

# SB924, SD1

Relating to Public Employment  
Cost Items

LAB, FIN

# SB924 SD1



Submit Testimony

**Measure Title:** RELATING TO PUBLIC EMPLOYMENT COST ITEMS.  
**Report Title:** Public Employment Cost Items; Unit (1) <sup>(S)</sup>  
**Description:** 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. (SD1)  
**Companion:** [HB1058](#)  
**Package:** Governor  
**Current Referral:** LAB, FIN  
**Introducer(s):** KOUCHI (Introduced by request of another party)

<a href="#">Sort by Date</a>		Status Text
1/25/2017	S	Introduced.
1/25/2017	S	Passed First Reading.
1/25/2017	S	Referred to JDL, WAM.
2/3/2017	S	The committee(s) on JDL has scheduled a public hearing on 02-09-17 9:00AM in conference room 016.
2/9/2017	S	The committee(s) on JDL recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in JDL were as follows: 5 Aye(s): Senator(s) Keith-Agaran, K. Rhoads, Gabbard, Kim, L. Thielen; Aye(s) with reservations: none ; 0 No(es): none; and 0 Excused: none.
2/16/2017	S	Reported from JDL (Stand. Com. Rep. No. 368) with recommendation of passage on Second Reading, as amended (SD 1) and referral to WAM.
2/16/2017	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to WAM.
2/17/2017	S	The committee(s) on WAM has scheduled a public hearing on 02-21-17 10:05AM in conference room 211.
2/21/2017	S	The committee(s) on WAM recommend(s) that the measure be PASSED, UNAMENDED. The votes in WAM were as follows: 6 Aye(s): Senator(s) Dela Cruz, Galuteria, Harimoto, Inouye, K. Kahele, Shimabukuro; Aye(s) with reservations: none ; 0 No(es): none; and 5 Excused: Senator(s) Tokuda, English, Riviere, Taniguchi, Wakai.
3/2/2017	S	Reported from WAM (Stand. Com. Rep. No. 587) with recommendation of passage on Third Reading.
3/2/2017	S	One Day Notice 03-03-17.
3/3/2017	S	Report adopted; Passed Third Reading. Ayes, 24; Aye(s) with reservations: none . Noes, 0 (none). Excused, 1 (Senator(s) Gabbard). Transmitted to House.
3/3/2017	H	Received from Senate (Sen. Com. No. 57) in amended form (SD 1).
3/7/2017	H	Pass First Reading
3/7/2017	H	Referred to LAB, FIN, referral sheet 26
3/10/2017	H	Bill scheduled to be heard by LAB on Tuesday, 03-14-17 9:00AM in House conference room 309.

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# A BILL FOR AN ACT

RELATING TO PUBLIC EMPLOYMENT COST ITEMS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 PART I

2 SECTION 1. There are appropriated or authorized from the  
3 sources of funding indicated below to collective bargaining  
4 statewide (BUF 102) the following sums or so much thereof as may  
5 be necessary to fund for fiscal biennium 2017-2019 all  
6 collective bargaining cost items in the agreement negotiated  
7 with the exclusive representative of collective bargaining unit  
8 (1):

	<u>FY 2017-2018</u>	<u>FY 2018-2019</u>
9		
10 General Funds	-0-	-0-
11 Special Funds	-0-	-0-
12 Federal Funds	-0-	-0-
13 Other Funds	-0-	-0-

14 Of the above amounts, the following amounts are for the  
15 department of education:

	<u>FY 2017-2018</u>	<u>FY 2018-2019</u>
16		
17 General Funds	-0-	-0-
18 Special Funds	-0-	-0-



1	Federal Funds	-0-	-0-
2	Other Funds	-0-	-0-

3 SECTION 2. Funds appropriated or authorized by this part  
 4 shall be allotted by the director of finance to the appropriate  
 5 state departments for expenditure in the respective fiscal year  
 6 for the purposes of this part.

7 PART II

8 SECTION 3. There are appropriated or authorized from the  
 9 sources of funding indicated below to administration (JUD 601)  
 10 the following sums or so much thereof as may be necessary to  
 11 fund for fiscal biennium 2017-2019 all collective bargaining  
 12 cost items in the agreement negotiated with the exclusive  
 13 representative of collective bargaining unit (1):

14		<u>FY 2017-2018</u>	<u>FY 2018-2019</u>
15	General Funds	-0-	-0-
16	Special Funds	-0-	-0-
17	Federal Funds	-0-	-0-
18	Other Funds	-0-	-0-

19 SECTION 4. Funds appropriated or authorized by this part  
 20 shall be expended by the chief justice in the respective fiscal  
 21 year for the purposes of this part.



1 PART III

2 SECTION 5. There are appropriated or authorized from the  
3 sources of funding indicated below to collective bargaining  
4 statewide (BUF 102) the following sums or so much thereof as may  
5 be necessary to fund for fiscal biennium 2017-2019 the salary  
6 increases and other cost adjustments authorized by chapter 89C,  
7 Hawaii Revised Statutes, for state officers and employees who  
8 are excluded from collective bargaining and belong to the same  
9 compensation plans as those officers and employees within  
10 bargaining unit (1):

	<u>FY 2017-2018</u>	<u>FY 2018-2019</u>
11 General Funds	-0-	-0-
12 Special Funds	-0-	-0-
13 Federal Funds	-0-	-0-
14 Other Funds	-0-	-0-

15  
16 Of the above amounts, the following amounts are for the  
17 department of education:

	<u>FY 2017-2018</u>	<u>FY 2018-2019</u>
18 General Funds	-0-	-0-
19 Special Funds	-0-	-0-
20 Federal Funds	-0-	-0-



1 Other Funds -0- -0-

2 SECTION 6. Funds appropriated or authorized by this part  
3 shall be allotted by the director of finance to the appropriate  
4 state departments for expenditure in the respective fiscal year  
5 for the purposes of this part.

6 PART IV

7 SECTION 7. There are appropriated or authorized from the  
8 sources of funding indicated below to administration (JUD 601)  
9 the following sums or so much thereof as may be necessary to  
10 fund for fiscal biennium 2017-2019 the salary increases and  
11 other cost adjustments authorized by chapter 89C, Hawaii Revised  
12 Statutes, by the chief justice for state officers and employees  
13 who are excluded from collective bargaining and belong to the  
14 same compensation plans as those officers and employees within  
15 bargaining unit (1):

	<u>FY 2017-2018</u>	<u>FY 2018-2019</u>
16		
17 General Funds	-0-	-0-
18 Special Funds	-0-	-0-
19 Federal Funds	-0-	-0-
20 Other Funds	-0-	-0-



1 SECTION 8. Funds appropriated or authorized by this part  
2 shall be expended by the chief justice in the respective fiscal  
3 year for the purposes of this part.

4 PART V

5 SECTION 9. There are authorized from the source of funding  
6 indicated below to Hawaii health systems corporation - corporate  
7 office (HTH 210) the following sums or so much thereof as may be  
8 necessary to fund for fiscal biennium 2017-2019 the collective  
9 bargaining cost items in the agreement negotiated with the  
10 exclusive representative of collective bargaining unit (1) who  
11 are assigned to the Hawaii health systems corporation:

	<u>FY 2017-2018</u>	<u>FY 2018-2019</u>
12 Special Funds	-0-	-0-

14 SECTION 10. Funds authorized by this part shall be  
15 allotted by the director of finance to the Hawaii health systems  
16 corporation for expenditure in the respective fiscal year for  
17 the purposes of this part.

18 PART VI

19 SECTION 11. There are authorized from the source of  
20 funding indicated below to Hawaii health systems corporation -  
21 corporate office (HTH 210) the following sums or so much thereof



1 as may be necessary to fund for fiscal biennium 2017-2019 the  
 2 salary increases and other adjustments authorized by chapter  
 3 89C, Hawaii Revised Statutes, for state officers and employees  
 4 who are excluded from collective bargaining, assigned to the  
 5 Hawaii health systems corporation, and belong to the same  
 6 compensation plans as those officers and employees within  
 7 bargaining unit (1):

	<u>FY 2017-2018</u>	<u>FY 2018-2019</u>
9 Special Funds	-0-	-0-

10 SECTION 12. Funds authorized by this part shall be  
 11 allotted by the director of finance to the Hawaii health systems  
 12 corporation for expenditure in the respective fiscal year for  
 13 the purposes of this part.

14 PART VII

15 SECTION 13. Salary increases and cost adjustments provided  
 16 in this Act for any officer or employee whose compensation is  
 17 paid, in whole or in part, from federal, special, or other funds  
 18 shall be paid wholly or proportionately, as the case may be,  
 19 from the respective funds.

20 SECTION 14. Funds appropriated or authorized by this Act  
 21 that are not expended or encumbered by June 30, 2018, and June





1 30, 2019, of the respective fiscal years, shall lapse as of  
2 those dates.

3 SECTION 15. This Act shall take effect on July 1, 2017.

4



**Report Title:**

Public Employment Cost Items; Unit (1)

**Description:**

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.  
(SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*



DAVID Y. IGE  
GOVERNOR



WESLEY K. MACHIDA  
DIRECTOR

LAUREL A. JOHNSTON  
DEPUTY DIRECTOR

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

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

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 HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
SENATE BILL NOS. 914, 915, 916, 917, 918, 919, 920,  
921, 922, 923, 924, 925 AND 926, S.D. 1

**March 14, 2017**  
**9:00 a.m.**  
**Room 309**

**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

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Testimony Presented Before the  
House Committee on Labor & Public Employment  
Tuesday, March 14, 2017 at 9:00 a.m., Room 309

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

### WRITTEN ONLY

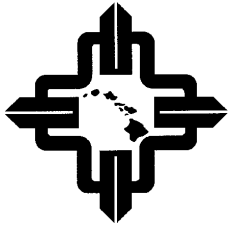
#### SB 924 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Johanson, Vice Chair Holt, and members of the Committee on Labor & Public Employment:

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.



## **HAWAII HEALTH SYSTEMS**

C O R P O R A T I O N

*Quality Healthcare For All*

### **House Committee on Labor and Public Employment**

**Rep. Aaron Ling Johanson, Chair**

**Rep. Daniel Holt, Vice Chair**

March 14, 2017  
Conference Room 309  
9:00 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

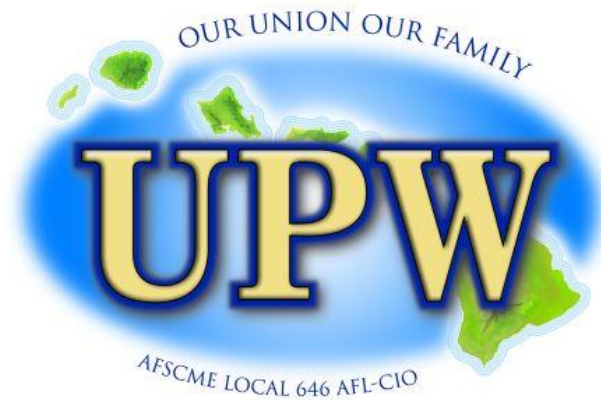
On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in **support of S.B. 924** that will appropriate funds for fiscal biennium 2017-2019 for salary costs for public employees in collective bargaining unit 1 and for 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.

3675 KILAUEA AVENUE • HONOLULU, HAWAII 96816 • PHONE: (808) 733-4020 • FAX: (808) 733-4028

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.



**THE HAWAII STATE HOUSE OF REPRESENTATIVES**

The Twenty-Ninth Legislature  
Regular Session of 2017

**COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT**

Representative Aaron Ling Johanson, Chair  
Representative Daniel Holt, Vice Chair

DATE OF HEARING: March 14, 2017  
TIME OF HEARING: 9:00 a.m.  
PLACE OF HEARING: State Capitol, Room 309  
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 makes appropriations for BU-01 collective bargaining cost items for fiscal biennium 2017-2019 and their excluded counterparts, including the cost salary adjustments negotiated between the State and bargaining unit representative. The UPW strongly supports this appropriations measure and asks that the committee pass it.

Thank you for the opportunity to submit this testimony.





**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, March 10, 2017 3:28 PM  
**To:** LABtestimony  
**Cc:** ecabatu@hhsc.org  
**Subject:** Submitted testimony for SB924 on Mar 14, 2017 09:00AM

**SB924**

Submitted on: 3/10/2017

Testimony for LAB on Mar 14, 2017 09:00AM in Conference Room 309

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

Comments: Please accept our support on behalf of the East Hawaii Region of Hawaii Health Systems Corporation.

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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# SB924, SD1

## Late Testimony