

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEES ON LABOR & PUBLIC EMPLOYMENT
AND FINANCE
ON
HOUSE BILL NO. 2

October 28, 2013

MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS

This measure is a bill to appropriate and authorize funds for collective bargaining cost items for salary adjustments, other cost adjustments, and Employer-Union Health Benefit Trust Fund costs for the negotiated settlement for bargaining unit (13) and its excluded counterparts for Fiscal Biennium 2013-15. The amounts in the bill represent the full costs of the settlement for included Executive Branch employees. The amounts for the Judiciary and Executive Branch excluded employees represent the difference between the impact of this agreement and amounts already appropriated in Act 173, SLH 2013.

The Department of Budget and Finance supports this administration measure. Passing this bill during the special session will enable expeditious implementation of the settlement, allowing employees to enjoy the benefits sooner, and minimizing time consuming retroactive adjustments and payments by the employer.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Twenty-Seventh Legislature, State of Hawaii
Second Special Session of 2013

House of Representatives
Committee on Labor and Public Employment
Committee on Finance

Testimony by
Hawaii Government Employees Association
October 28, 2013

**H.B. 2 – MAKING APPROPRIATIONS FOR
COLLECTIVE BARGAINING COST ITEMS**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports H.B. 2 which provides fund authorization and appropriations for bargaining unit 13 for the 2013 – 15 fiscal biennium. As you are aware, during the interim, the Employer and the HGEA, as BU13's exclusive representative, reached agreement on a new contract, which the members overwhelmingly ratified.

Thank you for the opportunity to testify in support of the above legislation.

Respectfully submitted,

Randy Perreira
Executive Director



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Quality Health Care for All"

House Committee on Labor and Public Employment
Representative Mark Nakashima, Chair
Representative Mark J. Hashem, Vice Chair

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Representative Aaron Ling Johanson, Vice Chair

Monday, October 28, 2013
Conference Room 309
1:00 p.m.
Hawaii State Capitol

Testimony Supporting House Bill 2, Making an Appropriation For Collective Bargaining Cost Items

Alice M. Hall
Acting President and Chief Executive Officer
Hawaii Health Systems Corporation

Thank you for the opportunity to testify in support of HB2, with amendments.

The Office of Collective Bargaining has negotiated a settlement with Bargaining Unit 13. As you know, HHSC does not have its own bargaining units and does not have control over these decisions. Approval of the settlements requires an appropriation. HHSC respectfully submits that the intent of that law is to require funding of the agreements and arbitration awards before they take effect.

In this bill, the settlement is not funded as to HHSC employees. Instead, the bill raises the special fund ceiling by \$795,896 for FY 14 and \$2,201,740 for FY 15. (See sections 9 and 11). HHSC does not have the additional patient revenue to cover these new costs. HHSC respectfully submits that merely raising the special fund ceiling does not comply with the requirement that the legislature fund the raises it appropriated.

Until this year, the legislature has funded the first year of raises negotiated by the administration or awarded in arbitrations. This new stance of not funding these increased costs has had a tremendously negative impact on HHSC finances, along with the other challenges of decreased reimbursements from the federal government. The total impact for just these two bargaining units for FY 14 and 15 is over \$9 million. While we support the fact that our dedicated employees deserve fair raises, HHSC does not have the ability to absorb

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these additional costs, which compound year after year.

We respectfully request that this Committee amend HB2 to change sections 9 and 11 to "general fund" instead of "special fund".

Thank you for the opportunity to testify.