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STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
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Statement of
BRENNA H. HASHIMOTO
Director, Department of Human Resources Development

Before the
HOUSE COMMITTEE ON FINANCE
Thursday, February 26, 2026
10:00AM
State Capitol, Conference Room 308

In consideration of
HB1658 HD1, RELATING TO COLLECTIVE BARGAINING

Chair Todd, Vice Chair Takenouchi, and members of the committee:

The Department of Human Resources Development (HRD) opposes HB1658 HD1, which amends Section 89-9, Hawai'i Revised Statutes (HRS), to once again alter the impasse procedure for the negotiated repricing of classes within an appropriate bargaining unit. The proposed amendments to place repricing decisions in the hands of a single untrained, unqualified arbitrator, create unrealistic impasse deadlines, and impose a tremendous burden on management to defend repricing decisions.

In 2024, the HB1640 "Relating to Collective Bargaining" was passed into law as Act 234. Our concerns with HB1658 HD1 are similar to those we raised when HB1640 was discussed. These concerns are summarized as follows:

- Repricing requires considerable technical analysis and training, and, as such, the decision maker should be knowledgeable about the subject class of work and thoroughly trained and experienced in the factors that determine pricing. Arbitrators are not trained in these matters. There will no longer be a consistent application of criteria if multiple arbitrators are permitted to make repricing determinations.
- Inequitable arbitration decisions would undermine HRD's ability to maintain an impartial, unbiased, and consistent classification and pay system, as required by HRS §76-13(7), and would erode compliance with constitutional and statutory mandates requiring equal pay for equal work under HRS §76-1(5).
- Improper arbitration decisions expose the employer to serious and costly claims of unequal pay and discrimination.
- The intent of repricing is to correct an internal alignment issue and should not be

used to address other compensation issues, such as recruitment difficulties, retention, wages that are not competitive, market conditions, etc. There are other compensation tools that can be used to address these issues. Inexperienced individuals and the unions often mistakenly advocate using repricing to address these issues.

- The State already has various compensation programs to address recruitment and retention of employees, such as:
 - Flexible Hiring Rates,
 - EMCP Pay Programs
 - Shortage Category
 - Recruitment and Appointment Above the Minimum

The current position classification and pricing system is based on well-defined classification factors and pricing criteria that maintain proper relationships between classes so that classes with comparable duties and responsibilities are assigned to the same salary range, and that related classes are ranked from low to high in recognition of the varying complexities, difficulties, and nature of responsibilities.

Prior to Act 253, SLH 2000, there were two appellate bodies to hear matters related to HRS chapter 76 and chapter 77. Comprised of seven members, one from each county and three at large, the single Civil Service Commission was the appellate body for matters related to HRS chapter 76 and chapter 77, except for appeals concerning the compensation plan, i.e., pricing, repricing. The single Civil Service Commission was replaced by a Merit Appeals Board for each jurisdiction to decide on appeals related to recruitment and examination; classification and reclassification of a particular position; initial pricing of classes; and other employment actions under chapter 76, including disciplinary and adverse actions for failure to meet performance requirements taken against civil service employees who are excluded from collective bargaining under section 89-6.

The Public Employees Compensation Appeals Board (PECAB) heard matters related to pricing appeals for classes of work in the compensation plan every other year. The PECAB adopted policies and standards relative to the pricing of classes, as well as made rules and regulations for the conduct of appeals hearings and public hearings. An independent board, it was comprised of one civil service commission member from each jurisdiction. Decisions involving pricing adjustments (repricing) to classes were made by majority vote based on established pricing policies and standards. The pricing standards included the following evaluation factors to rank classes: (1) knowledge and skills required; (2) supervisory controls; (3) guidelines; (4) complexity; (5) personal contacts; (6) physical demands; (7) work environment; (8) supervisory skills; and (9) managerial responsibilities. Although Act 253, SLH 2000 repealed chapter 77, thus eliminating PECAB, these same pricing factors continue to be used today in the traditional position classification systems used by all the employer jurisdictions with civil service positions. This context reinforces the historical importance of relying on an experienced, knowledgeable group of technicians to determine pricing and repricing, rather than a single untrained arbitrator.

- In 2024, HRS §89-9 and §89-11, which, at the time, already provided procedures when a public employer and an exclusive representative reach impasse on subjects of negotiation, including repricing, were amended in Act 234 to require disputes over repricing to follow the same process as used for collective bargaining impasse. We agree that the current process is ineffective in so far as we believe that repricing decisions should be made by individuals with experience and expertise in this area.
- HB1658 HD1 proposes to shorten the time the employer and the exclusive representative have to negotiate repricing from one hundred fifty days to ninety days placing an enormous burden on the employers. Requests to negotiate repricing received under the current impasse procedures have not included the exclusive representative's repricing research, analysis and justification using the established pricing factors. The public employer must exercise its due diligence to perform the research and analysis related to the repricing request using the established pricing factors. The proposed reduction in time allotted to this process compromises the integrity of the classification system. For these reasons, we do not support this amendment.
- HB1658 HD1 proposes that a single arbitrator be appointed for repricing impasse procedures. We do not support this amendment. Although not ideal, the use of a three-person arbitration panel, as provided for in the current impasse procedures in HRS §89-11, allows for arbitrators with different strengths and expertise, aiding in a more comprehensive analysis that results in a more balanced, informed and fair decision.

HRD urges the Committee to hold this measure. Nonetheless, should this bill move forward, we respectfully request the following amendments to:

1. Ensure an objective, consistent system of pricing and repricing classes of work based on a thorough analysis of job duties and responsibilities to protect the employer from claims of unequal pay and discrimination prohibited by federal and state laws;
2. Recognize the clear distinction between matters that are subject to negotiation and those that are explicitly excluded from subjects of negotiations which includes, but is not limited to, initial pricing of classes, classification and reclassification pursuant to HRS §89-9(d); and
3. Use a well-established existing statutory process in the merit appeals board (MAB). The MAB already hears initial pricing appeals and therefore is the more appropriate body to make repricing decisions. MAB is an appellate body created under HRS §26-5 that hears and makes determinations on matters set forth in HRS §76-14, including initial pricing of classes, classification, and reclassification. MAB consists of three members. All members are required to have knowledge of public employment laws and prior experience in public employment, with one member from management, one member representing the unions, and a neutral member serving as chair.
4. Insert an appropriation in the sum of \$360,000 in funds for the establishment of four full-time equivalent (4.0 FTE) Human Resources Specialist V positions within the Employee Classification and Compensation Division to carry out work related

to negotiated repricing requests.

Currently, four (4.0) of seven (7.0) incumbents in HRD possess the knowledge and experience to address the additional work related to current negotiated repricing requests, as well as working on other competing priorities, including requests for new classes, amendments to existing classes, assistance with reorganizations, and expanding the use of broadband classification systems. These same staff are assigned to the priority Classification and Compensation Study, which will require significant time and involvement integral to its successful completion. The additional positions are required to enable HRD to address the demands surrounding classification and compensation in the Executive Branch.

Amend HRS §76-14 as follows:

§76-14, Hawaii Revised Statutes, is amended by amending subsection (a) The merit appeals board of each jurisdiction shall decide appeals from any action under this chapter taken by the chief executive, the director, an appointing authority, or a designee acting on behalf of one of these individuals, relating to:

(3) Initial pricing and repricing of classes; and

Amend Section 89-9, Hawai'i Revised Statutes by amending subsection (f) to read as follows:

(f) *[Repeal and reenactment on June 30, 2029. L 2025, c 21, §23.]* The repricing of classes within an appropriate bargaining unit shall be negotiated and determined as follows:

- (1) Within ~~[thirty]~~ ninety days of receipt of a written request which includes a comparative analysis and justification based on the employer's pricing factors from the exclusive representative to negotiate and at times allowed under the collective bargaining agreement, the employer shall negotiate the repricing of classes within the bargaining unit. The negotiated repricing actions ~~[that]~~ shall constitute cost items and shall be subject to the requirements in section 89-10; and
- (2) If the employer fails to timely initiate a negotiation in compliance with paragraph (1) or the parties cannot reach an agreement within one hundred ~~[fifty]~~ eighty days after the exclusive representative's written request to negotiate the affected employee may appeal to the merit appeals board; ~~[or by January 31 of a year in which the agreement is due to expire, whichever is earlier, an impasse exists and the impasse procedures in section 89-11 shall apply; provided that the parties may mutually agree on repricing procedures in conformance with this section;] provided further that a repricing request can only be submitted once per occupation in any ~~[eighteen-month]~~ five year period~~;~~ provided further that impasse procedures shall not apply if the impasse occurs within one hundred eighty days after a collective bargaining agreement has been~~

~~reached between the employer and the exclusive representative of the bargaining unit]. Notwithstanding the foregoing, no more than fifteen repricing impasse procedures shall be active at any time. If an impasse procedure would have triggered, but cannot begin because it would exceed the maximum fifteen active repricing impasse procedures, the parties shall continue to negotiate until such time as the repricing impasse procedure begins; provided that preference for new repricing impasse procedures shall be given to repricings in the order in which they began.~~

Amend Section 89-11, Hawai'i Revised Statutes by amending subsection (b) to read as follows:

~~(b) [Repeal and reenactment on June 30, 2029. L 2025, c 21, §23.] An impasse during the term of a collective bargaining agreement on reopened items or items regarding a supplemental agreement shall not be subject to the impasse procedures in this section; provided that an employer's failure to timely initiate a negotiation on repricing of classes within a bargaining unit pursuant to section 89-9(f)(1) or the parties' failure to reach an agreement on repricing within the timeframe set forth in section 89-9(f)(2) shall constitute an impasse, to which the impasse procedures in this section shall apply]. The parties may mutually agree on an impasse procedure, but if the procedure culminates in an arbitration decision, the decision shall be pursuant to subsection (f).~~

We respectfully request that the committee hold this measure or pass it with the amendments discussed above. We are available to answer any questions or provide further information as needed.

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

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February 25, 2026

The Honorable Chris Todd, Chair
The Jenna Takenouchi, Vice Chair
and Members of the Committee on Finance
State House of Representatives, Room 308
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Todd, Vice Chair Takenouchi and Members of the Committee:

SUBJECT: House Bill 1658, H.D.1, Relating to Collective Bargaining

Under the current language of Hawai'i Revised Statutes (HRS), Section 89-9 Scope of Negotiations; consultation, the impasse procedures for the repricing of classes are identical to the procedures for interest arbitration between the unions and employers, which allow for a three-member arbitration panel. House Bill 1658, H.D.1 seeks to amend that language by providing for a single arbitrator in lieu of a panel for this process. Additionally, this measure seeks to compress the timeframe/deadlines of these impasse proceedings.

The City and County of Honolulu, Department of Human Resources (DHR), respectfully **opposes** this measure.

The City's classification system includes 1,400 classifications of work, which have been used for many years as the foundation upon which the City maintains the merit principal of equal pay for equal work, fair opportunity for promotion and related tenets to which we are legally bound. **Pricing** refers to the process of assigning each class of work to a salary range based on the application of well-defined and objective factors such as the nature, scope and complexity of work performed. Pricing of the classes in a consistent manner is what allows the Employer to ensure that all classes within a jurisdiction are in internal alignment to one another, to ensure that similarly functioning classes have the same salary range and are compensated fairly in relation to one another.

The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice Chair
and Members of the Committee on Finance
February 25, 2026
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Repricing is the process of determining whether the initial pricing of a class was incorrect. While nothing may have changed with regards to the work performed, there may have been an incorrect factor or consideration used in the initial determination of pricing of that class that should be changed.

The Unions have always had --- and continue to have, the ability to raise the issue and to negotiate the repricing of classes during the collective bargaining process, and the City has had significant concerns with the recent change to require impasse procedures set forth in section 89-11, HRS. Given this further proposed amendment, the City **opposes** this measure as follows:

1. The City believes the proposed amendment is premature as the repricing process is new and no impasse or arbitration proceedings have yet been completed.
2. Further, the City is concerned that a single arbitrator will not provide all parties with fair and equitable representation given the highly technical nature of this issue.
3. The City also believes the proposed compression of timeframe/deadlines does not allow sufficient time for discussion given our current staffing. The City further believes that the existing statute, as amended, provides both parties adequate time to prepare for and address these technical proceedings.

Based on the concerns stated above, DHR respectfully **opposes** and requests H.B. 1658, H.D.1 be deferred.

Sincerely,

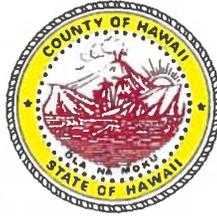


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County of Hawai'i Department of Human Resources

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February 24, 2026

The Honorable Chris Todd, Chair
The Honorable Jenna Takenouchi, Vice chair
and Members of the Committee on Finance

SUBJECT: **House Bill 1658 – Testimony in Opposition
Relating to Collective Bargaining**

Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

The County of Hawai'i respectfully submits this testimony in **opposition** to House Bill 1658 (H.B. 1658).

Currently, HRS § 89-9 (Scope of Negotiations; consultation) provides for impasse procedures for the repricing of classes which are identical to the procedures for interest arbitration between the unions and employers. Those procedures allow for a three-member arbitration panel. While submission of repricing actions to a three-member panel itself is not ideal, the composition of such a panel is proportionate to the complexity of repricing actions. H.B. 1658 seeks to amend language by providing for a single arbitrator in lieu of a panel for this process and seeks to compress the timeframe within which to hold impasse proceedings.

Pricing and repricing of classes goes beyond the scope of one particular bargaining unit in that various factors must be considered. It requires comprehensive, objective review of "benchmark" classes and other related classes to establish base relationships. It takes into consideration kind and scope of work, nature and extent of supervision over others, special working conditions and other factors. This is critical to ensuring internal alignment between classes and compliance with HRS §76-1(5) which requires "equal pay for equal work."

Rushing the process will lead to unintended consequences across bargaining units and increase wage costs well beyond those already negotiated for or awarded by an interest arbitration panel for the current 2025-2029 contract period.

Thank you for the opportunity to testify in **opposition** to this matter.

Sincerely,


Sommer J. Tokihiro, Director
Department of Human Resources



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Thirty-Third Legislature, State of Hawaii
The House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association

February 26, 2026

H.B. 1658, 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. 1658, H.D. 1, which amends the collective bargaining negotiation procedure on the repricing of classes within a bargaining unit for public employees.

In 2024, the legislature passed Act 234 which codified that repricing job classes within state government is negotiable between the exclusive representative and the employer and established a negotiating process. The passage of this measure was in large part due to the Employers' unwillingness to increase position pay to a competitive market rate, resulting in high vacancy rates across government, both of which still exist today. The current repricing process mandates a 150-day negotiating period, and if the exclusive representative and the employer cannot reach an agreement within that time-period, then impasse procedures pursuant to 89-11, Hawaii Revised Statutes, shall apply. The current impasse procedure for our organization is interest arbitration.

The interest arbitration procedure is intended, structured, and used for when the employer and exclusive representative must reach a resolution for a new master collective bargaining agreement (CBA), potentially impacting thousands of employees. It is not well intended for repricing a specific job classification of employees. The current process is complex and lengthy. It includes requirements such as: the case to be heard by an arbitration panel rather than a single arbitrator, requires the chair of the arbitration panel to be selected by the American Arbitration Association or Federal Mediation and Conciliation Services, and a mandatory mediation period. This bill would establish a more efficient and appropriate impasse procedure, similar to the arbitration process outlined in our CBA, to be applied when both parties fail to reach an agreement within the negotiating timeframe.

We believe these changes will result in a more efficient, timely, and less costly process that will streamline the pricing appeal process, leading to a more effective recruitment and retention procedure.

Thank you for the opportunity to provide testimony in strong support of H.B. 1658, H.D. 1.

Respectfully submitted,


Randy Perreira
Executive Director



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TESTIMONY TO THE HAWAI'I HOUSE COMMITTEE ON FINANCE

Item: HB 1658, HD1 – Relating to Collective Bargaining

Position: Support

Hearing: Thursday, February 26, 2026, 10:00 am, Room 308

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

Dear Chair Todd, Vice Chair Takenouchi, and members of the committee,

The Hawai'i State Teachers Association (HSTA) **supports** H.B. 1658, HD1, which introduces a specialized arbitration process for repricing disputes. These changes provide much-needed improvements by ensuring salary adjustments are not left in limbo for years.

This measure creates a clear and predictable path for resolving pay inequities. By establishing strict timelines—including a 90-day window to start a hearing and a 30-day deadline for a final decision—the state can ensure that educators are compensated fairly and without unnecessary delay.

These improvements are essential for maintaining a motivated workforce and filling critical gaps in our schools. A transparent resolution process ensures that professional roles are properly valued and that our pay structures reflect the actual needs of our educators.

HSTA urges the committee to pass H.B. 1658, HD1 to bring transparency and accountability to the repricing process.

Mahalo.



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

HOUSE OF REPRESENTATIVES THE THIRTY-THIRD LEGISLATURE REGULAR SESSION OF 2026

COMMITTEE ON FINANCE

Rep. Chris Todd, Chair

Rep. Jenna Takenouchi, Vice Chair

Thursday, February 26, 2026, 10:00 AM
Conference Room 308 & Videoconference

Re: **Testimony on HB1658, HD1 – RELATING TO COLLECTIVE BARGAINING**

Chair Todd, Vice Chair Takenouchi, 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 **strongly supports** HB1658, HD1, which amends the collective bargaining negotiation procedure on the repricing of classes within a bargaining unit for public employees. This bill also establishes an impasse procedure to be applied when an employer fails to initiate the negotiation or the parties fail to reach an agreement within certain timeframes and repeals existing law that requires a different impasse procedure to apply in those situations.

UPW believes this bill amends section 89-9(f)(2), Hawaii Revised Statutes (“HRS”), to address what we perceive as a challenge that can cause significant delays during the repricing process--specifically section 89-11(e)(2)(A). As written, this subsection, which provides for the selection of an arbitration panel, does not provide a timeframe for selecting a neutral third member—through the alternating strikes method—from a list of five qualified and experienced interest arbitrators should both parties fail to select the third member by mutual agreement. The addition of subsection (g) to section 89-9, would address this and other challenges by prescribing an alternative impasse procedure to section 89-11, which is currently provided for in section 89(f)(2).

Ultimately, UPW believes the proposed amendments better reflect the spirit and intent of the law.

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

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