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HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

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

**TESTIMONY BY RODERICK K. BECKER**  
**DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE**  
**TO THE HOUSE COMMITTEE ON FINANCE**  
**ON**

**SENATE BILL NOS. 1192, S.D. 2, H.D. 1, 1193, S.D. 2, H.D. 1, 1194, S.D. 2, H.D. 1,**  
**1196, S.D. 2, H.D. 1, 1198, S.D. 2, H.D. 1, 1199, S.D. 2, H.D. 1, 1202, S.D. 2, H.D. 1,**  
**AND 1203, S.D. 2, H.D. 1**

**March 27, 2019**  
**2:00 p.m.**  
**Room 308**

**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 2019-21.

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. 1192, S.D. 2, H.D. 1, Bargaining Unit 2; Senate Bill No. 1193, S.D. 2, H.D. 1, Bargaining Unit 3; Senate Bill No. 1194, S.D. 2, H.D. 1, Bargaining Unit 4; Senate Bill No. 1196, S.D. 2, H.D. 1, Bargaining Unit 6; Senate Bill No. 1198, S.D. 2, H.D. 1, Bargaining Unit 8; Senate Bill No. 1199, S.D. 2, H.D. 1, Bargaining Unit 9; Senate Bill No. 1202, S.D. 2, H.D. 1, Bargaining Unit 13; and Senate Bill No. 1203, S.D. 2, H.D. 1, Bargaining Unit 14.

It should be noted that this hearing agenda includes only bills for the Hawaii Government Employees Association, but all units could potentially have collective bargaining cost items requiring appropriations.

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 Finance  
March 27, 2019 at 2:00 p.m.

by

Kalbert K. Young

Vice President for Budget and Finance/Chief Financial Officer  
University of Hawai'i System

SB 1199 SD2 HD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Luke, Vice Chair Cullen, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** SB 1199 SD2 HD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit (9) and their excluded counterparts for fiscal biennium 2019-2021.

Government employers in the State are in negotiations with bargaining unit (9). Once negotiations and the collective bargaining process have concluded, this bill may be necessary if additional funding is required.

Thank you for this opportunity to testify.



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

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

The Thirtieth Legislature, State of Hawaii  
House of Representatives  
Committee on Finance

Testimony by  
Hawaii Government Employees Association

March 27, 2019

S.B. 1192, S.B. 1193, S.B. 1194, S.B. 1196, S.B. 1198, S.B. 1199, S.B. 1202,  
S.B. 1203 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of the H.D. 1 versions of S.B. 1192, S.B. 1193, S.B. 1194, S.B. 1196, S.B. 1198, S.B. 1199, S.B. 1202, S.B. 1203, each of which provides a funding vehicle to implement pending collective bargaining agreements for Bargaining Units 02, 03, 04, 06, 08, 09, 13, and 14, respectively.

Thank you for the opportunity to testify in strong support of the aforementioned bills.

Respectfully submitted,

Randy Perreira  
Executive Director



## **HAWAII HEALTH SYSTEMS**

C O R P O R A T I O N

*Quality Healthcare For All*

**House Committee on Finance**  
**Rep. Sylvia Luke, Chair**  
**Rep. Ty J.K. Cullen, Vice Chair**

March 27, 2019  
Conference Room 308  
2:00 p.m.  
Hawaii State Capitol

**Testimony Supporting Senate Bill 1199, SD 2, HD 1  
Making Appropriations for Collective Bargaining Cost Items.  
Appropriates funds for fiscal biennium 2019-2021 for salary costs for public  
employees in collective bargaining unit (9) and for certain employees excluded  
from collective bargaining.**

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 1199, SD 2, HD 1** that will appropriate funds for fiscal biennium 2019-2021 for salary costs for public employees in collective bargaining unit 9 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 2019-2021, HHSC noted that out of HHSC's initial general fund appropriation request of \$36,907,000 for fiscal year 2020 and \$39,411,000 for fiscal year 2021, **over 80%** of HHSC's request relates to collective bargaining pay raises. The largest part of the request of \$24,080,000 each year is to pay for the cumulative effect of collective bargaining pay raises for the prior fiscal biennium 2017-2019 which were funded through special fund appropriations. In addition, HHSC's initial request includes \$7,099,000 and \$8,392,000 for fiscal years 2020 and 2021, respectively, for known UPW raises that the State of Hawaii negotiated and bound HHSC to under a four-year agreement during the 2017 Legislative Session. 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

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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.

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