

HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

Senate Committee on Ways and Means
Senator Jill N. Tokuda, Chair
Senator Donovan M. Dela Cruz, Vice Chair

February 21, 2017
Conference Room 211
10:05 a.m.
Hawaii State Capitol

**Testimony Supporting Senate Bill 924
Relating to Public Employment Cost Items.
To provide appropriations for collective bargaining cost items for Unit (1) and
their excluded counterparts, including the cost of salary adjustments negotiated
between the State and the bargaining unit representative for fiscal biennium 2017-
2019.**

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 S.B. 924** that will appropriate funds for fiscal biennium 2017-2019 for salary costs for public employees in collective bargaining unit 1 and for certain employees excluded from collective bargaining.

HHSC values all of its employees in the public sector unions. However, HHSC's financial condition cannot absorb any further collective bargaining pay increases without a corresponding general fund appropriation to pay for those raises. In HHSC's budget briefing testimony for the fiscal biennium 2017-2019, HHSC noted that \$28 million of HHSC's initial general fund appropriation request is due to pay for the cumulative effect of collective bargaining pay raises for the prior fiscal biennium 2014-2016 which were funded through special fund appropriations. For HHSC, a special fund appropriation only allows the hospitals to spend the cash that they generate on paying these types of raises; however, HHSC's hospitals already are not able to generate sufficient cash to pay for all of its operating expenses. This is why HHSC constantly needs a general fund appropriation of between 15-20% of its operating budget just to end each fiscal year with a minimal level of cash on hand. HHSC needs a **general fund appropriation** to pay for the proposed raises; otherwise, it will need an emergency appropriation to pay for these raises in the upcoming Legislative Session.

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Page 2
Hawaii Health Systems Corporation
Testimony for S.B. 924

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

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 17, 2017 2:45 PM
To: WAM Testimony
Cc: ecabatu@hhsc.org
Subject: *Submitted testimony for SB924 on Feb 21, 2017 10:05AM*

SB924

Submitted on: 2/17/2017

Testimony for WAM on Feb 21, 2017 10:05AM in Conference Room 211

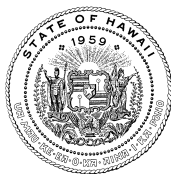
| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---|---------------------------|---------------------------|
| Elena Cabatu | East Hawaii Region of Hawaii Health Systems Corporation | Support | No |

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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DAVID Y. IGE
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DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NOS. 914, 915, 916, 917, 918, 919, 920,
921, 922, 923, 924, 925 AND 926, S.D. 1

February 21, 2017
10:05 a.m.
Room 211

RELATING TO PUBLIC EMPLOYMENT 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 and their excluded counterparts for Fiscal Biennium 2017-19.

The Department of Budget and Finance supports moving these Administration measures, 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 and the bill number for the Administration measure for that bargaining unit are as follows: Senate Bill No. 924, S.D. 1, Bargaining Unit 1; Senate Bill No. 914, S.D. 1, Bargaining Unit 2; Senate Bill No. 915, S.D. 1, Bargaining Unit 3; Senate Bill No. 916, S.D. 1, Bargaining Unit 4; Senate Bill No. 917, S.D. 1, Bargaining Unit 5; Senate Bill No. 918, S.D. 1, Bargaining Unit 6; Senate Bill No. 919, S.D. 1, Bargaining Unit 7; Senate Bill No. 920, S.D. 1, Bargaining Unit 8; Senate Bill No. 921, S.D. 1, Bargaining Unit 9; Senate Bill No. 922, S.D. 1, Bargaining Unit 10; Senate Bill No. 923, S.D. 1, Bargaining Unit 11; Senate Bill No. 925, S.D. 1, Bargaining Unit 13; and Senate Bill No. 926, S.D. 1, Bargaining Unit 14.

Thank you for your consideration of our comments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
Tuesday, February 21, 2017 at 10:05 a.m., Room 211

by
Kalbert K. Young
Vice President for Budget & Finance/Chief Financial Officer
University of Hawai'i System

WRITTEN ONLY

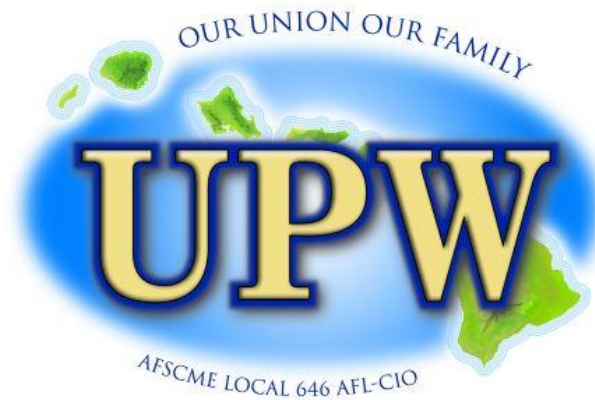
SB 924 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee on Ways and Means:

Thank you for this opportunity to testify. The University of Hawai'i (UH) **supports** SB 924 SD1, Relating to Public Employment Cost Items. This bill appropriates funds for collective bargaining cost items and other public employment costs for Unit (1) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2017-2019.

Government employers in the State are in negotiations with bargaining unit (1) for their new contract to begin July 1, 2017. Once the negotiations and the collective bargaining process concludes this bill may be necessary if additional funding is required.

Thank you for your time and consideration.



THE HAWAII STATE SENATE
The Twenty-Ninth Legislature
Regular Session of 2017

SENATE COMMITTEE ON WAYS AND MEANS (WAM)
The Honorable Senator Jill N. Tokuda, Chair
The Honorable Senator Donovan M. Dela Cruz, Vice Chair

DATE OF HEARING: Tuesday, February 21, 2017
TIME OF HEARING: 10:05a.m.
PLACE OF HEARING: Conference Room 211
State Capitol
415 South Beretania Street

**TESTIMONY ON SENATE BILL 924 SD1: RELATING TO PUBLIC EMPLOYMENT
COST ITEMS.**

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive bargaining representative for approximately 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

SB 924 SD1 provides appropriations for collective bargaining cost items and other public employment costs for Unit (1) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2017-2019.

The UPW strongly supports this measure. Thank you for the opportunity to submit this testimony.