



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

April 5, 2022
Conference Room 211
10:15 a.m.
Via videoconference
Hawaii State Capitol

**Testimony Supporting House Bill 2098, HD1, SD1
Making Appropriations for Collective Bargaining Cost Items.
Appropriates funds for fiscal year 2022-2023 for salary costs for public
employees in collective bargaining unit (10) 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. 2098, HD1, SD1** 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.

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DAVID Y. IGE
GOVERNOR



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 WAYS AND MEANS
ON
HOUSE BILL NO. 2098, H.D. 1, S.D. 1**

**April 5, 2022
10:15 a.m.
Room 211 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 United Public Workers Bargaining Unit 10 (Institutional Workers). Notification of ratification of the agreement was received on March 31, 2022.

The attached proposed Senate Draft 2 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.

Attachment

A BILL FOR AN ACT

RELATING TO PUBLIC EMPLOYMENT COST ITEMS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. There are appropriated from the sources of
3 funding indicated below to collective bargaining statewide
4 (BUF 102) the following sums or so much thereof as may be
5 necessary to fund for fiscal biennium 2021-2023 all collective
6 bargaining cost items in the agreement negotiated with the
7 exclusive representative of collective bargaining unit (10):

8	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
9 General funds	\$1,874,493	\$3,723,372
10 Federal funds	\$24,472	\$33,641
11 Other federal funds	\$10,409	\$12,757

12 Of the above amounts, the following amounts are for the
13 department of education:

14	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
15 General funds	\$30,000	\$39,096
16 Federal funds	\$1,077	\$4,197

17 SECTION 2. Funds appropriated by this part shall be
18 allotted by the director of finance to the appropriate state

1 departments for expenditure in the respective fiscal year for
2 the purposes of this part.

3 PART II

4 SECTION 3. There is appropriated from the source of
5 funding indicated below to administration (JUD 601) the
6 following sums or so much thereof as may be necessary to fund
7 for fiscal biennium 2021-2023 all collective bargaining cost
8 items in the agreement negotiated with the exclusive
9 representative of collective bargaining unit (10):

	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
11 General funds	\$49,000	\$85,573

12 SECTION 4. Funds appropriated by this part shall be
13 expended by the chief justice in the respective fiscal year for
14 the purposes of this part.

15 PART III

16 SECTION 5. There is appropriated from the source of
17 funding indicated below to collective bargaining statewide
18 (BUF 102) the following sums or so much thereof as may be
19 necessary to fund for fiscal biennium 2021-2023 the salary
20 increases and other cost adjustments authorized by chapter 89C,
21 Hawaii Revised Statutes, for state officers and employees who
22 are excluded from collective bargaining and belong to the same

1 compensation plans as those officers and employees within
2 bargaining unit (10):

	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
4 General funds	\$49,000	\$85,573

5 SECTION 6. Funds appropriated by this part shall be
6 allotted by the director of finance to the appropriate state
7 departments for expenditure in the respective fiscal year for
8 the purposes of this part.

9 PART IV

10 SECTION 7. There is appropriated from the source of
11 funding indicated below to administration (JUD 601) the
12 following sums or so much thereof as may be necessary to fund
13 for fiscal biennium 2021-2023 the salary increases and other
14 cost adjustments authorized by chapter 89C, Hawaii Revised
15 Statutes, for state officers and employees who are excluded from
16 collective bargaining and belong to the same compensation plans
17 as those officers and employees within bargaining unit (10):

	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
19 General funds	\$2,000	\$3,288

20 SECTION 8. Funds appropriated by this part shall be
21 expended by the chief justice in the respective fiscal year for
22 the purposes of this part.

1 PART V

2 SECTION 9. There is appropriated from the source of
3 funding indicated below to Hawaii health systems
4 corporation - corporate office (HTH 210) the following sums or
5 so much thereof as may be necessary to fund for fiscal
6 biennium 2021-2023 the collective bargaining cost items in the
7 agreement negotiated with the exclusive representative of
8 collective bargaining unit (10) who is assigned to the Hawaii
9 health systems corporation:

	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
10 Special funds	\$738,505	\$1,311,719

12 SECTION 10. Funds appropriated by this part shall be
13 allotted by the director of finance to the Hawaii health systems
14 corporation for expenditure in the respective fiscal year for
15 the purposes of this part.

16 PART VI

17 SECTION 11. There is appropriated from the source of
18 funding indicated below to Hawaii health systems
19 corporation - corporate office (HTH 210) the following sums or
20 so much thereof as may be necessary to fund for fiscal
21 biennium 2021-2023 the salary increases and other adjustments
22 authorized by chapter 89C, Hawaii Revised Statutes, for state

1 officers and employees who are excluded from collective
2 bargaining, assigned to the Hawaii health systems corporation,
3 and belong to the same compensation plans as those officers and
4 employees within bargaining unit (10):

	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
6 Special funds	\$14,482	\$15,409

7 SECTION 12. Funds appropriated by this part shall be
8 allotted by the director of finance to the Hawaii health systems
9 corporation for expenditure in the respective fiscal year for
10 the purposes of this part.

11 PART VII

12 SECTION 13. Salary increases and cost adjustments provided
13 in this Act for any officer or employee whose compensation is
14 paid, in whole or in part, from federal, special, or other funds
15 shall be paid wholly or proportionately, as the case may be,
16 from the respective funds.

17 SECTION 14. The fiscal year 2021-2022 appropriations or
18 authorizations under this Act shall not lapse until the end of
19 fiscal biennium 2021-2023; provided that funds appropriated or
20 authorized by this Act that are not expended or encumbered by
21 June 30, 2023, shall lapse as of that date.

22 SECTION 15. This Act shall take effect upon its approval.

Report Title:

Public Employment Cost Items

Description:

Provides appropriations 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.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
April 5, 2022 at 10:15 a.m.

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

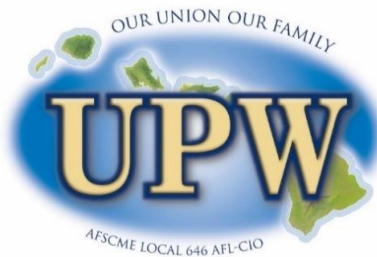
HB 2098 HD1 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

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** HB 2098 HD1 SD1, 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.

The employer and the employees' union, United Public Workers, reached an agreement and notification of ratification was issued on March 31. Governor's Message No. 15 was transmitted on April 1, 2022 and contains the cost estimates that should be included in the bill.

Thank you for this opportunity to testify.



**THE SENATE
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2022**

Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

Tuesday, April 5, 2022, 10:15AM
Conference Room 211 and via Videoconference

Re: Testimony in SUPPORT of HB2098, HD1, SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Dela Cruz, Vice Chair Keith-Agaran, 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, SD1, 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.

On March 30, 2022, our Unit 10 members ratified a four-year contract with a duration from July 1, 2021 through June 30, 2025. We respectfully defer to the Employer to provide the committee with the appropriate funding amounts and cost estimates for any amendments to this legislation.

We appreciate the opportunity to provide testimony in support of the legislative appropriations vehicle for our Bargaining Unit 10 members.

Sincerely,

Kalani Werner
State Director