



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 Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

February 13, 2019
Conference Room 211
10:00 a.m.
Hawaii State Capitol

Testimony Supporting Senate Bill 1202, S.D. 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 (13) 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 S.B. 1202, S.D. 1** that will appropriate funds for fiscal biennium 2019-2021 for salary costs for public employees in collective bargaining unit 13 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.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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LATE

The Thirtieth Legislature, State of Hawaii
The Senate
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association

February 13, 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 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,

for Randy Perreira
Executive Director