



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
February 22, 2022 at 10:00 a.m.

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

SB 2782 – 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 2782, 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.

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

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)

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. 2782 AND 2791

February 22, 2022
10:00 a.m.
Room 211 and Videoconference

RELATING TO PUBLIC EMPLOYMENT COST ITEMS

The Department of Budget and Finance supports moving these measures, or similar ones, 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 and the bill number for the Administration measure for that BU are as follows: Senate Bill (S.B.) No. 2782 (S.B. No. 3059), BU 1 and S.B. No. 2791 (S.B. No. 3066), BU 10.

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 22, 2022
Conference Room 211
10:00 a.m.
Via videoconference
Hawaii State Capitol

Testimony Supporting Senate Bill 2782
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** 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.

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



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, February 22, 2022, 10:00AM
Conference Room 211 and Videoconference

Re: Testimony in Support of SB2782 - 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** SB2782, 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. We respectfully defer to the Employer to provide the committee with the appropriate funding amounts and cost estimates for any amendments 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,

Liz Ho

Administrator

UNITED PUBLIC WORKERS
AFSCME Local 646, AFL-CIO

