



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Ways and Means  
February 26, 2021 at 9:30 a.m.

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

SB 1070 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** SB 1070 SD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for members of Unit (2) 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.

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**  
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 CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON

SENATE BILL NOS. 1069, S.D. 1; 1070, S.D. 1; 1071, S.D. 1; 1072, S.D. 1;  
1073, S.D. 1; 1074, S.D. 1; 1075, S.D. 1; 1076, S.D. 1; 1077, S.D. 1; 1078, S.D. 1;  
1079, S.D. 1; 1080, S.D. 1; AND 1081, S.D. 1

**February 26, 2021**  
**9:30 a.m.**  
**Room 211 and Videoconference**

RELATING TO PUBLIC EMPLOYMENT COST ITEMS

The Department of Budget and Finance supports moving these Administration 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 addressed in the bills are as follows: Senate Bill No. 1069, S.D. 1, Bargaining Unit 1; Senate Bill No. 1070, S.D. 1, Bargaining Unit 2; Senate Bill No. 1071, S.D. 1, Bargaining Unit 3; Senate Bill No. 1072, S.D. 1, Bargaining Unit 4; Senate Bill No. 1073, S.D. 1, Bargaining Unit 5; Senate Bill No. 1074, S.D. 1, Bargaining Unit 6; Senate Bill No. 1075, S.D. 1, Bargaining Unit 7; Senate Bill No. 1076, S.D. 1, Bargaining Unit 8; Senate Bill No. 1077, S.D. 1, Bargaining Unit 9; Senate Bill

No. 1078, S.D. 1, Bargaining Unit 10; Senate Bill No. 1079, S.D. 1, Bargaining Unit 11;  
Senate Bill No. 1080, S.D. 1, Bargaining Unit 13; and Senate Bill No. 1081, S.D. 1,  
Bargaining Unit 14.

Thank you for your consideration of our comments.



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

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

The Thirty-First Legislature, State of Hawaii  
The Senate  
Committee on Ways and Means

Testimony by  
Hawaii Government Employees Association

February 26, 2021

S.B. 1070, S.B. 1071, S.B. 1072, S.B. 1074,  
S.B. 1076, S.B. 1077, S.B. 1080, S.B. 1081 –  
RELATING TO PUBLIC EMPLOYMENT COST  
ITEMS

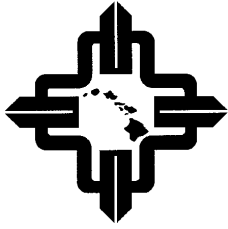
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 1070, S.B. 1071, S.B. 1072, S.B. 1074, S.B. 1076, S.B. 1077, S.B. 1080, and S.B. 1081, each of which provides a funding vehicle to implement collective bargaining agreements for Bargaining Units 02, 03, 04, 06, 08, 09, 13, and 14, respectively, beginning on July 1, 2021.

Although we have begun the negotiations process with the Employer, no agreements have been reached, therefore all the aforementioned bills contain no appropriations at this time. We respectfully request the Committee to pass these vehicle bills in case we are able to settle our contracts prior to adjournment.

Thank you for the opportunity to support the above referenced measures.

Respectfully submitted,

Randy Perreira  
Executive Director



## **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 26, 2021  
Conference Room 211  
9:30 a.m.  
Via videoconference  
Hawaii State Capitol

**Testimony Supporting Senate Bill 1070, SD1**  
**Making Appropriations for Collective Bargaining Cost Items.**  
**Appropriates funds for fiscal biennium 2021-2023 for salary costs for public employees in collective bargaining unit (2) and their excluded counterparts.**

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. 1070, SD1.**

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

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

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.