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KE KIA'ĀINA

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**STATE OF HAWAII | KA MOKU'ĀINA O HAWAII**  
**DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT**  
**KA 'OIHANA HO'OMŌHALA LIMAHANA**  
235 S. BERETANIA STREET  
HONOLULU, HAWAII 96813-2437

Statement of  
**BRENNA H. HASHIMOTO**  
Director, Department of Human Resources Development

Before the  
**SENATE COMMITTEE ON JUDICIARY**  
**SENATE COMMITTEE ON WAYS AND MEANS**

Wednesday, April 8, 2026

10:15AM

State Capitol, Conference Room 211

In consideration of  
**HB1664 HD1, RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**

Chair Rhoads, Chair Dela Cruz, and members of the Committee on Judiciary and Committee on Ways and Means:

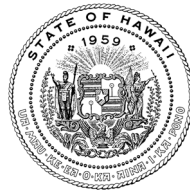
The Department of Human Resources Development (HRD) has concerns with HB1664 HD1. HB1664 HD1 allows impasses and disputes regarding State and county contributions to the Hawaii Employer-Union Health Benefits Trust Fund to be determined through arbitration. Our concerns are as follows:

- **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.

*AN EQUAL OPPORTUNITY AGENCY*



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.  
DIRECTOR

SABRINA NASIR  
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**STATE OF HAWAII**  
**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

**WRITTEN ONLY**

TESTIMONY BY SETH S. COLBY, Ph.D.  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEES ON JUDICIARY AND  
WAYS AND MEANS  
ON  
HOUSE BILL NO. 1664, H.D. 1

**April 8, 2026**  
**10:15 a.m.**  
**Room 211 and Videoconference**

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

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

House Bill No. 1664, H.D. 1, 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

**SYLVIA LUKE**  
LT. GOVERNOR  
KA HOPE KIA'ĀINA



**J.N. MUSTO, PhD**  
CHIEF NEGOTIATOR  
KE PO'O KUKAKUKA

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

Before the  
**SENATE COMMITTEE ON JUDICIARY**  
**SENATE COMMITTEE ON WAYS AND MEANS**  
Wednesday, April 8, 2026  
10:15AM  
State Capitol, Conference Room 211

In consideration of  
**HB1664 HD1, RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**

Chair Rhoads, Chair Dela Cruz, and the members of the Committee on Judiciary and Committee on Ways and Means:

The Office of Collective Bargaining (OCB) is in opposition to HB1664 HD1, 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 and the Department of Budget and Finance regarding the administrative and financial impacts.

Thank you for the opportunity to provide testimony and comments on this measure.



## UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

### THE SENATE KA 'AHA KENEKOA

### THE THIRTY-THIRD LEGISLATURE REGULAR SESSION OF 2026

**COMMITTEE ON WAYS AND MEANS**  
Senator Donovan M. Dela Cruz, Chair  
Senator Sharon Y. Moriwaki, Vice Chair

**COMMITTEE ON JUDICIARY**  
Senator Karl Rhoads, Chair  
Senator Mike Gabbard, Vice Chair

Wednesday, April 8, 2026, 10:15 AM  
Conference Room 211 & Videoconference

**Re: Testimony on HB1664, HD1 – RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**

Chairs Dela Cruz and Rhoads, Vice Chairs Moriwaki and Gabbard, 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** HB1664, HD1, 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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The Senate Committees on Ways and Means and Judiciary  
April 8, 2026  
Room 211  
10:15 AM

RE: **HB 1664 HD1, Relating to Hawaii Employer-Union Health Benefits Trust Fund**

Attention: Chairs Donovan M. Dela Cruz and Karl Rhoads, Vice Chairs Sharon Y. Moriwaki  
And Mike Gabbard, Members of the Committees

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 HB 1664 HD1.**

This measure 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 HB 1664 HD1.**

Respectfully submitted,

Christian L. Fern  
Executive Director  
University of Hawaii Professional Assembly

April 8, 2026

Senate Committees on Judiciary and Ways and Means  
**Support for HB 1664, HD1 – Relating to the Hawaii Employer-Union  
Health Benefits Trust Fund**



Aloha Chairs Rhoads and Dela Cruz, Vice Chairs Gabbard and Moriwaki, and Members of the Committees:

The **State of Hawai'i Organization of Police Officers (SHOPO)** supports **HB 1664, HD1**, which, among other things, allows impasses and disputes relating to the amounts of State and county contributions to the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) to be resolved by arbitration.

Currently, under Hawaii Revised Statutes, Chapter 89, the amount of State and county contributions to the EUTF is a negotiable item in collective bargaining, but there is no formal mechanism to resolve disputes when the parties cannot reach agreement. This gap can lead to prolonged negotiations, delays in finalizing agreements, and uncertainty for both employees and employers regarding medical benefits contributions.

This bill addresses this issue by allowing an impartial third party to intervene when negotiations reach an impasse. By providing a structured arbitration process, the bill ensures that disputes are resolved efficiently, fairly, and decisively. This framework benefits all parties: employees can have confidence that their healthcare contributions are determined equitably, and employers can maintain a predictable and stable process for budgeting and funding EUTF obligations. SHOPO believes it provides a necessary framework to protect both employees and employers, promote equity, and maintain stability in healthcare contributions.

The more than 2,700 law enforcement officers who are members of SHOPO risk their lives every day to keep our islands safe. SHOPO is dedicated to protecting public safety. We strive to work in partnership with community members because, together, we can build stronger and safer neighborhoods. Thank you for the opportunity to provide testimony on this measure.

Respectfully submitted,

**State of Hawai'i Organization of Police Officers (SHOPO)**



**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 Judiciary  
Committee on Ways and Means

Testimony by  
Hawaii Government Employees Association

April 8, 2026

H.B. 1664, H.D. 1 — 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 H.B. 1664, H.D. 1, 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 when 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 \$1,650 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 H.B. 1664, H.D. 1.

Respectfully submitted,

  
Randy Perreira  
Executive Director