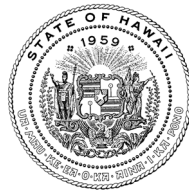


JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
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
Ka 'Oihana Mālama Mo'ohelu a Kālā
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

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON LABOR AND TECHNOLOGY
ON

HOUSE BILL NOS. 1000, H.D. 1; 1001, H.D. 1; 1002, H.D. 1; 1003, H.D. 1;
1004, H.D. 1; 1005, H.D. 1; 1006, H.D. 1; 1007, H.D. 1; 1008, H.D. 1; 1009, H.D. 1;
1010, H.D. 1; AND 1012, H.D. 1

March 13, 2023
3:00 p.m.
Room 224 and Videoconference

RELATING TO PUBLIC EMPLOYMENT COST ITEMS

The Department of Budget and Finance supports moving these Administration proposals, or similar bills, as collective bargaining negotiations, or re-opener negotiations, are currently in progress and vehicle bills may be necessary if an agreement is reached 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 2023-25.

The bargaining units (BU) addressed in the bills are as follows: House Bill (H.B.) No. 1000, H.D. 1, BU 1; H.B. No. 1001, H.D. 1, BU 2; H.B. No. 1002, H.D. 1, BU 3; H.B. No. 1003, H.D. 1, BU 4; H.B. No. 1004, H.D. 1, BU 5; H.B. No. 1005, H.D. 1, BU 6; H.B. No. 1006, H.D. 1, BU 7; H.B. No. 1007, H.D. 1, BU 8; H.B. No. 1008, H.D. 1, BU 9; H.B. No. 1009, H.D. 1, BU 10; H.B. No. 1010, H.D. 1, BU 11; and H.B. No. 1012, H.D. 1, BU 14.

Please note that H.B. No. 1011 for BU 13, which also has re-opener negotiations pending, has not been included for this hearing.

Thank you for your consideration of our comments.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Labor and Technology
March 13, 2023 at 3:00 p.m.

By

Kalbert K. Young

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

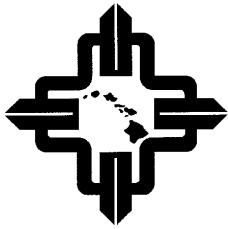
HB 1003 HD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Moriwaki, Vice Chair Lee, and Members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** HB 1003 HD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit 4 and their excluded counterparts for fiscal biennium 2023-2025.

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.



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Quality Healthcare For All"

Senate Committee on Labor and Technology
Senator Sharon Y. Moriwaki, Chair
Senator Chris Lee, Vice Chair

March 13, 2023
Conference Room 224
and via Videoconference
3:00 p.m.
Hawaii State Capitol

Testimony Supporting House Bill 1003, HD1
Relating to Public Employment Cost Items

Provides appropriations for collective bargaining cost items for the members of bargaining unit (4) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2023-2025. Effective 6/30/3000. (HD1)

Linda Rosen, M.D., M.P.H.
Chief Executive Officer
Hawai'i Health Systems Corporation

Hawai'i Health Systems Corporation ("HHSC") **strongly supports** HB 1003, HD1.

HHSC is bound by the public sector union collective bargaining pay increases that are negotiated by the State of Hawaii and arbitration awards. This is because HHSC only has one vote as a jurisdiction while the State of Hawai'i administration holds the majority of the votes. Given that salaries and benefits expenses comprise approximately 80% of HHSC's total operating expenses, collective bargaining pay raises represent a significant cost burden that HHSC's facilities simply cannot absorb. As an example, the impact of collective bargaining pay increases were over \$24 million for fiscal years 2018-2019, over \$30 million for fiscal years 2020-2021, and over \$15 million in fiscal years 2022-2023, all of which have been appropriated to HHSC via special fund appropriations. This means that HHSC is not provided any additional specific funding to pay for these raises. For fiscal year 2024-2025, the estimated cost of collective bargaining pay raises is estimated to be almost \$12.7 million in fiscal year 2024.

Accordingly, HHSC needs a **general fund appropriation** to pay for the proposed raises.

Thank you for the opportunity to testify on this important measure.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808 543.0011 • Fax: 808.528 0922

The Thirty-Second Legislature, State of Hawaii
The Senate
Committee Labor and Technology

Testimony by
Hawaii Government Employees Association

March 13, 2023

RELATING TO PUBLIC EMPLOYMENT COST ITEMS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the passage of H.B. 1001 (H.D.1), H.B. 1002 (H.D.1), H.B. 1003 (H.D.1), H.B. 1005 (H.D.1), H.B. 1007 (H.D.1), H.B. 1008 (H.D.1), and H.B. 1012 (H.D.1) which provides appropriations for collective bargaining cost items for bargaining units 02, 03, 04, 06, 08, 09, and 14.

We respectfully request that all measures be passed to cover the cost of any collective bargaining cost item(s), including any pending negotiations on EUTF premiums with the employer.

Thank you for the opportunity to testify in strong support of the passage of these measures.

Respectfully submitted,

A handwritten signature in black ink that reads 'Randy Perreira'. The signature is written in a cursive, flowing style.

Randy Perreira
Executive Director