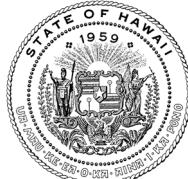


JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

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



SETH S. COLBY, Ph.D.
ACTING DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

STATE OF HAWAI'I
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

TESTIMONY BY SETH S. COLBY, Ph.D.
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON LABOR AND TECHNOLOGY
ON
SENATE BILL NO. 2117

January 28, 2026
3:00 p.m.
Room 225 and Videoconference

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

The Department of Budget and Finance (B&F) opposes this bill.

Senate Bill No. 2117 amends Chapter 89, HRS, to repeal the prohibition of using arbitration to resolve impasses or disputes relating to Hawai'i Employer-Union Health Benefits Trust Fund (EUTF) contributions, allowing arbitration panels to decide EUTF matters. The bill also removes the prohibition of striking over the issue of employer EUTF contributions. B&F would like to point out that currently, under Charter 89-11(g), HRS, if the employer and the exclusive representative are not able to reach an agreement on EUTF contributions, both parties can submit their recommendations to the Legislature and the Legislature is to make the determination.

B&F opposes this bill for the following reasons.

First, currently, the employer offers a consistent package of health benefits across bargaining units. Allowing each arbitration panel to determine EUTF contributions would make it more difficult to offer a consistent benefits package and could therefore increase administrative complexity for EUTF.

Second, allowing arbitration panels to decide matters relating to EUTF increases uncertainty. Arbitration panels are tasked to consider the employer's ability to pay and overall economic conditions. Panels often fail to grasp the complexities of the State budget. While difficult fiscal conditions can make it challenging to reach resolutions in collective bargaining (CB) negotiations, altering the current process by allowing binding arbitration would take this critical decision out of the hands of elected leaders and put it in the hands of unelected and unaccountable arbitrators. While the Legislature would still have the authority to reject an arbitration award, it appears all cost items would be rejected, not just EUTF contributions. This bill could result in the Legislature facing a choice of fully conceding control of this significant portion of the budget to arbitration panels or risk unending CB negotiations.

Thank you for your consideration of our comments.

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



BRENNNA H. HASHIMOTO
DIRECTOR
KA LUNA HO'KELE

SYLVIA LUKE
LT. GOVERNOR
KA HOPE KIA'ĀINA

BRIAN K. FURUTO
DEPUTY DIRECTOR
KA HOPE LUNA HO'KELE

**STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
KA 'OIHANA HO'OMŌHALA LIMAHANA**

235 S. BERETANIA STREET
HONOLULU, HAWAI'I 96813-2437

Statement of
BRENNNA H. HASHIMOTO
Director, Department of Human Resources Development

Before the
SENATE COMMITTEE ON LABOR AND TECHNOLOGY
Wednesday, January 28, 2026
3:00PM
State Capitol, Conference Room 225

In consideration of
**SB2117, RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS
TRUST FUND**

Chair Elefante, Vice Chair Lamosao, and the members of the committee:

The Department of Human Resources Development (HRD) has concerns with SB2117. SB2117 allows impasses and disputes regarding State and county contributions to the Hawaii Employer-Union Health Benefits Trust Fund to be determined through arbitration. Our concerns are as follows:

- **Uniform and Equitable Benefits** - Healthcare benefits for all State employees should remain uniform and equitable.
- **Potential Disparities** - Making employer contributions subject to interest arbitration could create inconsistencies between bargaining units and jurisdictions, potentially impacting recruitment, retention, and workplace morale. In addition, allowing an arbitrator to determine the employer's contribution for each bargaining unit (15) creates inequity among members of the same union.
- **Administrative and Financial Impacts** - Varying employer contributions may introduce administrative complexities and unforeseen costs, such as implications related to favored nation clauses.

HRD concurs with the Office of Collective Bargaining's position that allowing arbitration for healthcare benefits may stall the collective bargaining process, hindering agreements between the employer and the unions.

We appreciate the opportunity to testify and are available to answer any questions.

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

SYLVIA LUKE
LT. GOVERNOR
KA HOPE KIA'ĀINA



J.N. MUSTO
CHIEF NEGOTIATOR
KE PO'O KŪKĀKŪĀ

STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
OFFICE OF COLLECTIVE BARGAINING
KE KE'ENA MĀLAMA LIMAHAÑA AUPUNI
EXECUTIVE OFFICE OF THE GOVERNOR
235 S. BERETANIA STREET, SUITE 1201
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Statement of
J.N. Musto
Chief Negotiator, Office of Collective Bargaining

Before the
SENATE COMMITTEE ON LABOR AND TECHNOLOGY
Wednesday, January 28, 2026
3:00PM
State Capitol, Conference Room 225

In consideration of
**SB2117, RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS
TRUST FUND**

Chair Elefante, Vice Chair Lamosao, and the members of the committee.

The Office of Collective Bargaining (OCB) is in opposition of SB2117, which allows impasses and disputes regarding State and county contributions to the Hawaii Employer-Union Health Benefits Trust Fund to be resolved by arbitration. We respectfully oppose this measure for the following reason:

Allowing arbitration at this stage may delay the collective bargaining process. If one bargaining unit proceeds to arbitration, other units are likely to seek the same treatment under favored nations principles. This dynamic would stall negotiations across multiple units and significantly slow overall progress towards agreements.

We defer to the Department of Human Resources Development regarding the administrative and financial impacts.

We are available to answer any questions or provide further information as needed.

RICHARD T. BISSEN, JR.
Mayor

JOSIAH K. NISHITA
Managing Director



LATE

OFFICE OF THE MAYOR
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

TO: Senator Brandon J.C. Elefante, Chair
Senator Rachele Lamosao, Vice Chair
Senate Committee on Labor and Technology

FROM: Richard T. Bissen, Jr., Mayor
Cynthia M. Razo-Porter, Director of Personnel Services

DATE: January 27, 2026

SUBJECT: **OPPOSITION for SB2117, RELATING TO THE HAWAII EMPLOYER-UNION
HEALTH BENEFITS TRUST FUND**

The Act allows impasses and disputes relating to the amounts of State and county contributions to the Hawaii Employer-Union Health Benefits Trust Fund to be resolved by arbitration. Repeals the prohibition against strikes by members of bargaining units on the issue of the amounts of State and county contributions to the Trust Fund.

We **OPPOSE** this measure for the following reasons:

1. Health care benefits for County and state employees should remain uniform and equitable across bargaining units and jurisdictions.
2. Subjecting employer contributions to interest arbitration risks creating disparities among bargaining units and between County and state employees, which could negatively affect recruitment, retention, and employee morale.
3. Allowing employer contribution levels to vary would introduce administrative complexity and could result in unforeseen fiscal impacts, including the potential application of "favored nation" provisions.

Mahalo for your consideration.



HAWAII STATE TEACHERS ASSOCIATION

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TESTIMONY TO THE HAWAII SENATE COMMITTEE ON LABOR AND TECHNOLOGY

Item: SB 2117 – Relating to the Hawaii Employer-Union Health Benefits Trust Fund

Position: Support

Hearing: Wednesday, January 28, 2025, 3:00 pm, Room 225

Submitter: Osa Tui, Jr., President - Hawai'i State Teachers Association

Dear Chair Elefante, Vice Chair Lamosao, and members of the committees,

The Hawai'i State Teachers Association (HSTA) **strongly supports S.B. 2117**. This bill allows impasses and disputes regarding state and county contributions to the Hawai'i Employer-Union Health Benefits Trust Fund (EUTF) to be resolved through binding arbitration.

Currently, health care contributions are uniquely excluded from the arbitration process. This often leaves our educators in a vulnerable position when negotiations stall. This measure corrects that imbalance by removing the restriction that prevents an arbitration panel from resolving these critical financial disputes.

By allowing an impartial third party to settle these matters, the bill ensures a fairer and more efficient path toward a final agreement. It provides the necessary framework to resolve these critical issues fairly and decisively.

Furthermore, HSTA appreciates that this bill repeals the prohibition against strikes specifically related to EUTF contribution amounts. As a strike unit, our members recognize that the right to collective action is a fundamental tool in the bargaining process.

Allowing members the right to strike on this issue restores vital leverage to the negotiating table. It ensures that health benefits are treated with the same weight as other essential components of our compensation. Providing a mechanism for both binding arbitration and the right to strike ensures our teachers' health care needs are addressed fairly.

HSTA urges this committee to pass this measure.

Mahalo.



The Senate Committee on Labor and Technology

January 28, 2026

Room 225

3:00 PM

RE: SB 2117, Relating to the Hawaii Employer-Union Health Benefits Trust Fund

Attention: Chair Brandon J.C. Elefante, Vice Chair Rachele Lamosao and Members of the Committee

The University of Hawaii Professional Assembly (UHPA), the exclusive bargaining representative for all University of Hawai'i faculty members across Hawai'i's statewide 10-campus system, **supports SB 2117**.

SB 2117 would amend HRS, §89-9 and §89-11, to allow impasses and disputes relating to the amounts of State and county contributions to the Hawai'i Employer-Union Health Benefits Trust Fund to be resolved by arbitration and repeals the prohibition against strikes by members of bargaining units on the issue of the amounts of State and county contributions to the Trust Fund. The proposed amendment would fulfill the original intent and purpose of HRS, §89-9(a), in that core subjects of mandatory bargaining must include all matters relating to wages, hours, and other terms and conditions of employment. Employer contributions to the Hawaii Employer-Union Health Benefits Trust Fund are in fact wages and the amounts contributed offset the amounts paid by the plan participant. Any reduction in the Employer contribution amounts would adversely impact the bargaining unit member's wages as the net difference would be the responsibility of the plan participant.

UHPA supports the passage of SB 2117.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. L. Fern'.

Christian L. Fern
Executive Director
University of Hawaii Professional Assembly

**University of Hawaii
Professional Assembly**



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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

The Thirty-Third Legislature, State of Hawaii
The Senate
Committee on Labor and Technology

Testimony by
Hawaii Government Employees Association

January 28, 2026

S.B. 2117 — RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2117, which allows impasses and disputes relating to the amounts of State and county contributions to the Hawai‘i Employer-Union Health Benefits Trust Fund to be resolved by arbitration.

Our organization has been an outspoken and strong proponent of reforming the EUTF to be more cost effective for both the employees and the employers. As currently written in Hawaii Revised Statutes, Chapter 89, this negotiable item lacks a dispute mechanism (arbitration) to address the employee and employer share of the contributions to medical premiums in the EUTF. Effectively making this negotiable item one sided and employer controlled. In past negotiating periods, we have made strong attempts with the employers to cover a more equitable portion of their contribution and they continue to refuse. Improving employer contributions to the medical premiums will significantly improve the recruitment and retention of employees in government. Particularly at a time where the state and counties have struggled to remain a competitive employer to the private sector and federal government, where many of these employers cover all or the majority of cost of medical premiums for their employees.

All employees deserve affordable health care options, but this is especially necessary for employees who need family coverage and who are in a lower salary range. Employees who participate in the EUTF often pay 40% of the total cost of their medical premiums regardless of how much they earn. Which depending on the plan and type of enrollment, can be as high as \$1,500 per month for family coverage, which could be half their monthly salary. This is simply unaffordable for too many.

Thank you for the opportunity to provide testimony in strong support of S.B. 2117.

Respectfully submitted,

RGK

Randy Perreira
Executive Director

SB-2117

Submitted on: 1/27/2026 1:48:59 PM
Testimony for LBT on 1/28/2026 3:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Austin Martin	Testifying for Libertarian Party of Hawaii	Oppose	Remotely Via Zoom

Comments:

Aloha Chair Lee, Vice Chair Fevella, and committee members. I am Austin Martin, Chair of the Libertarian Party of Hawaii, testifying in opposition to SB 2117 (Public Employee Benefits).

SB 2117 increases or enhances benefits for public employees, adding unsustainable long-term liabilities to the state budget without dedicated revenue.

State employees do NOT deserve this anyway. They are objectively doing a terrible job across all sectors and by every metric. Most of the public sector should simply be fired, rather than being rewarded with pledges or more future plunder stolen from productive members of society.

Taxpayers cannot indefinitely support escalating public payrolls. I recommend defeating the measure and capping benefits at private-sector norms.

Mahalo for opposing racketeering and parasitism.

Austin Martin

Libertarian Party



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

THE SENATE KA 'AHA KENEKOA

THE THIRTY-THIRD LEGISLATURE REGULAR SESSION OF 2026

COMMITTEE ON LABOR AND TECHNOLOGY

Senator Brandon J.C. Elefante, Chair
Senator Rachele Lamosao, Vice Chair

Wednesday, January 28, 2026, 3:00 PM
Conference Room 225 & Videoconference

Re: Testimony on SB2117 – RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Chair Elefante, Vice Chair Lamosao, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 12,000 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 strongly supports SB2117, which allows impasses and disputes relating to the amounts of State and county contributions to the Hawaii Employer-Union Health Benefits Trust Fund to be resolved by arbitration. This measure also repeals the prohibition against strikes by members of bargaining units on the issue of the amounts of State and county contributions to the Trust Fund.

Chapter 89, Hawaii Revised Statutes (“HRS”) currently lacks a dispute resolution mechanism to address the employee-employer share of monthly contributions to medical premiums for EUTF plans. Although the most recent negotiations with employers resulted in some cost savings for some public employees, the cost burden of health insurance remains for many of our members at the lower end of the pay scale.

Faced with non-competitive pay, rising healthcare premiums, and shrinking retirement benefits, living in Hawaii is simply not affordable for many public employees. If the employers should refuse to pay an equitable and fair percentage of medical premiums, UPW strongly believes that we should be able to negotiate benefits offered by EUTF, and the use of arbitration should be available to resolve disputes related to the benefits of, and employer contributions to, the EUTF.

Mahalo for this opportunity to testify in support of this measure.

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