases where an employee contract is not directly negotiated with the employer. For example, DHRD is the primary negotiator for bargaining Unit 13, and as a result the needs of educators (i.e., School Psychologists, Speech and Language Pathologists, School Social Workers, etc.) represented by the Unit are not adequately addressed. Despite the best efforts of the Hawai'i Government Employees Association (HGEA) to resolve this issue through initiating negotiation with the Hawai'i Department of Education (DOE), the DOE has routinely failed to meet negotiation timelines without consequence.

In conclusion, this legislation is a necessary and important step towards promoting fairness, transparency, and efficiency in labor negotiations. By mandating timely initiation of negotiations and establishing clear timelines for reaching agreements, the bill serves to protect the rights and interests of workers while fostering a more collaborative and productive bargaining process. I urge you to support this legislation for the benefit of workers across our state.

Respectfully Submitted:

Alec Marentic, Ed.S., NCSP

*HASP, Legislative Chair*



## HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Second Legislature, State of Hawaii  
The Senate  
Committee Labor and Government Operations

Testimony by  
Hawaii Government Employees Association

March 13, 2024

### H.B. 1640, H.D. 1 — RELATING TO COLLECTIVE BARGAINING

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 1640, H.D. 1 which requires the employer to initiate negotiations on repricing of classes within a bargaining unit within thirty days of its receipt of the exclusive representative's written request to negotiate. Establishes that the employer's failure to initiate the negotiation within such time frame and the parties' failure to reach an agreement within ninety days of the exclusive representative's written request to negotiate or by January 31 of a year in which the collective bargaining agreement is due to expire, whichever is earlier, constitute an impasse to which the impasse procedures in section 89-11, Hawai'i Revised Statutes, shall apply.

This measure is a novel approach and viable alternative to address the repricing of classes within state government. In the past twenty years since the civil service reform, employees have sought to reprice their classifications with very limited success. Employers deny repricing requests and claim that upon their review, they have determined that all current position pricing is appropriate, however they do not proffer the basis of that determination. The current process is clearly lopsided and unfair: it fails to include any appeal mechanism or adjudication via impartial review and empowers the employer to arbitrarily rule against employees without recourse. This unbalance has adversely impacted governmental operations, as the high vacancy rates and use of long-term shortage differentials clearly refutes the employer's claim that all classifications are priced at market rates.

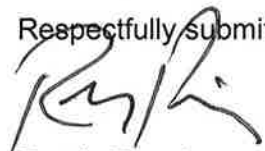
The state is currently hovering around a 30% vacancy rate in government which has led to a severe reduction, both in quantity and quality, in government services provided to the public. In certain offices, our union members must do the jobs of two or three individuals due to the vacancy rates – our members are tired, burnt out, and frustrated. Current and prospective public employees are flocking to the private and federal sector because they can earn a higher wage. Why would a prospective engineer work for the state when they can earn a higher wage working at the Pearl Harbor Shipyard or why would a Building Plan's Examiner work for the counties when they can make the same, if not a little more, working a less stressful job like stocking shelves at Wholefoods or serving hotdogs at Costco. We repeatedly hear Legislators grumble about the states vacancy rates and the states inability to recruit and retain a competitive workforce. This bill could alleviate many of these Legislators frustrations and give public sector unions a fair opportunity to address this issue. Uncompetitive pay equals to an uncompetitive employer – its common sense, and we are seeing it unfold today in the public sector. The DHRD hasn't shown any resolve to fix this issue and we have sat on the sidelines

for too long and this issue has only gotten worse – therefore, we urge this committee and the legislature to pass this long overdue measure.

It is our hope that this will assist in properly pricing classes of employees and that paying a competitive salary will be one of many tools utilized in reducing the state's and counties high turnover and vacancy rates. This measure represents the beginning of a long overdue conversation, and we look forward to working with all stakeholders to establish a fair process to reprice employees.

Thank you for the opportunity to provide testimony in strong support of H.B. 1640, H.D. 1.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Randy Perreira', is written over the typed name.

Randy Perreira  
Executive Director



Randy Perreira  
President

# HAWAII STATE AFL-CIO

888 Mililani Street, Suite 501 • Honolulu, Hawaii 96813

Telephone: (808) 597-1441  
Fax: (808) 593-2149

The Thirty-Second Legislature  
The Senate  
Committee on Labor and Technology

Testimony by  
Hawaii State AFL-CIO

March 13, 2024

## TESTIMONY ON HB1640 HD1 - RELATING TO COLLECTIVE BARGAINING

Chair Aquino, Vice Chair Moriwaki, and members of the committee:

The Hawaii State AFL-CIO is a federation of 74 affiliate labor organizations who represent over 68,000 union members within the State of Hawaii. The Hawaii State AFL-CIO serves its affiliates by advocating for workers and their families before the state legislature and other branches of state and county government.

The Hawaii State AFL-CIO is in **support** of HB1640 HD1, which requires employers to initiate negotiations on repricing of classes within thirty days of receiving a bargaining unit's written request from its exclusive representative.

The current system for repricing classifications is flawed, with employees often facing significant challenges in seeking fair compensation adjustments. Employers' arbitrary denials of repricing requests, without transparent justification or recourse for employees, have perpetuated an imbalance that undermines morale and operational efficiency. This bill offers a much-needed remedy by introducing a fair and transparent process that prioritizes the interests of workers while promoting organizational effectiveness.

Passage of this bill marks a significant step towards rectifying the injustices inherent in the current repricing system. By ensuring that classes of employees are properly priced and competitively compensated, this measure would not only enhance employee satisfaction but also contribute to the broader goal of reducing turnover and vacancy rates.

Respectfully submitted,

Randy Perreira  
President