

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

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 HOUSE COMMITTEE ON FINANCE**  
**ON**  
**HOUSE BILL NOS. 2091, H.D. 1; 2092, H.D. 1; 2093, H.D. 1; 2094, H.D. 1; 2095,**  
**H.D. 1; 2096, H.D. 1; 2098, H.D. 1; 2100, H.D. 1; AND 2101, H.D. 1**

**February 23, 2022**  
**2:00 p.m.**  
**Room 308 and Videoconference**

**RELATING TO PUBLIC EMPLOYMENT COST ITEMS**

The Department of Budget and Finance supports moving these Administration proposals, or similar bills, as re-opener 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 are as follows: House Bill (H.B.) No. 2091, H.D. 1, BU 1; H.B. No. 2092, H.D. 1, BU 2; H.B. No. 2093, H.D. 1, BU 3; H.B. No. 2094, H.D. 1, BU 4; H.B. No. 2095, H.D. 1, BU 6; H.B. No. 2096, H.D. 1, BU 8; H.B. No. 2098, H.D. 1, BU 10; H.B. No. 2100, H.D. 1, BU 13; and H.B. No. 2101, H.D. 1, BU 14.

Thank you for your consideration of our comments.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Finance  
February 23, 2022 at 2:00 p.m.

by

Kalbert K. Young

Vice President for Budget and Finance/Chief Financial Officer  
University of Hawai'i System

HB 2098 HD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Luke, Vice Chair Yamashita, and members of the committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** HB 2098 HD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for members of Unit (10) and their excluded counterparts for fiscal biennium 2021-2023.

Thank you for this opportunity to testify.



HOUSE OF REPRESENTATIVES  
THE THIRTY-FIRST LEGISLATURE  
REGULAR SESSION OF 2022

**Committee on Finance**  
Representative Sylvia Luke, Chair  
Representative Kyle T. Yamashita, Vice Chair

Wednesday, February 23, 2022, 2:00PM  
Conference Room 308 and Videoconference

**Re: Testimony in Support of HB2098, HD1 - RELATING TO PUBLIC EMPLOYMENT COST ITEMS**

Chair Luke, Vice Chair Yamashita, and Members of the Committee:

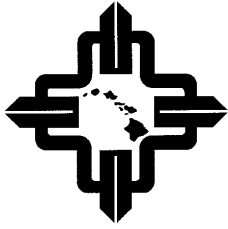
The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in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

UPW **strongly supports** HB2098, HD1, which appropriates and authorizes funds for collective bargaining cost items for the members of Unit (10) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2021-2023.

While negotiations remain ongoing between the Union and the Employer, we appreciate the opportunity to provide testimony in support of the legislative vehicle for our Bargaining Unit 10 members.

Sincerely,

Liz Ho  
Administrator



## **HAWAII HEALTH SYSTEMS**

C O R P O R A T I O N

*Quality Healthcare For All*

**House Committee on Finance**  
**Rep. Sylvia Luke, Chair**  
**Rep. Kyle T. Yamashita, Vice Chair**

February 23, 2022

2:00 p.m.

Via videoconference

Hawaii State Capitol

**Testimony Supporting House Bill 2098, HD1**

Provides appropriations for collective bargaining cost items for the members of bargaining unit (10) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal year 2022-2023. Effective 12/25/2040. (HD1)

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. 2098, HD1** that will appropriate funds for fiscal year 2022-2023 for salary costs for public employees in collective bargaining unit 10 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.

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