



THE SENATE
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2021

COMMITTEE ON LABOR, CULTURE AND THE ARTS

Senator Brian Taniguchi, Chair
Senator Les Ihara, Jr., Vice Chair

Monday, March 15, 2021, 3:00 PM
Conference Room 225 and Videoconference

Re: Testimony in Support of HB325 HD1 - RELATING TO PUBLIC EMPLOYMENT COST ITEMS.

Chair Taniguchi, Vice Chair Ihara, and Members of the Committee on Labor, Culture and the Arts:

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

UPW **strongly supports** HB325 HD1 which provides appropriations for collective bargaining cost items and other public employment costs to implement pending collective bargaining agreements for Bargaining Unit 1 for the fiscal biennium 2021-2023.

Thank you for the opportunity to submit this testimony.

UNITED PUBLIC WORKERS
AFSCME Local 646, AFL-CIO



DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
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**

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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 CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON LABOR, CULTURE AND THE ARTS
ON
HOUSE BILL NOS. 325, H.D. 1; 326, H.D. 1; 712, H.D. 1; 713, H.D. 1; 714, H.D. 1;
715, H.D. 1; 716, H.D. 1; 919, H.D. 1; 921, H.D. 1; 925, H.D. 1; 1125, H.D. 1;
1126, H.D. 1; AND 1127, H.D. 1

**March 15, 2021
3:00 p.m.
Room 225 and Videoconference**

RELATING TO PUBLIC EMPLOYMENT COST ITEMS

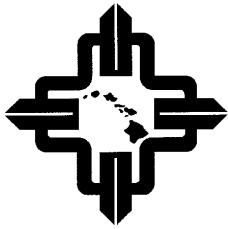
The Department of Budget and Finance supports moving these measures, or similar ones, as negotiations are currently in progress and vehicle bills may be necessary if an agreement is reached or arbitration award is issued requiring an appropriation prior to the end of the legislative session.

These measures appropriate and authorize appropriations for collective bargaining cost items for salary adjustments and other cost adjustments for Fiscal Biennium 2021-23.

The bargaining units (BU) addressed in the bills and the bill number for the Administration measure for that BU are as follows: House Bill (H.B.) No. 325, H.D. 1 (H.B. No. 915), BU 1; H.B. No. 712, H.D. 1 (H.B. No. 916), BU 2; H.B. No. 713, H.D. 1 (H.B. No. 917), BU 3; H.B. No. 714, H.D. 1 (H.B. No. 918), BU 4; H.B. No. 919, H.D. 1 (H.B. No. 919), BU 5; H.B. No. 715, H.D. 1 (H.B. No. 920), BU 6; H.B. No. 921, H.D. 1 (H.B. No. 921), BU 7; H.B. No. 716, H.D. 1 (H.B. No. 922), BU 8; H.B. No. 1125, H.D. 1

(H.B. No. 923), BU 9; H.B. No. 326, H.D. 1 (H.B. No 924), BU 10; H.B. No. 925, H.D. 1 (H.B. No. 925), BU 11; H.B. No. 1126, H.D. 1 (H.B. No. 926), BU 13; and H.B. No. 1127, H.D. 1 (H.B. No. 927), BU 14.

Thank you for your consideration of our comments.



HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

Quality Healthcare For All

Senate Committee on Labor, Culture, and the Arts

March 15, 2021

3:00 p.m.

Via videoconference

Hawaii State Capitol

Testimony Supporting House Bill 325, HD1

Provides appropriations for collective bargaining cost items for the members of bargaining unit (1) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2021-2023. Effective 12/25/2040. (HD1)

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 H.B. 325, HD1**.

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. This has been exacerbated by the impact of the Coronavirus pandemic starting in mid-March 2020, which has resulted in projected lost revenue of \$63,810,000 for FY 2022 and \$63,826,000 for FY 2023.

The cumulative impact of the collective bargaining pay raises (including fringe benefits) that is included in HHSC's expense base is approximately \$24,080,000. In addition, further pay raises negotiated during the 2019 and 2020 Legislative Sessions, that are included in HHSC's expense base is \$30,608,000. This brings the total unfunded amount of collective bargaining raises included in HHSC's expense base to \$54,688,000. For HHSC, a special fund appropriation only allows the hospitals to spend the cash that they generate on paying these types of raises; however, even before the Coronavirus pandemic, HHSC's hospitals were already 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 current 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.

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UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Labor, Culture and the Arts
March 15, 2021 at 3:00 p.m.

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

HB 325 HD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Taniguchi, Vice Chair Ihara, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** HB 325 HD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for members of Unit (1) and their excluded counterparts for fiscal biennium 2021-2023.

Although an agreement between the employer and the employees has not yet been reached, this bill serves as a vehicle should such an agreement occur.

Thank you for this opportunity to testify.