



# GOV. MSG. NO. 8

## EXECUTIVE CHAMBERS KE KE'ENA O KE KIA'ĀINA

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

April 23, 2026

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

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

Aloha Senate President Kouchi and Speaker Nakamura:

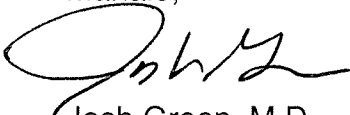
Arbitration awards (University of Hawai'i and other State Executive Branch departments) have been issued concerning United Public Workers class action grievances for Units 1 (Blue Collar Employees) and 10 (Institutional, Health, and Correctional Workers) relating to temporary hazard pay during the COVID-19 pandemic. Funding was provided for these awards by Act 29, SLH 2025. However, the appropriations are insufficient to cover the balance of requirements, so additional funding is being requested. Additionally, the supplemental award issued for employees of the other State Executive Branch departments is final.

The following is a summary of the included and excluded requirements of the arbitration awards for the current fiscal biennium being transmitted to the Legislature for appropriation. The amounts also reflect funding requirements associated with an anticipated finalized settlement agreement or arbitration award for the Department of Education.

	<u>FY 26</u>
<u>Salaries and Fringe</u>	
General	\$95,263,742
Interdepartmental Transfers	306,532
Revolving	<u>205,035</u>
Total	\$95,775,309

The Honorable Ronald D. Kouchi  
The Honorable Nadine K. Nakamura  
April 23, 2026  
Page Two of Two

Attached are proposed drafts Senate Bill No. 3090, S.D. 1, H.D. 2, C.D. 1, and House Bill No. 2271, H.D. 2, S.D. 1, C.D. 1, which have been updated to reflect the above noted estimated collective bargaining amounts.

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

Attachments

c: Honorable Donovan M. Dela Cruz  
Honorable Chris Todd

# 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  
immediate passage in accordance with section 9 of article VII of  
the Constitution of the State of Hawaii.

5

PART II

6

SECTION 2. The legislature finds that the appropriation of  
moneys for collective bargaining cost items associated with  
labor grievances is necessary to support the fair and timely  
resolution of employment disputes, maintain labor stability, and  
ensure the continued effective operation of government services.

11

The legislature further finds that funding of these cost items  
is in the public interest and necessary to carry out the State's  
obligations under applicable collective bargaining agreements.

14

In addition, the legislature finds that the State may be  
subject to potential liabilities arising from labor grievances  
and that, in certain circumstances, it is prudent to appropriate  
funds in anticipation of the resolution of such grievances. The

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

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

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

1 original operating budget accounts, making the trust account  
2 whole.

3 Accordingly, the purposes of this Act are to:

4 (1) Appropriate funds for labor grievances in a manner  
5 that is expressly contingent upon the existence of a  
6 legally binding obligation, such as an arbitration  
7 award or order, court order, or executed settlement  
8 agreement, while preserving executive authority,  
9 ensuring compliance with applicable laws, and  
10 maintaining appropriate fiscal controls; and

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

16 PART III

17 SECTION 3. There are appropriated or authorized from the  
18 sources of funding indicated below to collective bargaining  
19 statewide (BUF 102) the following sums or so much thereof as may  
20 be necessary for fiscal year 2025-2026 to fund collective  
21 bargaining cost items associated with grievances filed under  
22 agreements negotiated with the exclusive representative of

1 collective bargaining units (1) and (10), and for their excluded  
2 counterparts. The amounts are for arbitration awards for the  
3 university of Hawaii and other executive branch departments and  
4 a supplemental award for the other executive branch departments  
5 related to temporary hazard pay. These amounts are in addition  
6 to the amounts provided in Act 29, Session Laws of Hawaii 2025:

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

11 The sums appropriated shall be expended by the appropriate  
12 state departments for the purposes of this section:

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

19 (b) The department may record an obligation in accordance  
20 with applicable accounting and fiscal procedures,  
21 subject to allotment and release by the director of  
22 finance.

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

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

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

17 (a) No funds shall be expended unless and until a legally  
 18 binding obligation to pay has been incurred by the  
 19 State, as evidenced by:

20 (1) A fully executed settlement agreement, duly authorized  
 21 by the State, arbitration award or order, or court  
 22 order; and

- 1           (2) Any settlement agreement described in
- 2                   subsection (a)(1) shall be approved as to form by the
- 3                   department of the attorney general, and shall be
- 4                   executed in accordance with applicable laws;
- 5           (b) The director of finance shall allot and release funds
- 6                   appropriated under this section only upon written
- 7                   notification by the department of education that the
- 8                   conditions set forth in subsection (a) have been
- 9                   satisfied;
- 10          (c) Nothing in this section shall be construed to
- 11                   supersede or impair the authority of the executive
- 12                   branch, including the authority to negotiate, settle,
- 13                   or otherwise resolve labor grievances, or to determine
- 14                   whether and on what terms to enter into any settlement
- 15                   agreement;
- 16          (d) The department of education may encumber funds
- 17                   appropriated pursuant to this section for the purpose
- 18                   of satisfying a potential obligation arising from the
- 19                   labor grievance; provided that:
- 20           (1) Any such encumbrance shall not constitute an
- 21                   obligation or expenditure of funds; and



1 PART V

2 SECTION 7. Part VI of Act 29, Session Laws of Hawaii 2025,  
3 is amended by amending section 11 to read as follows:

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

9 PART VI

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

18 SECTION 9. Notwithstanding any provision of this Act, with  
19 the approval of the governor, the director of finance may  
20 transfer unrequired balances from the appropriated funds as may  
21 be available between sections 3 and 4 of this Act as necessary.

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

6           SECTION 11. This Act shall take effect upon its approval.

# H.B. NO.

2271  
H.D. 2  
S.D. 1  
C.D. 1  
PROPOSED

**Report Title:**

Public Employment Cost Items; BU-1 and BU-10; Emergency  
Appropriations

**Description:**

Makes emergency appropriations for collective bargaining cost items for the members of bargaining units (1) and (10) and their excluded counterparts to resolve issues related to temporary hazard pay for fiscal year 2025-2026.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

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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 In addition, the legislature finds that the State may be  
15 subject to potential liabilities arising from labor grievances  
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17 funds in anticipation of the resolution of such grievances. The

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6 Hawaii and certain departments, have used their existing fiscal  
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