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CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
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)

**TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON LABOR, CULTURE AND THE ARTS  
ON  
HOUSE BILL NO. 2091, H.D. 2**

**March 14, 2022  
3:00 p.m.  
Room 225 and Videoconference**

**RELATING TO PUBLIC EMPLOYMENT COST ITEMS**

The Department of Budget and Finance supports moving this Administration proposal or a similar one. An agreement has been reached with Hawai'i Government Employees Association Bargaining Unit 1 (Blue Collar Workers). Notification of ratification of the agreement was received on February 14, 2022.

This bill contains the necessary amounts to appropriate and authorize the appropriations for collective bargaining cost items for salary adjustments and other cost adjustments for Fiscal Biennium 2021-23 for that agreement.

Thank you for your consideration of our comments.



THE SENATE  
THE THIRTY-FIRST LEGISLATURE  
REGULAR SESSION OF 2022

**Committee Labor, Culture, and the Arts**

Senator Brian T. Taniguchi, Chair

Senator Les Ihara, Jr., Vice Chair

Monday, March 14, 2022, 3:00PM  
Conference Room 225 and Videoconference

**Re: Testimony in Support of HB2091, HD2 - RELATING TO PUBLIC EMPLOYMENT COST ITEMS**

Chair Taniguchi, Vice Chair Ihara, 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 **strongly supports** HB2091, HD2, which appropriates and authorizes funds for collective bargaining cost items for the members of 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.

On February 11, 2022, our Unit 1 members ratified a four-year contract with a duration from July 1, 2021 through June 30, 2025. While the bill includes the current cost items and estimates, we respectfully defer to the Employer if any other amendments are necessary to this bill.

Thank you for the opportunity to provide testimony in support of the legislative appropriations vehicle for our Bargaining Unit 1 members.

Sincerely,

Kalani Werner  
State Director

**UNITED PUBLIC WORKERS**  
**AFSCME Local 646, AFL-CIO**





**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**

**Senator Brian T. Taniguchi, Chair**

**Senator Les Ihara, Jr., Vice Chair**

March 14, 2022  
Conference Room 225  
3:00 p.m.  
Via videoconference  
Hawaii State Capitol

**Testimony Supporting House Bill 2091, HD2  
Making Appropriations for Collective Bargaining Cost Items.  
Appropriates funds for fiscal biennium 2021-2023 for salary costs for public  
employees in collective bargaining unit (1) and their excluded counterparts.**

Linda Rosen, M.D., M.P.H.  
President and 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. 2091, HD2** that will appropriate funds for fiscal biennium 2021-2023 for salary costs for public employees in collective bargaining unit 1 and their excluded counterparts.

HHSC values all of its employees in the public sector unions. However, HHSC's financial condition cannot absorb collective bargaining pay increases without a corresponding general fund appropriation to pay for those raises.

Since fiscal year 2018, the cumulative impact of the collective bargaining pay raises (including fringe benefits) that is included in HHSC's expense base is approximately \$54,688,000, which the State has funded through special fund ("B" fund) appropriations. For HHSC, a special fund appropriation only allows the hospitals to spend the cash that they generate on paying these types of raises. 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 to 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

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Testimony Presented Before the  
Senate Committee on Labor, Culture and the Arts  
March 14, 2022 at 3:00 p.m.

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

HB 2091 HD2 – 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 2091 HD2, 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.

Thank you for this opportunity to testify.