

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

SYLVIA LUKE
LT. GOVERNOR
KA HOPE KIA'ĀINA



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

Before the
SENATE COMMITTEE ON WAYS AND MEANS
AND
SENATE COMMITTEE ON JUDICIARY

Friday, April 5, 2024
10:15 a.m.
State Capitol, Conference Room 211 and Videoconference

In consideration of
HB 1640, HD1, SD1 RELATING TO COLLECTIVE BARGAINING

Chairs Dela Cruz and Rhoads, Vice Chairs Moriwaki and Gabbard, and the members of the committee.

The Department of Human Resources Development (DHRD) appreciates the intent of HB 1640, HD1, SD1 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.

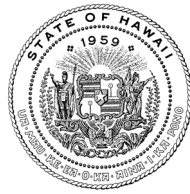
DHRD is concerned for the following reasons:

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.
 4. To meet the timelines proposed in this bill DHRD will require a substantial number of additional staff to conduct a thorough and accurate review of repricing requests and carry out the impasse procedures that result when there is a failure to reach agreement.

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
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 COMMITTEES ON WAYS AND MEANS AND JUDICIARY
ON
HOUSE BILL NO. 1640, H.D. 1, S.D. 1

April 5, 2024
10:15 a.m.
Room 211 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

ANNETTE L. ANDERSON, DIRECTOR



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

Testimony of Annette L. Anderson
Director, Department of Human Resources, County of Kaua'i
Before the

Committee on Ways and Means
Committee on Judiciary
April 5, 2024; 10:15 am
Conference Room 211
& Videoconference

In consideration of
House Bill 1640, HD 1 SD 1
Relating to Collective Bargaining

The Honorable Chairs Dela Cruz and Rhoads, Vice Chairs Moriwaki and Gabbard and Members of the Committees:

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. House Bill 1640 HD 1 SD 1 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, and 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. . . .” Pricing and repricing by human resources professionals based upon a thorough analysis ensures compliance with federal and state discrimination laws and thus provides protection to the employer.

Sincerely,



Annette L. Anderson
Director, Human Resources Department
County of Kaua‘i

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

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RICK BLANGIARDI
MAYOR
MEIA



NOLA N. MIYASAKI
DIRECTOR
PO'O

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

April 5, 2024

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Sharon Y. Moriwaki, Vice Chair
and Members of the Committee on Ways and Means
The Honorable Karl Rhoads, Chair
The Honorable Mike Gabbard, Vice Chair
and Members of the Committee on Judiciary
State Senate, Room 211
State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chairs Dela Cruz and Rhoads, Vice Chairs Moriwaki and Gabbard, and Members of the Committees:

**SUBJECT: House Bill 1640, H.D.1, S.D.1
Relating to the Collective Bargaining**

House Bill 1640, H.D.1, S.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, constitutes an impasse to which the impasse procedures shall apply, under certain conditions.

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 and can also negotiate repricing as well. Vacancy rates, retention issues, cost of living, market rate, and

The Honorable Donovan M. Dela Cruz, Chair
The Honorable Sharon Y. Moriwaki, Vice Chair
The Honorable Karl Rhoads, Chair
The Honorable Mike Gabbard, Vice Chair
and Members of the Committees

April 5, 2024

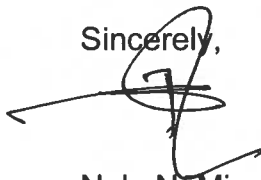
Page 2

comparable salaries for similarly functioning positions/classes are factors that are considered in the collective bargaining of salaries. The collective bargaining process, as established and agreed upon, 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 any adjustments can be timely and properly funded by the respective legislative bodies. The current bill would allow the unions to negotiate pricing outside of the collective bargaining process—which could significantly and unexpectedly increase the employer's overall payroll cost beyond what has been budgeted for during the City's budget approval cycle.

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—except where the impasse occurs within one hundred eighty days after a collective bargaining agreement has been reached—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,

A handwritten signature in black ink, appearing to be 'Nola N. Miyasaki', with a large, stylized initial 'N' and 'M'.

Fov Nola N. Miyasaki
Director



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

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

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

COMMITTEE ON JUDICIARY
Senator Karl Rhoads, Chair
Senator Mike Gabbard, Vice Chair

Friday, April 5, 2024, 10:15 AM
Conference Room 211 & Videoconference

Re: Testimony on HB1640, HD1, SD1 – RELATING TO COLLECTIVE BARGAINING

Chairs Dela Cruz and Rhoads, Vice Chairs Moriwaki and Gabbard, 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, SD1 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, constitutes an impasse to which the impasse procedures shall apply, under certain conditions.

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

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362 East Lanikaula Street
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KAUAI

2970 Kele Street, Suite 213
Lihue, Hawaii 96766-1803
Phone 808.245.2412

MAUI

841 Kolu Street
Wailuku, Hawaii 96793-1436
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Toll Free - *Molokai/Lanai only*

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", with a long horizontal flourish extending to the right.

Kalani Werner
State Director

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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 Ways and Means
Committee on Judiciary

Testimony by
Hawaii Government Employees Association

April 5, 2024

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

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO (HGEA) strongly supports the purpose and intent of H.B. 1640, H.D. 1, S.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.

The state is currently experiencing an approximate 30% position vacancy rate in government which has led to a severe reduction, both in quantity and quality, in government services provided to the public. In certain offices, employees must do the jobs of two or three positions due to the vacancy rates – our members are tired, burnt out, and frustrated.

Current and prospective public employees are flocking to the private and federal sector because they can earn a higher wage. Why would a prospective engineer work for the state when she can earn a significantly higher wage working at the Pearl Harbor Shipyard or private entity? Similarly, why would someone apply to be a Building Plans Examiner for a county when they can make a higher wage working a less stressful job like stocking shelves at Wholefoods or serving hotdogs at Costco. We repeatedly hear Legislators grumble about the state's vacancy rates and the state's inability to recruit and retain a competitive workforce.

This bill will alleviate many of these frustrations and give public sector unions and employees a fair opportunity to address salaries that are no longer competitive with the private and federal sector. Uncompetitive pay equals an uncompetitive employer – its common sense, and we are seeing it unfold today.

The ugly truth is that within the last year several line departments in State government have come to the HGEA asking our organization to submit requests to negotiate the

repricing of positions within their agency, citing the failure of DHRD to address their concerns and need to adjust wages to be competitive in recruiting and retaining staff.

The current position repricing process is clearly lopsided and unfair: it fails to include any appeal mechanism or adjudication via impartial review and empowers the employer to arbitrarily make pricing decisions without recourse. This unbalance has adversely impacted governmental operations, as evidenced by the high vacancy rates and use of "temporary" shortage differentials that in place for decades and continue to increase. Further, the DHRD has not shown any resolve to fix this issue and continues to claim that a position is appropriately priced based on its duties and responsibilities with little to no consideration of market/industry pricing, vacancy percentage, vacancy duration, etc.

This measure will serve as a tool to specifically target job positions with high vacancy rates and/or an uncompetitive salary relative to the job market. This will go a long way to properly price job classes and enforce the notion that paying a competitive salary is a necessity for the state and counties recruit and retain a competitive workforce.

Thank you for the opportunity to provide testimony in strong support of H.B. 1640, H.D. 1, S.D. 1.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Randy Perreira', written over the typed name.

Randy Perreira
Executive Director



Randy Perreira
President

HAWAII STATE AFL-CIO

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The Thirty-Second Legislature
The Senate
Committee on Ways and Means
Committee on Judiciary

Testimony by
Hawaii State AFL-CIO

April 5, 2024

TESTIMONY ON HB1640 HD1 SD1 - RELATING TO COLLECTIVE BARGAINING

Chairs Dela Cruz and Rhoads, Vice Chair Moriwaki and Gabbard, and members of the committee:

The Hawaii State AFL-CIO is a federation of 74 affiliate labor organizations that represent over 68,000 union members in the State of Hawaii. The 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 supports HB1640 HD1 SD1, which requires employers to initiate negotiations on class repricing 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.

The passage of this bill marks a significant step towards rectifying the injustices inherent in the current repricing system. Ensuring that classes of employees are properly priced and competitively compensated would enhance employee satisfaction and contribute to the broader goal of reducing turnover and vacancy rates.

Respectfully submitted,

Randy Perreira
President