

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  
DEPUTY DIRECTOR

**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

TESTIMONY BY SETH S. COLBY, Ph.D.  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON LABOR  
ON  
SENATE BILL NO. 2117, S.D. 1

**March 19, 2026**  
**9:35 a.m.**  
**Room 309 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, S.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 Chapter 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 KUKĀKUKA

**STATE OF HAWAII | KA MOKU'ĀINA O HAWAII**  
**OFFICE OF COLLECTIVE BARGAINING**  
**KE KE'ENA MĀLAMA LIMAHAHA AUPUNI**  
**EXECUTIVE OFFICE OF THE GOVERNOR**  
235 S. BERETANIA STREET, SUITE 1201  
HONOLULU, HAWAII 96813-2437

Statement of  
**J.N. Musto, PhD**  
Chief Negotiator, Office of Collective Bargaining

Before the  
**HOUSE COMMITTEE ON LABOR**  
Thursday, March 19, 2026  
9:35AM  
State Capitol, Conference Room 309

In consideration of  
**SB2117 SD1, RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**

Chair Sayama, Vice Chair Lee, and the members of the committee:

The Office of Collective Bargaining (OCB) is in opposition to SB2117 SD1, 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 reasons:

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.

Three (3) bargaining units (i.e., units 1, 5, and 7) do NOT have an impasse procedure ending in a final and binding arbitration. Instead, these units, the UPW workers, the HSTA teachers, and the UPHA members, have the legal right to strike.

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.



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

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

**BRENN A H. HASHIMOTO**  
DIRECTOR  
KA LUNA HO'OKELE

**BRIAN K. FURUTO**  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

**STATE OF HAWAII | KA MOKU'ĀINA O HAWAII**  
**DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT**  
**KA 'OIHANA HO'OMŌHALA LIMAHANA**  
235 S. BERETANIA STREET  
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Statement of  
**BRENN A H. HASHIMOTO**  
Director, Department of Human Resources Development

Before the  
**HOUSE COMMITTEE ON LABOR**  
Thursday, March 19, 2026  
9:35AM  
State Capitol, Conference Room 309

In consideration of  
**SB2117 SD1, RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**

Chair Sayama, Vice Chair Lee, and members of the committee:

The Department of Human Resources Development (HRD) has concerns with SB2117 SD1, which 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:

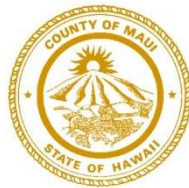
- **Uniform and Equitable Benefits** - Healthcare benefits for all State employees should remain uniform and equitable.
- **Potential Disparities** - Making employer contributions subject to interest arbitration could create inconsistencies between bargaining units and jurisdictions, potentially impacting 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.

**RICHARD T. BISSEN, JR.**  
Mayor

**JOSIAH K. NISHITA**  
Managing Director



**OFFICE OF THE MAYOR**  
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TO: Representative Jackson D. Sayama, Chair  
Representative Mike Lee, Vice Chair  
House Committee on Labor

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

DATE: March 18, 2026

SUBJECT: **OPPOSITION OF SB2117 SD1, 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.

Thank you for the opportunity to testify on this measure.



The House Committee on Labor  
March 19, 2026  
Room 309  
9:35 AM

**RE: SB 2117 SD1, Relating to the Hawaii Employer-Union Health Benefits Trust Fund**

Attention: Chair Jackson D. Sayama, Vice Chair Mike Lee, 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 SD1.**

SB 2117 SD1 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 SD1.**

Respectfully submitted,

Christian L. Fern  
Executive Director  
University of Hawaii Professional Assembly

**University of Hawaii  
Professional Assembly**



March 19, 2026

House Committee on Labor

**Support for SB 2117, SD1 – Relating to the Hawaii Employer-Union Health Benefits Trust Fund**

Aloha Chair Sayama, Vice Chair Lee, and Members of the Committee:

The **State of Hawai'i Organization of Police Officers (SHOPO)** supports **SB 2117, SD1**, 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)**



## UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

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

**COMMITTEE ON LABOR**  
Rep. Jackson D. Sayama, Chair  
Rep. Mike Lee, Vice Chair

Thursday, March 19, 2026, 9:35 AM  
Conference Room 309 & Videoconference

**Re: Testimony on SB2117, SD1 – RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**

Chair Sayama, Vice Chair Lee, 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, SD1, 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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**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  
House of Representatives  
Committee on Labor

Testimony by  
Hawaii Government Employees Association

March 19, 2026

S.B. 2117, S.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 S.B. 2117, S.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 S.B. 2117, S.D. 1.

Respectfully submitted,

Randy Perreira  
Executive Director



## HAWAII STATE AFL-CIO

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Telephone: (808) 597-1441 • Fax: (808) 593-2149

March 19, 2026

The Thirty-Third Legislature  
The House of Representatives  
Committee on Labor

**SUBJECT: TESTIMONY IN SUPPORT OF SB2117 SD1 – RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**

Chair Sayama, Vice Chair Lee, and members of the committee:

The Hawaii State AFL-CIO supports SB2117 SD1 because employer contributions to health benefits are a core component of employee compensation and must be subject to a fair and enforceable bargaining process.

Current law allows this issue to be negotiated but does not provide a meaningful path to resolve disputes, effectively leaving final decisions on employer contributions one-sided. This undermines the collective bargaining process and limits the ability to reach equitable outcomes.

Health care costs continue to place a significant burden on public employees, particularly for those covering dependents or earning lower wages. When employer contributions do not keep pace, workers are forced to absorb rising costs, making it more difficult to recruit and retain a stable workforce.

This measure restores balance by allowing disputes over employer contributions to be resolved through arbitration. Providing a clear path to resolution ensures that negotiations are meaningful and that both parties have a fair opportunity to reach agreement on an issue that directly affects wages and economic security.

Respectfully submitted,

A handwritten signature in black ink that reads "Randy Perreira".

Randy Perreira  
President  
Hawaii State AFL-CIO