

DAVID Y. IGE  
GOVERNOR



RYKER WADA  
DIRECTOR

ANDREW T. GARRETT  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT**  
235 S. BERETANIA STREET  
HONOLULU, HAWAII 96813-2437

TESTIMONY TO THE  
SENATE COMMITTEE ON LABOR, CULTURE AND THE ARTS

For Hearing on Friday, February 11, 2022  
3:15 p.m., Conference Room 225 (Via Videoconference)

BY

RYKER WADA  
DIRECTOR

**Senate Bill No. 2707**  
**Relating to Collective Bargaining**

TO CHAIR TANIGUCHI, VICE CHAIR IHARA JR., AND MEMBERS OF THE SENATE  
COMMITTEE ON LABOR, CULTURE AND THE ARTS:

Senate Bill No. 2707 amends sections of the collective bargaining law to require the employer to initiate negotiations on repricing of classes within thirty days of a written request by the exclusive representative to negotiate. In addition, if an agreement is not reached within 90 days of the written request to negotiate, the impasse procedures in HRS §89-11 will apply.

The Department of Human Resources Development (DHRD) respectfully **opposes** this measure.

S.B. 2707 requires that if an agreement on the repricing request is not reached by the parties within 90 days, it will follow the resolution of disputes process in HRS §89-11. This is a concern as it may result in an arbitration panel rendering a decision on such a technical matter such as repricing, without proper training and understanding

of the pricing factors. In addition, knowledge of the subject class, as well as other classes of work in the bargaining unit is also imperative in making a sound decision.

Repricing is the reassignment of an existing class to another pay range without changes in duties. It occurs when the class is not in proper alignment with other classes in the same bargaining unit.

A class of work is “priced” or assigned to a pay grade based on a careful and systematic analysis of factors such as knowledge, skills, complexity, supervision received, contacts, etc. The goal is to create a pay structure and pay relationships that are equitable for all classes of work by evaluating jobs based on a consistent set of criteria.

DHRD’s failure to maintain appropriate internal pay relationships resulting from an incorrect decision by an arbitration panel exposes the employer to possible claims of unequal pay or discrimination. An objective, consistent system of pricing and repricing classes of work protects the employer who is required to comply with federal and state laws that prohibit discrimination in compensation.

Further exacerbating the concern is the potential to have multiple bargaining units proceeding to interest arbitration resulting in multiple independent arbitration decisions. The DHRD believes that mandating unresolved repricing requests to the impasse procedures in HRS §89-11 would jeopardize the employer’s ability to maintain an equitable pay system. Therefore, we respectfully request that this bill be held.

Thank you for the opportunity to provide comments on this measure.

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)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON LABOR, CULTURE AND THE ARTS  
ON  
SENATE BILL NO. 2707

**February 11, 2022**  
**3:15 p.m.**  
**Room 225 and Videoconference**

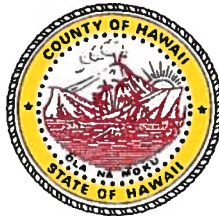
RELATING TO COLLECTIVE BARGAINING

The Department of Budget and Finance (B&F) offers comments on this bill.

This measure amends Chapter 89, HRS, to require the employer to negotiate repricing within 30 days of receipt of a written request from unions. In addition, the measure implements impasse procedures if the employer fails to timely initiate a negotiation in compliance with paragraph (1) or the parties cannot reach an agreement within 90 days after the exclusive representative's written request to negotiate or by January 31 of a year in which the agreement is due to expire, whichever is earlier.

B&F has serious operational concerns with this measure. Under the terms of this measure, soon after a collective bargaining agreement is reached or arbitration award is issued, unions could request repricing negotiations with impasse following 90 days after that. In addition to the direct costs of repricing arbitration awards, there are concerns with the increasing administrative costs and complexities of a potential endless cycle of contract negotiations and arbitrations.

Thank you for your consideration of our comments.



County of Hawai'i  
Department of Human Resources

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February 10, 2022

TESTIMONY TO THE SENATE COMMITTEE ON LABOR, CULTURE AND THE ARTS  
Senator Brian T. Taniguchi, Chair  
Senator Les Ihara, Jr., Vice Chair

Subject: Senate Bill No. Senate Bill No. 2707 - Relating to Collective Bargaining

Dear Chair Taniguchi, Vice Chair Ihara, and Members of the Committee:

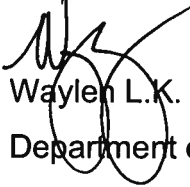
Senate Bill 2707 proposes the employer initiate negotiations on repricing of classes within a bargaining unit within thirty days of its receipt of the exclusive representative's written request to negotiate; and establishes that the employer's failure to initiate the negotiation within such time frame and the parties' failure to reach an agreement within ninety day of the exclusive representative's written request to negotiate or by January 31 of a year in which the collective bargaining agreement is due to expire, whichever is earlier, constitute an impasse to which the impasse procedures in section 89-11, HRS, shall apply. The County of Hawai'i has the following concerns regarding this measure.

The classification and pricing system is the evaluation of the relationship between classes of work. The pricing of a class is the assignment of the class to a salary range based on established pricing criteria of the class relative to existing classes within the compensation plan. There are current negotiation processes, to ensure established pricing criteria and pricing relationships will continue to serve as the basis for any potential negotiated repricing actions. Decisions about repricing should not be made without the required knowledge and expertise about pricing and other related factors.

Proper training and understanding is necessary to avoid negatively impacting the classes which negotiations had been requested in addition to other classes which have been aligned. S.B. 2707 would also prevent the County's ability to provide a fair and unbiased classification and pricing system which not only complies with federal and state laws, but also prohibits discrimination and inequity.

Given the information provided, the County of Hawai'i opposes this measure and recommends that S.B. 2707 be held. The opportunity to testify on this measure is greatly appreciated.

Sincerely,



Waylen L.K. Leopoldino, Acting Director  
Department of Human Resources

DEPARTMENT OF HUMAN RESOURCES

**CITY AND COUNTY OF HONOLULU**

650 SOUTH KING STREET, 10<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
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RICK BLANGIARDI  
MAYOR



NOLA N. MIYASAKI  
DIRECTOR DESIGNATE  
FLORENCIO C. BAGUIO, JR.  
ASSISTANT DIRECTOR

February 10, 2022

The Honorable Brian T. Taniguchi, Chair  
The Honorable Les Ihara, Jr., Vice Chair  
and Members of the Committee on Labor, Culture and the Arts  
The Senate, Conference Room 225  
State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Brian T. Taniguchi, Vice Chair Les Ihara, Jr., and Members of the Committee:

Subject: Senate Bill No. 2707  
Relating to Collective Bargaining

Senate Bill 2707 requires the employer to initiate negotiations on repricing of classes within a bargaining unit within thirty days of its receipt of the exclusive representative's written request to negotiate; and establishes that the employer's failure to initiate the negotiation within such time frame and the parties' failure to reach an agreement within ninety day of the exclusive representative's written request to negotiate or by January 31 of a year in which the collective bargaining agreement is due to expire, whichever is earlier, constitute an impasse to which the impasse procedures in section 89-11, HRS, shall apply.

The City and County of Honolulu, Department of Human Resources (DHR) respectfully submits the following **concerns** on this measure.

1. Pricing is the assignment of classes to a salary range based on established pricing criteria that looks at the relative value of a class of work in relation to other existing classes within the same compensation plan. This assessment of internal relationships between classes of work is the foundation for the employer's entire classification and pricing system. Through the existing negotiations process, there is some assurance that established pricing criteria and pricing relationships will continue to serve as the basis for any potential negotiated repricing actions. However, repricing decisions rendered by an arbitration panel without proper training and understanding of pricing factors, will not only impact the classes for which negotiations had been requested but also

The Honorable Brian T. Taniguchi, Chair  
The Honorable Les Ihara, Jr., Vice Chair  
and Members of the Committee on Labor, Culture and the Arts  
February 10, 2022  
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impact other related classes upon which pricing relationships have been established. This proposed change to an existing process will significantly alter and potentially render ineffective this fair and equitable system of job evaluation and pricing relationships.

2. DHR's failure to maintain fair and equitable pay relationships based on decisions made by an arbitration panel that does not apply existing pricing criteria potentially exposes the employer to possible claims of unequal pay or discrimination. A consistent, equitable and objective system of classification, pricing and repricing of classes all works together to enable the employer to comply with applicable federal and state laws that prohibit discrimination in compensation.

Based on the concerns stated above, DHR believes that there are significant impacts to the employer's ability to maintain a fair and equitable pay system. We therefore respectfully ask that S.B. 2707 be deferred.

Thank you for the opportunity to provide testimony on S.B. 2707.

Sincerely,

Nola N. Miyasaki  
Director Designate



THE SENATE  
THE THIRTY-FIRST LEGISLATURE  
REGULAR SESSION OF 2022

Committee on Labor, Culture and the Arts  
Senator Brian T. Taniguchi, Chair  
Senator Les Ihara, Jr., Vice Chair

Friday, February 11, 2022, 3:15PM  
Conference Room 225 and Videoconference

**Re: Testimony in Support of SB2707 – RELATING TO COLLECTIVE BARGAINING**

Chair Taniguchi, Vice Chair Ihara, and Members of the Committee:

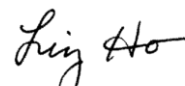
The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in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

UPW **supports** SB2707, which requires the employer to initiate negotiations on repricing of classes within a bargaining unit within thirty days of its receipt of the exclusive representative’s written request to negotiate. The bill would also establish that the employer’s failure to initiate the negotiation within such time frame and the parties’ failure to reach an agreement within ninety days of the exclusive representative’s written request to negotiate or by January 31 of a year in which the collective bargaining agreement is due to expire, whichever is earlier, constitutes an impasse to which impasse procedures under HRS, Chapter 89-11 shall apply.

Having a reasonable timetable to negotiate repricing of classes within a bargaining unit will help to ensure that public employees are being paid competitive and fair wages. By promoting access to fair and competitive wages, the State and Counties would be able to recruit and retain workers to help to address any outstanding vacancies and prevent high turnover for these positions.

Thank you for the opportunity to provide testimony.

Sincerely,



Liz Ho

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







## HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-First Legislature, State of Hawaii  
The Senate  
Committee on Labor, Culture and the Arts  
Testimony by  
Hawaii Government Employees Association

February 11, 2022

### S.B. 2707 – RELATING TO COLLECTIVE BARGAINING

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2707 which requires the negotiation and determination of repricing classes.

This measure is a novel approach and viable alternative to address the repricing of classes within state government. While we support the re-establishment of the Public Employees' Compensation Appeals Board (PECAB) as outlined in S.B. 2705, we acknowledge several drawbacks: there are potential and unknown costs involved, it may be a lengthy and bureaucratic process to establish and adopt rules to govern the board, and PECAB's success is reliant upon a full and engaged board, which could be cumbersome as it includes designees from each jurisdiction and each public sector union.

In the past twenty years since civil service reform, employees have sought to reprice their classifications with very limited success. Employers deny repricing requests and claim that upon their review, they have determined that all current position pricing is appropriate, however they do not proffer the basis of that determination. The current process is clearly lopsided and unfair: it fails to include any appeal mechanism or adjudication via impartial review and empowers the employer to arbitrarily rule against employees without recourse. This unbalance has adversely impacted governmental operations, as the high vacancy rates and use of long-term shortage differentials clearly refutes the employer's claim that all classifications are priced at market rates.

It is our hope that passage of this measure will assist in properly pricing classes of employees and that paying a competitive salary will be one of many tools utilized in reducing the state's and counties' high turnover and vacancy rates. In conjunction with S.B. 2705, this measure represents the beginning of a long overdue conversation, and we look forward to working with all stakeholders to establish a fair process to reprice employees. Thank you for the opportunity to provide testimony in strong support of S.B. 2707.

Respectfully submitted,



Randy Perreira  
Executive Director