

**HOUSE OF REPRESENTATIVES
THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2023**

Committee on Labor & Government Operations

Rep. Scot Z. Matayoshi, Chair
Rep. Andrew Takuya Garret, Vice Chair

Thursday, February 9, 2023, 9:30 AM
Conference Room 309 and via Videoconference

Re: Testimony in SUPPORT of HB1138 – RELATING TO EMPLOYEES OF HAWAII HEALTH SYSTEMS CORPORATION

Chair Matayoshi, Vice Chair Garrett, and Members of the Committee:

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 **supports** HB1138, which requires the Legislature to appropriate moneys to fund pay raises for public employees of the Hawaii Health Systems Corporation (“HHSC”) provided that the pay raises are agreed to through a collective bargaining or arbitration process.

UPW members who are employed by HHSC were subjected to the most severe working conditions during the COVID-19 pandemic due to their continued exposure to the virus. Despite being entitled to **Temporary Hazard Pay** pursuant to the provisions of current and past collective bargaining agreements, the Employer has still not offered to negotiate a settlement with the Union. We believe the appropriation proposed in this measure could help to partially remedy this obligation to these public employees by funding pay raises.

Thank you for this opportunity to testify.

Sincerely,

Kalani Werner
State Director



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Quality Healthcare For All"

COMMITTEE ON LABOR & GOVERNMENT OPERATIONS

Representative Scot Matayoshi, Chair

Representative Andrew Takuya Garrett, Vice Chair

February 9, 2023

9:30am

Hawaii State Capitol

Via Videoconference

Room 309

Testimony In Strong Support of H.B. 1138

RELATING TO EMPLOYEES OF HAWAII HEALTH SYSTEMS CORPORATION

Requires the Legislature to appropriate moneys to fund pay raises for public employees of the Hawai'i Health Systems Corporation; provided that the pay raises are agreed to through a collective bargaining or arbitration process.

Linda Rosen, M.D., M.P.H.

President & Chief Executive Officer

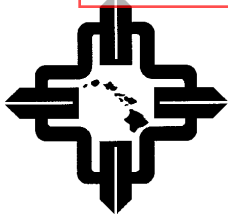
Hawai'i Health Systems Corporation

On behalf of the Hawai'i Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony **in strong support of and providing comments with a request for an amendment on H.B. 1138** that requires the Legislature to appropriate moneys to fund pay raises for public employees of the Hawai'i Health Systems Corporation; provided that the pay raises are agreed to through a collective bargaining or arbitration process.

HHSC is bound by the public sector union collective bargaining pay increases that are negotiated by the State of Hawaii and arbitration awards. This is because HHSC only has one vote as a jurisdiction while the State of Hawai'i administration holds the majority of the votes. Given that salaries and benefits expenses comprise approximately 80% of HHSC's total operating expenses, collective bargaining pay raises represent a significant cost burden that HHSC's facilities simply cannot absorb. As an example, the impact of collective bargaining pay increases were over \$24 million for fiscal years 2018-2019, over \$30 million for fiscal years 2020-2021, and over \$15 million in fiscal years 2022-2023, all of which have been appropriated to HHSC via special fund appropriations. This means that HHSC is not provided any additional specific funding to pay for these raises. For fiscal year 2024-2025, the estimated cost of collective bargaining pay raises is estimated to be almost \$12.7 million in fiscal year 2024.

As such, we respectfully request that this measure be amended to specify that **general fund appropriations** be provided to HHSC to pay for these costs. As mentioned above, special fund appropriations do not represent an additional funding source to HHSC to pay for these raises.

Thank you for the opportunity to testify before this committee on this measure.



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