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March 31, 2015

TESTIMONY TO THE
HOUSE COMMITTEE ON FINANCE
For Hearing on Wednesday, April 1, 2015
2:00 p.m., Conference Room 308

By

JAMES K. NISHIMOTO
OFFICE OF COLLECTIVE BARGAINING, CHIEF NEGOTIATOR

**Senate Bill Nos. 1076 SD1 HD1; 1077 SD1 HD1; 1078 SD1 HD1; 1079 SD1 HD1;
1080 SD1 HD1; 1081 SD1 HD1; 1082 SD1 HD1; 1083 SD1 HD1; and 1084 SD1 HD1
Making Appropriations for Collective Bargaining Cost Items**

(WRITTEN TESTIMONY ONLY)

CHAIRPERSON LUKE, VICE CHAIR NISHIMOTO AND MEMBERS OF THE HOUSE
COMMITTEE ON FINANCE:

These bills provide fund authorizations and appropriations for collective bargaining cost items for bargaining units (14), (2), (3), (4), (5), (10), (11), (8) and (9) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the respective bargaining unit representatives for fiscal biennium 2015 – 2017.

The Office of Collective Bargaining (OCB) is **IN SUPPORT** of these bills.

OCB is in favor of these bills continuing to proceed through the legislative process to ensure adequate funding of negotiated cost items.

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NOS. 1077, S.D. 1, H.D. 1; 1078, S.D. 1, H.D. 1;
1079, S.D. 1, H.D. 1; 1083, S.D. 1, H.D. 1; AND 1084, S.D. 1, H.D. 1

April 1, 2015

MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS

These measures are vehicle bills to appropriate and authorize funds for collective bargaining cost items for salary adjustments and other cost adjustments for public employees represented by the Hawaii Government Employees' Association and their excluded counterparts for Fiscal Biennium 2015-17.

The Department of Budget and Finance supports moving these administration proposals, or similar ones, as negotiations are currently in progress and vehicle bills will be necessary should an agreement be reached or arbitration award issued prior to the end of the legislative session. The bargaining units addressed in the bills are as follows: Senate Bill No. 1077, S.D. 1, H.D. 1, Bargaining Unit 2; Senate Bill No. 1078, S.D. 1, H.D. 1, Bargaining Unit 3; Senate Bill No. 1079, S.D. 1, H.D. 1, Bargaining Unit 4; Senate Bill No. 1083, S.D. 1, H.D. 1, Bargaining Unit 8; and Senate Bill No. 1084, S.D. 1, H.D. 1, Bargaining Unit 9.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

WRITTEN ONLY TESTIMONY

Submitted to the
House Committee on Finance
April 1, 2015 at 2:00 pm Room 308

by
Kalbert Young
Vice President – Budget & Finance & Chief Financial Officer
University of Hawai'i

SB 1079 SD1 HD1 – MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS

Chair Luke, Vice Chair Nishimoto, and members of the Finance Committee:

Thank you for this opportunity to testify. The University of Hawai'i (UH) supports SB1079 SD1 HD1, Making Appropriations for Collective Bargaining Cost Items. This measure would provide fund authorization and appropriations for collective bargaining cost items on behalf of UH employees represented by unit (4) and their excluded counterparts, pursuant to collective bargaining agreements between the State of Hawai'i and the bargaining unit for fiscal biennium 2015-2017.

Thank you for your time and consideration.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

**The Twenty-Eighth Legislature, State of Hawaii
House of Representatives
Committee on Finance**

**Testimony by
Hawaii Government Employees Association
April 1, 2015**

**S.B. 1076, S.B. 1077, S.B. 1078,
S.B. 1079, S.B. 1083, S.B. 1084 –
MAKING APPROPRIATIONS FOR
COLLECTIVE BARGAINING ITEMS**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports S.B. 1076, S.B. 1077, S.B. 1078, S.B. 1079, S.B. 1083, and S.B. 1084 -- each of which provide a vehicle to implement pending collective bargaining agreements for fiscal biennium 2015 - 2017 for bargaining units 2, 3, 4, 8, 9 and 14.

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

Respectfully submitted,

for Randy Perreira
Executive Director

FIN-Jo

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 31, 2015 11:22 AM
To: FINTestimony
Cc: ecabatu@hhsc.org
Subject: *Submitted testimony for SB1079 on Apr 1, 2015 14:00PM*

SB1079

Submitted on: 3/31/2015

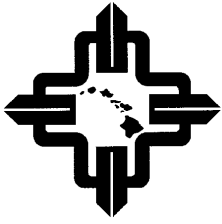
Testimony for FIN on Apr 1, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Elena Cabatu	East Hawaii Region of Hawaii Health Systems Corporation	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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HAWAII HEALTH SYSTEMS
C O R P O R A T I O N
Quality Healthcare For All

LATE

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

April 1, 2015
Conference Room 308
2:00 p.m.
Hawaii State Capitol

**Testimony Supporting Senate Bill 1079, SD1, HD1
Making Appropriations for Collective Bargaining Cost Items.
Provides fund authorizations and appropriations for collective bargaining cost
items for collective bargaining unit (4) and their excluded counterparts, including
the cost of salary adjustments negotiated between the State and the bargaining
unit representative for fiscal biennium 2015-2017.**

Linda Rosen, M.D., M.P.H.
Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in **support of SB 1079, SD1, HD1** that will appropriate funding from the General Fund to provide our over 20 white-collar, supervisory employees with their negotiated or arbitrated wages.

As Hawaii's "safety net" hospitals, HHSC's financial crisis has raised major concerns with residents throughout the state – particularly in the neighbor island communities. The 2009 Stroudwater Report bluntly states "HHSC is in a financially perilous condition." Sadly, since this 5-year old report, our financial condition has only worsened. HHSC began the 2015 fiscal year with only enough cash on-hand to operate for 30 days. For a rural community such as Hilo, the question of how one would receive critical medical care if their only hospital closed in a month due to fiscal deficiencies is distressing.

Added financial pressure was applied with the stress of funding pay increases. HHSC's past efforts to have these raises paid for out of the General Fund have been unsuccessful. Hence, the pay raises had to be paid out from the Special Fund – a fund with a \$48 million shortfall. Consequently, HHSC was forced to absorb this \$48 million in unfunded collective bargaining raises that were negotiated by the previous Administration. While we have managed to reduce the cash flow deficit to roughly \$15

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million, contingency plans for responding to this monetary shortfall were unavoidable. The first round of reduction-in-force cut 33 filled positions, eliminated 109 vacant positions, and resulted in the closure of Maui Memorial's Adolescent Psych Unit.

Moving forward, our financial forecast looks grim. Thus, raising enough revenue to support these pay increases will be extremely challenging – if not impossible. Consequently, if this bill is not passed, HHSC must move forward with more rounds of reductions. Cuts will be deeper, jobs will be lost, and critical medical services may be eliminated in our communities that desperately need them. Therefore, we implore this committee to support the provision of general fund appropriations to HHSC that would fully-fund the cost of the wage increases.

Thank you for the opportunity to testify before this committee. We appreciate the Committee's continued focus on improving healthcare for our island communities.