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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
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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
SENATE BILL NO. 2782, S.D. 1**

**March 31, 2022
1:30 p.m.
Room 308 and Videoconference**

RELATING TO PUBLIC EMPLOYMENT COST ITEMS

The Department of Budget and Finance supports moving this measure 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.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
March 31, 2022 at 1:30 p.m.

by

Kalbert K. Young

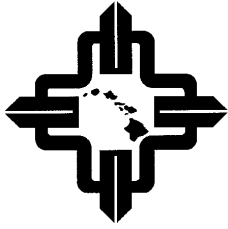
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

SB 2782 SD1 – 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** SB 2782 SD1, 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.



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

March 31, 2022
Conference Room 308
1:30 p.m.
Via videoconference
Hawaii State Capitol

Testimony Supporting Senate Bill 2782, 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 (1) and their excluded counterparts.

Linda Rosen, M.D., M.P.H.
President and Chief Executive Officer
Hawaii Health Systems Corporation

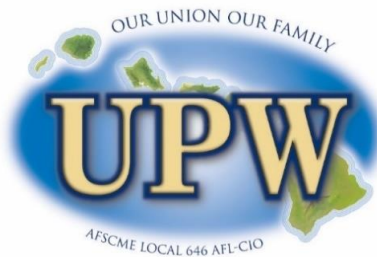
On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in **support of S.B. 2782, SD1** that will appropriate funds for fiscal biennium 2021-2023 for salary costs for public employees in collective bargaining unit 1 and 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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**HOUSE OF REPRESENTATIVES
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2022**

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

Thursday, March 31, 2022, 1:30PM
Conference Room 308 and via Videoconference

Re: Testimony in SUPPORT of SB2782, SD1 – 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** SB2782, SD1, 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,

A handwritten signature in black ink, appearing to read 'KW', is placed below the word 'Sincerely,'.

Kalani Werner
State Director