

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



GOV. MSG. NO. 1133

EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

May 26, 2026

The Honorable Ronald D. Kouchi
President of the Senate,
and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Nadine K. Nakamura
Speaker, and Members of the
House of Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Aloha President Kouchi, Speaker Nakamura, and Members of the Legislature:

This is to inform you that on May 26, 2026, the following bill was signed into law:

H.B. NO. 2271, H.D. 2, S.D. 1,
C.D. 1

MAKING EMERGENCY APPROPRIATIONS FOR
PUBLIC EMPLOYMENT COST ITEMS.
ACT 033

Mahalo,

A handwritten signature in cursive script that reads "Josh Green M.D.".

Josh Green, M.D.
Governor, State of Hawai'i

A BILL FOR AN ACT

MAKING EMERGENCY APPROPRIATIONS FOR PUBLIC EMPLOYMENT COST ITEMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. This Act is recommended by the governor for
3 immediate passage in accordance with section 9 of article VII of
4 the Constitution of the State of Hawaii.

5 PART II

6 SECTION 2. The legislature finds that the appropriation of
7 moneys for collective bargaining cost items associated with
8 labor grievances is necessary to support the fair and timely
9 resolution of employment disputes, maintain labor stability, and
10 ensure the continued effective operation of government services.
11 The legislature further finds that funding of these cost items
12 is in the public interest and necessary to carry out the State's
13 obligations under applicable collective bargaining agreements.
14 The legislature additionally finds that the State may be subject
15 to potential liabilities arising from labor grievances and that,
16 in certain circumstances, it is prudent to appropriate funds in



1 anticipation of the resolution of such grievances. The
2 legislature also finds that such appropriations must not be
3 construed as establishing liability, resolving disputes, or
4 infringing upon the authority of the executive branch to
5 negotiate, settle, or otherwise resolve labor grievances.

6 Further, the legislature finds that the university of
7 Hawaii and certain departments, have used their existing fiscal
8 year 2025-2026 budget to pay collective bargaining cost items
9 related to temporary hazard pay in fiscal year 2025-2026. This
10 action caused a reduction in funds available for departmental
11 operations for the balance of fiscal year 2025-2026.

12 To address the anticipated departmental funding shortfalls
13 due to the temporary hazard pay payouts, a short-term general
14 fund loan will be deposited into a department of budget and
15 finance trust account. The departments must reclassify the
16 collective bargaining cost items related to temporary hazard pay
17 expenditures from their fiscal year 2025-2026 operating general
18 fund appropriations to the trust account, thereby freeing the
19 appropriations in those operating budget accounts. Upon
20 enactment of this Act and the transfer of appropriated funds to
21 the departments, the departments must reverse the



1 reclassifications so that the expenditures are restored to their
2 original operating budget accounts, making the trust account
3 whole.

4 Accordingly, the purpose of this Act is to:

5 (1) Make emergency appropriations for collective
6 bargaining cost items for the members of bargaining
7 units (1) and (10) and their excluded counterparts to
8 resolve issues related to temporary hazard pay for
9 fiscal year 2025-2026;

10 (2) Authorize the use of the general fund appropriations
11 made in this Act to restore the temporary
12 reclassifications for temporary hazard pay payouts to
13 the appropriate departments to provide for the
14 repayment of the general fund loan; and

15 (3) Specify that emergency appropriations made under Act
16 29, Session Laws of Hawaii 2025, do not lapse until
17 June 30, 2027.

18 PART III

19 SECTION 3. There are appropriated or authorized from the
20 sources of funding indicated below to collective bargaining
21 statewide (BUF 102) the following sums or so much thereof as may



1 be necessary for fiscal year 2025-2026 to fund collective
2 bargaining cost items associated with grievances filed under
3 agreements negotiated with the exclusive representative of
4 collective bargaining units (1) and (10), and for their excluded
5 counterparts:

	<u>FY 2025-2026</u>
6 General funds	\$66,795,019
7 Interdepartmental transfers	\$306,532
8 Revolving funds	\$203,736

10 The sums appropriated shall be allotted by the director of
11 finance to the appropriate state departments for expenditure by
12 the appropriate state departments for the purposes of this
13 section; provided that:

14 (1) The appropriate state department may encumber funds
15 appropriated pursuant to this section for the purpose
16 of satisfying a potential obligation arising from the
17 labor grievance; provided that any such encumbrance
18 shall not constitute an obligation or expenditure of
19 funds; and

20 (2) The department may record an obligation in accordance
21 with applicable accounting and fiscal procedures,



1 subject to allotment and release by the director of
2 finance.

3 SECTION 4. There are appropriated or authorized from the
4 sources of funding indicated below to collective bargaining
5 statewide (BUF 102) the following sums or so much thereof as may
6 be necessary for fiscal year 2025-2026 to fund collective
7 bargaining cost items associated with grievances filed under
8 agreements negotiated with the exclusive representative of
9 collective bargaining units (1) and (10), and for their excluded
10 counterparts, including anticipated settlement agreements,
11 arbitration awards or orders, or court orders for the department
12 of education related to temporary hazard pay:

	<u>FY 2025-2026</u>
13 General funds	\$28,468,723
14 Revolving funds	\$1,299

16 The sums appropriated shall be expended by the department
17 of education for the purposes of this section; provided that:

- 18 (1) No funds shall be expended unless and until a legally
19 binding obligation to pay has been incurred by the
20 State, as evidenced by a fully executed settlement
21 agreement, duly authorized by the State, arbitration



- 1 award or order, or court order. Any settlement
2 agreement described in this paragraph shall be
3 approved in a form prescribed by the department of the
4 attorney general, and shall be executed in accordance
5 with applicable laws;
- 6 (2) The director of finance shall allot and release funds
7 appropriated under this section only upon written
8 notification by the department of education that the
9 conditions set forth in paragraph (1) have been
10 satisfied;
- 11 (3) Nothing in this section shall be construed to
12 supersede or impair the authority of the executive
13 branch, including the authority to negotiate, settle,
14 or otherwise resolve labor grievances, or to determine
15 whether and on what terms to enter into any settlement
16 agreement; and
- 17 (4) The department of education may encumber funds
18 appropriated pursuant to this section for the purpose
19 of satisfying a potential obligation arising from the
20 labor grievance; provided that:



- 1 (A) Any such encumbrance shall not constitute an
2 obligation or expenditure of funds; and
- 3 (B) Upon the occurrence of the condition under
4 paragraph (1), the department of education may
5 record an obligation in accordance with
6 applicable accounting and fiscal procedures,
7 subject to allotment and release by the director
8 of finance.

9 PART IV

10 SECTION 5. Funds appropriated or authorized by section 3
11 shall be allotted by the director of finance to the appropriate
12 state departments for expenditure in fiscal year 2025-2026 for
13 the purposes of this Act, including the repayment of general
14 fund loans by the general fund appropriations made in this Act,
15 which shall be deemed to be an authorized expenditure under the
16 general fund appropriations made in this Act.

17 SECTION 6. Neither this Act nor the appropriations made in
18 this Act shall be construed as an admission of liability in any
19 arbitration, administrative proceeding, or court, nor as a
20 legislative determination of the merits of any grievance or
21 related litigation, nor as authority for the legislature to



1 resolve, settle, or adjudicate any grievance or related
2 litigation.

3 PART V

4 SECTION 7. Act 29, Session Laws of Hawaii 2025, is amended
5 by amending section 11 to read as follows:

6 "SECTION 11. Funds appropriated or authorized by this Act
7 that are not expended or encumbered by June 30, 2026, shall not
8 lapse as of that date[-]; provided that any such unexpended or
9 unencumbered funds shall remain available for expenditure until
10 June 30, 2027."

11 PART VI

12 SECTION 8. Salary increases and cost adjustments provided
13 in this Act for any officer or employee whose compensation is
14 paid, in whole or in part, from federal, special, or other funds
15 shall be paid wholly or proportionately, as the case may be,
16 from the respective funds; provided that if the respective funds
17 are unable to support such payments, appropriations from other
18 means of financing may be used with the approval of the
19 governor.

20 SECTION 9. Notwithstanding any provision of this Act, with
21 the approval of the governor, the director of finance may



1 transfer unrequired balances from the appropriated funds as may
2 be available between sections 3 and 4 of this Act as necessary.

3 SECTION 10. Funds appropriated or authorized by this Act
4 that are not expended or encumbered by June 30, 2026, shall not
5 lapse as of that date; provided that any such unexpended or
6 unencumbered funds shall remain available for expenditure until
7 June 30, 2027.

8 SECTION 11. Statutory material to be repealed is bracketed
9 and stricken. New statutory material is underscored.

10 SECTION 12. This Act shall take effect upon its approval.



H.B. NO. 2271
H.D. 2
S.D. 1
C.D. 1

APPROVED this 26th day of May, 2026

A handwritten signature in black ink, appearing to read "Josh Green". The signature is written in a cursive style with a large initial "J".

GOVERNOR OF THE STATE OF HAWAII

HB No. 2271, HD 2, SD 1, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 6, 2026
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-Third Legislature of the State of Hawaii, Regular Session of 2026.



Nadine K. Nakamura
Speaker
House of Representatives




Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI'I

Date: May 6, 2026
Honolulu, Hawai'i 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-Third Legislature of the State of Hawai'i, Regular Session of 2026.


President of the Senate


Clerk of the Senate