



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

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 1078 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 1078 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.

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**

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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 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 1078, 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 (10) 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. 1078, 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 needs a general fund appropriation of between 15-20% of its operating budget just to

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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.



**THE SENATE
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2021**

COMMITTEE ON WAYS AND MEANS
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair

Friday, February 26, 2021, 9:30 AM
Conference Room 211 and Via Videoconference

Re: Testimony in Support of SB1078 SD1 - RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means:

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** SB1078 SD1 which provides appropriations for collective bargaining cost items and other public employment costs to implement pending collective bargaining agreements for Bargaining Unit 10 for the fiscal biennium 2021-2023.

Thank you for the opportunity to submit this testimony.

UNITED PUBLIC WORKERS
AFSCME Local 646, AFL-CIO

