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# 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>
14 General funds	\$28,468,723
15 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.



**Report Title:**

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

**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. Authorizes the use of the general fund appropriations to restore the temporary reclassifications for temporary hazard pay payouts to the appropriate departments to provide for the repayment of the general fund loan. Specifies that emergency appropriations made under Act 29, Session Laws of Hawaii 2025, do not lapse until June 30, 2027. (CD1)

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

