

JOSH GREEN, M. D.
GOVERNOR
KE KIA'ĀINA

SYLVIA LUKE
LT. GOVERNOR
KA HOPE KIA'ĀINA



BRENN A H. HASHIMOTO
DIRECTOR
KA LUNA HO'OKELE

RYAN YAMANE
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
KA 'OIHANA HO'OMŌHALA LIMAHANA
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

Statement of
BRENN A H. HASHIMOTO
Director, Department of Human Resources Development

Before the
HOUSE COMMITTEE ON FINANCE
Tuesday, February 27, 2024
2:00 p.m
State Capitol, Conference Room 308 and Videoconference

In consideration of
HB 1640, HD1 RELATING TO COLLECTIVE BARGAINING

Chair Yamashita, Vice Chair Kitagawa, and the members of the committee.

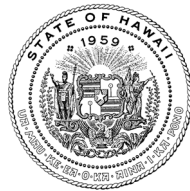
The Department of Human Resources Development (DHRD) appreciates the intent of HB 1640, HD1 which requires the employer to initiate negotiations on repricing of classes within thirty days of a written request by the exclusive representative to negotiate and if an agreement is not reached within 90 days, the impasse procedures in HRS §89-11 will apply. However, we must respectfully oppose this measure.

DHRD is concerned for the following reasons:

1. Mandating unresolved repricing requests to the impasse procedures jeopardizes the employer's ability to maintain an equitable pay system and pay relationships, which is a foundation of the civil service merit principles. It exposes the employer to serious claims of unequal pay and discrimination with the risk of costly litigation and pay inequality.
 - An objective, consistent system of pricing and repricing classes of work based on a thorough analysis of job duties and responsibilities protects the employer who is required to comply with federal and state laws that prohibit discrimination in compensation.
 - There will no longer be a consistent application of criteria if multiple arbitration panels make repricing determinations. Repricing requires a technical

- analysis and the decision maker should be knowledgeable about the subject class and related classes, and be trained in the factors that determine pricing.
2. The existing statute already provides unions with the opportunity to negotiate the repricing of classes at times allowed under the collective bargaining agreement. They can choose to submit these requests to arbitration in accordance with HRS §89-11 without the amendments made in this bill.
 3. This bill may lead to costly arbitration hearings and it is not clear when repricing requests may be submitted.

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



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT 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
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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 HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1640, H.D. 1

February 27, 2024
2:00 p.m.
Room 308 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 the unions, provided that a repricing request can only be submitted once per occupation in any 18-month period, provided further that impasse procedures shall not apply if the impasse occurs within 180 days after a collective bargaining agreement has been reached. 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 31st 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 an 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.

**DEPARTMENT OF HUMAN RESOURCES
KA 'OIHANA HO'OMOHALA LIMAHANA
CITY AND COUNTY OF HONOLULU**

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MAYOR
MEIA



NOLA N. MIYASAKI
DIRECTOR
PO'O

FLORENCIO C. BAGUIO, JR.
ASSISTANT DIRECTOR
KOKUA PO'O

February 26, 2024

The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
and Members of the Committee on Finance
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

**SUBJECT: House Bill No. 1640, H.D.1
Relating to the Collective Bargaining**

House Bill 1640, H.D.1, 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 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, constitute an impasse to which the impasse procedures in Section 89-11, Hawaii Revised Statutes, shall apply.

The City and County of Honolulu, Department of Human Resources, respectfully submits the following comments:

1. Pursuant to HRS Chapter 89, the Unions have the ability to negotiate the actual pay rate of employees through the determination of the salary schedules for the various bargaining units as well as repricing. Vacancy rates, retention issues, cost of living, market rate and comparable salaries for similarly functioning positions/classes are factors that are considered in the collective bargaining of salaries. This bill would allow the unions to negotiate pricing outside of the collective bargaining process --- which has a regular, predictable timetable based on the expiration dates of the union contracts and provides a statutory schedule for completing negotiations and arbitrations so

The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
and Members of the Committee on Finance
February 26, 2024
Page 2

any adjustments can be timely and properly funded by the respective legislative bodies. In contrast, this bill could significantly and unexpectedly increase the employer's overall payroll cost beyond what has been budgeted for because it would be outside of the statutorily-prescribed collective bargaining process.

2. Repricing decisions rendered by multiple independent arbitration panels may not be consistent with each other, thus impacting the City's ability to comply with federal and state laws that prohibit discrimination, and to maintain the pricing of classes based on a consistent application of well-defined criteria or a fair and impartial evaluation of jobs.
3. The timelines for the employer to respond to repricing requests and to reach agreement will be difficult to meet given the employer's need to assess and maintain its internal structure and hierarchy of classes within a jurisdiction. In addition, the expansion of impasse procedures to pricing/repricing will require significant additional staffing capacity that the City currently does not have due to existing budget constraints.

Thank you for allowing the City to respectfully provide comments on this measure.

Sincerely,

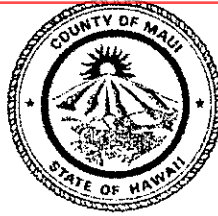


Nola N. Miyasaki
Director

RICHARD T. BISSEN, JR.
Mayor

CYNTHIA M. RAZO-PORTER
Director

KAINEA K.G. AIWOHI-ALO
Deputy Director



DEPARTMENT OF PERSONNEL SERVICES
COUNTY OF MAUI
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February 27, 2024

The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
and Members of the Committee on Finance
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

Subject: Senate Bill No. 2459/House Bill No. 1640
Relating to Collective Bargaining

I am Cynthia M. Razo-Porter, Director of Personnel Services for the County of Maui.

Senate Bill 2459, the companion bill to House Bill 1640, 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; in addition, the bill establishes that if the employer fails to initiate the negotiation within such time frame and the parties fail to reach an agreement by the earlier of the following: 1) within ninety days of the exclusive representative's written request to negotiate or 2) by January 31 of a year in which the collective bargaining agreement is due to expire, this will constitute an impasse to which the impasse procedures in Section 89-11, Hawai'i Revised Statutes, shall apply.

The County of Maui, Department of Personnel Services, respectfully opposes this measure.

First, the Unions currently have the ability to negotiate the actual pay rate of employees through the determination of the salary schedules for the various bargaining units. Vacancy rates, retention issues, cost of living, market rate and comparable salaries for similarly functioning positions/classes are factors that are required to be considered in the collective bargaining of salaries. This bill would allow the unions to also negotiate pricing, which could significantly increase the employer's overall payroll cost beyond what is already bargained for in the statutorily-prescribed collective bargaining process.

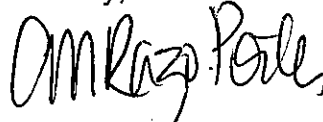
The Honorable Kyle T. Yamashita, Chair
The Honorable Lisa Kitagawa, Vice Chair
and Members of the Committee on Finance
February 27, 2024
Page 2

Second, the short timelines for employer to respond to requests and reach agreement compromises the employer's ability to assess its ability to maintain its internal structure and hierarchy of classes with a jurisdiction. This problem would be compounded by decisions rendered by multiple independent arbitration panels which may not be consistent with each other. Repricing changes ordered by the arbitration panels will also directly impact the County of Maui's ability to comply with federal and state laws that prohibit discrimination as the County of Maui will no longer be pricing classes based on a consistent application of well-defined criteria or a fair and impartial evaluation of jobs.

Finally, this significant expansion of existing impasse procedures to pricing/repricing will require significant additional staffing capacity that the County of Maui does not have due to existing budget and staffing constraints.

Thank you for allowing the County of Maui to testify in respectful opposition to this measure.

Sincerely,

A handwritten signature in black ink that reads "Cynthia M. Razo-Porter". The signature is written in a cursive, flowing style.

Cynthia M. Razo-Porter
Director of Personnel Services



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 House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association

February 27, 2024

H.B. 1640, H.D. 1 — RELATING TO COLLECTIVE BARGAINING

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 1640, H.D. 1 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. Establishes 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, constitute an impasse to which the impasse procedures in section 89-11, Hawai'i Revised Statutes, shall apply.

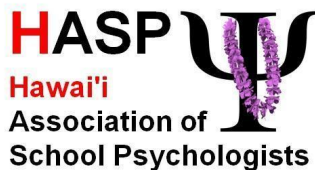
This measure is a novel approach and viable alternative to address the repricing of classes within state government. In the past twenty years since the civil service reform, employees have sought to reprice their classifications with very limited success. Employers deny repricing requests and claim that 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 the 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. 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 H.B. 1640, H.D. 1.

Respectfully submitted,


Randy Perreira
Executive Director



HB1640

Collective Bargaining; Repricing; Negotiation; Impasse

Aloha Legislators:

The Hawai'i Association of School Psychologists (HASP) **supports** HB1640. This legislation requires employers to initiate negotiations on repricing of classes within a bargaining unit within 30 days of receiving the exclusive representative's written request to negotiate. This legislation is crucial for ensuring fair and timely negotiation processes that uphold the rights and interests of workers.

First and foremost, this legislation promotes fairness and equity in labor negotiations. By mandating that employers promptly engage in negotiations upon receiving a request from the exclusive representative, the bill ensures that employees' concerns regarding repricing of classes within a bargaining unit are addressed in a timely manner. This proactive approach fosters a more collaborative and transparent negotiation process, ultimately leading to more equitable outcomes for workers.

Furthermore, the provision stipulating that failure to initiate negotiations within the specified timeframe constitutes an impasse underscores the importance of timely action in labor relations. Delays in negotiation processes can have detrimental effects on workers, leading to prolonged uncertainty and potential hardships. By establishing clear timelines and consequences for non-compliance, this legislation encourages both parties to engage in negotiations promptly and in good faith.

Additionally, the inclusion of specific timeframes for reaching an agreement further strengthens the effectiveness of the legislation. By setting a deadline for reaching an agreement, the bill creates a sense of urgency and accountability, encouraging both parties to work towards a resolution within a reasonable timeframe. This helps prevent negotiations from dragging on indefinitely and ensures that workers are not left in limbo awaiting decisions on repricing of classes within their bargaining unit.

Finally, this legislation will strengthen collective bargaining for unique cases where an employee contract is not directly negotiated with the employer. For example, DHRD is the primary negotiator for bargaining Unit 13, and the needs of educators (i.e., School Psychologists, Speech and Language Pathologists, School Social Workers, etc.) represented by the Unit have historically not been properly addressed. Despite the best efforts of the Hawai'i Government Employees Association (HGEA) to resolve this issue through initiating negotiation with the Hawai'i Department of Education (DOE), the DOE has routinely failed to meet negotiation timelines or take corrective action without consequence.

In conclusion, this legislation is a necessary and important step towards promoting fairness, transparency, and efficiency in labor negotiations. By mandating timely initiation of negotiations and establishing clear timelines for reaching agreements, the bill serves to protect the rights and interests of workers while fostering a more collaborative and productive bargaining process. I urge you to support this legislation for the benefit of workers across our state.

Respectfully Submitted:

Alec Marentic, Ed.S., NCSP

HASP, Legislative Chair



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

**HOUSE OF REPRESENTATIVES
THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2024**

COMMITTEE ON FINANCE
Rep. Kyle T. Yamashita, Chair
Rep. Lisa Kitagawa, Vice Chair

Tuesday, February 27, 2024, 2:00 PM
Conference Room 308 & Videoconference

Re: Testimony on HB1640, HD1 – RELATING TO COLLECTIVE BARGAINING

Chair Yamashita, Vice Chair Kitagawa, 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.

UPW **supports** HB1640, HD1, 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. This measure also establishes 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, constitute an impasse to which the impasse procedures in section 89-11, Hawaii Revised Statutes, 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.

Mahalo for the opportunity to testify on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kalani Werner", is written over a light blue horizontal line.

Kalani Werner
State Director

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The Thirty-Second Legislature
House of Representatives
Committee on Finance

Testimony by
Hawaii State AFL-CIO

February 27, 2024

TESTIMONY ON HB1640 HD1 - RELATING TO COLLECTIVE BARGAINING

Chairs Yamashita, Vice Chair Kitagawa, and members of the committee:

The Hawaii State AFL-CIO is a federation of 74 affiliate labor organizations who represent over 68,000 union members within the State of Hawaii. The Hawaii State AFL-CIO serves its affiliates by advocating for workers and their families before the state legislature and other branches of state and county government.

The Hawaii State AFL-CIO is in **support** of HB1640 HD1, which requires employers to initiate negotiations on repricing of classes within thirty days of receiving a bargaining unit's written request from its exclusive representative.

The current system for repricing classifications is flawed, with employees often facing significant challenges in seeking fair compensation adjustments. Employers' arbitrary denials of repricing requests, without transparent justification or recourse for employees, have perpetuated an imbalance that undermines morale and operational efficiency. This bill offers a much-needed remedy by introducing a fair and transparent process that prioritizes the interests of workers while promoting organizational effectiveness.

Passage of this bill marks a significant step towards rectifying the injustices inherent in the current repricing system. By ensuring that classes of employees are properly priced and competitively compensated, this measure would not only enhance employee satisfaction but also contribute to the broader goal of reducing turnover and vacancy rates.

Respectfully submitted,

A handwritten signature in black ink that reads "Randy Perreira".

Randy Perreira
President

HB-1640-HD-1

Submitted on: 2/25/2024 4:23:36 PM

Testimony for FIN on 2/27/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Marston Lau	Individual	Support	Written Testimony Only

Comments:

My name is Marston Lau and I am writing in support of HB1640. As a member of the Hawai'i Government Employees Association, Bargaining Unit 3, the need for mandatory repricing negotiations upon request is necessary in order to effectively tackle the vacancy crisis in state and county level departments. Department heads and county officials cannot on one hand, declare a mass vacancy problem, and in the same breath, openly testify in opposition to any meaningful solution. You cannot solve the mass vacancies by doing nothing.

Government positions, once held in high respect for being well paid and provided exemplary benefits, have now fallen behind entry-level private sector positions (retail, fast food, etc.) in both pay and benefits. To deny repricing negotiations is openly disrespecting the hard working employees of each county and each department, as many of us face financial difficulty in the post-covid world.

If the government truly wishes to resolve the vacancy crisis, then the legislature must pass HB1640. Being able to re-evaluate the salary range for each position is necessary to be able to compete with private sector salaries and entice top-tier talent to join the government.

Thank you.