



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 SENATE COMMITTEE ON LABOR AND TECHNOLOGY
ON
SENATE BILL NO. 2449

February 2, 2024
3:10 p.m.
Room 224 and Videoconference

RELATING TO COLLECTIVE BARGAINING

The Department of Budget and Finance (B&F) offers comments on this bill.

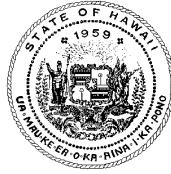
This measure amends Chapter 89, HRS, to require the employer to negotiate repricing within 30 days of receipt of a written request from the unions, provided that a repricing request can only be submitted once per occupation in any 18-month period. In addition, the measure implements impasse procedures 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.

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.

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
SENATE COMMITTEE ON LABOR AND TECHNOLOGY
Friday, February 2, 2024
3:10 p.m.
State Capitol, Conference Room 224 and Videoconference

In consideration of
SB 2449, RELATING TO COLLECTIVE BARGAINING

Chair Aquino, Vice Chair Moriwaki, and the members of the committee.

The Department of Human Resources Development (DHRD) appreciates the intent of SB 2449 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. Further, in the absence of negotiated repricing, under Chapter 89-9(f)(2), each employer jurisdiction is required to periodically review the repricing of classes, which provides sufficient opportunity for consideration.
4. 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.

DEPARTMENT OF HUMAN RESOURCES

ANNETTE L. ANDERSON, DIRECTOR



DEREK S.K. KAWAKAMI, MAYOR
REIKO MATSUYAMA, MANAGING DIRECTOR

Testimony of Annette L. Anderson
Director, Department of Human Resources
Before the

Committee on Labor and Technology

February 2, 2024; 3:10 p.m.

Conference Room 224

Via Videoconference

In consideration of
Senate Bill 2449
Relating to Collective Bargaining

The Honorable Chair Aquino, Vice Chair Moriwaki and Members of the Committee:

The County of Kaua'i respectfully submits the following **comments**:

- 1) Currently, HRS Section 89-9(f)(1)(2) allows the unions to request to negotiate the repricing of classes within the time allowed under the collective bargaining agreement, and if not negotiated then the employer of each jurisdiction will periodically review at least once in five years the repricing of classes. Senate Bill 2449 will impose timelines for bargaining as well as impasse procedures and arbitrations should the parties not reach agreement. These requirements will negatively impact the employers in that the cost may increase well beyond the costs negotiated or arbitrated for salary schedules, multiple arbitrators could make inconsistent awards,
- 2) Pricing and repricing of classes is beyond the scope of one particular bargaining unit in that various factors must be considered in determining the initial pricing of a class or the repricing. Human resources professionals review "benchmark" classes and other related classes to establish base relationships. They must consider kind and scope of work, nature and

extent of supervision over others, special working conditions plus other factors when considering pricing of classes and to ensure internal alignment and compliance with HRS §76-1(5) which states “equal pay for equal work shall apply between classes in the same bargaining unit among jurisdictions for those classes determined equal through systematic classification of positions based on objective criteria and adequate job evaluation...”

Sincerely,

A handwritten signature in black ink, appearing to read "Annette L. Anderson".

Annette L. Anderson

Director



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

THE SENATE
KA 'AHA KENEKOA
THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2024

COMMITTEE ON LABOR AND TECHNOLOGY

Senator Henry J.C. Aquino, Chair
Senator Sharon Y. Moriwaki, Vice Chair

Friday, February 2, 2024, 3:10 PM
Conference Room 224 & Videoconference

Re: Testimony on SB2449 – RELATING TO COLLECTIVE BARGAINING

Chair Aquino, Vice Chair Moriwaki, 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** SB2449, which requires employers to initiate negotiations on repricing of classes within a bargaining unit within 30 days of its receipt of the exclusive representative's written request to negotiate. This bill also establishes that the employer's failure to initiate the negotiation within this time frame and the parties' failure to reach an agreement within 90 days of the exclusive representative's written request to negotiate, or by January 31 of the year in which the collective bargaining agreement is due to expire, whichever is earlier, constitute an impasse and the dispute shall be subject to the impasse procedures in section 89-11, Hawaii Revised Statutes.

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', written over a horizontal line.

Kalani Werner
State Director

HEADQUARTERS

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

Testimony by
Hawaii Government Employees Association

February 2, 2024

S.B. 2449 — RELATING TO COLLECTIVE BARGAINING

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 2449 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 S.B. 2449.

Respectfully submitted,

Randy Perreira
Executive Director

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

650 SOUTH KING STREET, 10TH FLOOR • HONOLULU, HAWAII 96813
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RICK BLANGIARDI
MAYOR
MEIA



NOLA N. MIYASAKI
DIRECTOR
PO'O

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

February 1, 2024

The Honorable Henry J.C. Aquino, Chair
The Honorable Sharon Y. Morikawa, Vice Chair
and Members of the Committee on Labor and Technology
State Senate, Room 224
State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

Dear Chair Aquino, Vice Chair Morikawa, and Members of the Committee:

**SUBJECT: Senate Bill No. 2449
Relating to the Collective Bargaining**

Senate Bill 2449 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, Hawai'i 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

The Honorable Henry J.C. Aquino, Chair
The Honorable Sharon Y. Morikawa, Vice Chair
and Members of the Committee on Labor and Technology
February 1, 2024
Page 2

provides a statutory schedule for completing negotiations and arbitrations so 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 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,

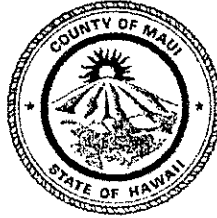


Nola N. Miyasaki
Director

RICHARD T. BISSEN, JR.
Mayor

CYNTHIA M. RAZO-PORTER
Director

KAINEA K.G. AIWOHI-ALO
Deputy Director



DEPARTMENT OF PERSONNEL SERVICES
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793
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Website: www.mauicounty.gov/departments/Personnel • Email: personnel.services@mauicounty.gov

January 31, 2024

The Honorable Henry J.C. Aquino, Chair
The Honorable Sharon Y. Moriwaki, Vice Chair
and Members of the Committee on Labor & Technology
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Aquino, Vice Chair Moriwaki, and Members of the Committee:

Subject: Senate Bill No. 2449
Relating to Collective Bargaining

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

Senate Bill 2449 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, Hawaii 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 Henry J.C. Aquino, Chair
The Honorable Sharon Y. Moriwaki, Vice Chair
and Members of the Committee on Labor & Technology
January 31, 2024
Page 2

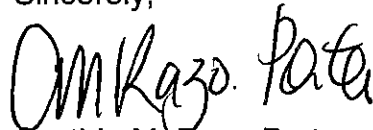
Second, the short timelines for employer to respond to requests and reach agreement compromises the employer's ability to assess its ability to maintain its internal structure and hierarchy of classes with a jurisdiction. This problem would be compounded by decisions

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,



Cynthia M. Razo-Porter
Director of Personnel Services



LATE

TOMMY JOHNSON
DIRECTOR

Melanie Martin
Deputy Director
Administration

Vacant
Deputy Director
Correctional Institutions

Sanna Muñoz
Deputy Director
Rehabilitation Services
and
Programs

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
**DEPARTMENT OF CORRECTIONS
AND REHABILITATION**
*Ka 'Oihana Ho'omalu Kalaima
a Ho'oponopono Ola*
1177 Alakea Street
Honolulu, Hawai'i 96813

No. _____

TESTIMONY ON SENATE BILL 2449
RELATING TO COLLECTIVE BARGAINING
by

Tommy Johnson, Director
Department of Corrections and Rehabilitation

Senate Committee on Labor and Technology
Senator Henry J. C. Aquino, Chair
Senator Sharon Y. Moriwaki, Vice Chair

Friday, February 2, 2024; 3:10 p.m.
State Capitol, Conference Room 224 & Videoconference

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

The Department of Corrections and Rehabilitation (DCR) respectfully opposes Senate Bill 2449, which seeks to require negotiations of repricing of classes within thirty days of a written request by an exclusive representative. Also, impasse procedures in HRS §89-11 will be applied for failure of the employer to reach an agreement within ninety days.

DCR's reasons are as follows:

- The existing statute already provides the exclusive representatives (Unions) the ability to negotiate compensation for employees during the collective bargaining process by implementing new salary schedules for all applicable bargaining units. The restrictive deadline being introduced in this bill allows the Unions the freedom to negotiate the repricing of classes when they want, with little regard to consideration of the significant impact on the non-discriminate and equal pay system that is currently in place.

- The 90-day time frame for the employer to reach an agreement is insufficient to thoroughly research and fairly assess the impact repricing will have on the other classes contained within the government compensation structure. This bill may cause a domino effect when other classes are examined for repricing. Federal and State laws mandate fairness in compensation and prohibit pay inequities and discrimination.
- DCR believes that this bill may lead to inconsistent application of criterion if multiple arbitration panels make repricing determination and will lead to costly arbitration hearings.

Thank you for the opportunity to provide testimony in opposition to SB 2449.