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EMPLOYEES' RETIREMENT SYSTEM  
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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. 2783, 2784, 2785, 2787, 2789, 2794 AND 2795

**February 18, 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. 2783 (S.B. No. 3060), BU 2; S.B. No. 2784 (S.B. No. 3061), BU 3; S.B. No. 2785 (S.B. No. 3062), BU 4; S.B. No. 2787 (S.B. No. 3063), BU 6; S.B. No. 2789 (S.B. No. 3064), BU 8; S.B. No. 2794 (S.B. No. 3068), BU 13; and S.B. No. 2795 (S.B. No. 3069), BU 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 18, 2022  
Conference Room 211  
10:00 a.m.  
Via videoconference  
Hawaii State Capitol

**Testimony Supporting Senate Bill 2794**  
**Making Appropriations for Collective Bargaining Cost Items.**  
**Appropriates funds for fiscal biennium 2021-2023 for salary costs for public employees in collective bargaining unit (13) 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. 2794** that will appropriate funds for fiscal biennium 2021-2023 for salary costs for public employees in collective bargaining unit 13 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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**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 Ways and Means

Testimony by  
Hawaii Government Employees Association

February 18, 2022

S.B. 2783, S.B. 2784, S.B. 2785, S.B. 2787,  
S.B. 2789, S.B. 2790, S.B. 2794, S.B. 2795,  
S.B. 2796 – RELATING TO PUBLIC  
EMPLOYMENT COST ITEMS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2783, S.B. 2784, S.B. 2785, S.B. 2787, S.B. 2789, S.B. 2790, S.B. 2794, S.B. 2795, and S.B. 2796, each of which provides a funding vehicle to implement collective bargaining agreements for Bargaining Units 02, 03, 04, 06, 08, 09, 13, 14, and 15 respectively, for the fiscal biennium 2021 – 2023.

On January 15, 2022, our registered professional nurses in bargaining unit 09 ratified a successor 4-year contract, effective July 1, 2021 to June 30, 2025. We respectfully request S.B. 2790 be amended to include the appropriate funding amounts and defer to the Employer to provide the cost estimates.

Although we are in the middle of the negotiations process with the Employer, no other units have reached agreement, therefore those respective bills contain no appropriations at this time. We respectfully request the Committee pass these vehicle bills in case we are able to settle our contracts prior to adjournment.

Thank you for the opportunity to support the above referenced measures.

Respectfully submitted,

Randy Perreira  
Executive Director