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TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON LABOR AND TECHNOLOGY
ON
HOUSE BILL NO. 1026, H.D. 1

March 12, 2025
3:00 p.m.
Room 224 and Videoconference

MAKING EMERGENCY APPROPRIATIONS FOR PUBLIC EMPLOYMENT COST ITEMS

The Department of Budget and Finance supports moving this Administration proposal, or a similar bill, as collective bargaining (CB) negotiations regarding the issue of temporary hazard pay are currently in progress and additional appropriations are needed both for agreements that have already been made and for additional arbitration awards and agreements.

As submitted, this measure appropriates and authorizes appropriations for CB cost items for salary adjustments and other cost adjustments for Fiscal Biennium 2023-25 for the Hawai'i Government Employees Association, Bargaining Units (BU) 2, 3, 4, 8, 9, 13, and 14. The bill has subsequently been amended to reflect settlements and arbitration awards for United Public Workers, BUs 1 and 10. B&F recommends that the bill also be amended to reflect the settlement with the Hawai'i Firefighter's Association (HFA), BU 11.

Act 49, SLH 2024, was based on estimated amounts. Based on the first payments made in October and November 2024, it is clear additional funding is needed.

In addition, an agreement has been reached with the HFA for BU 11; an arbitration award has been issued for employees of the Department of Education for BUs 2, 3, 4, 9, and 13; an arbitration award has been issued for BUs 1 and 10 for the University of Hawai'i; and a settlement with BUs 1 and 10 for the Hawai'i Health Systems Corporation. In addition, additional appropriations may be needed for other agreements or arbitration awards that maybe resolved prior to the end of the legislative session.

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 12, 2025 at 3:00 p.m.

By

Kalbert K. Young

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

HB 1026 HD1 – MAKING EMERGENCY APPROPRIATIONS FOR PUBLIC
EMPLOYMENT COST ITEMS

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

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** HB 1026 HD1, Making Emergency Appropriations for Public Employment Cost Items. This bill makes emergency appropriations for collective bargaining cost items for the members of Units 1, 2, 3, 4, 8, 9, 10, 13, and 14 and their excluded counterparts for fiscal year 2024-2025.

Although agreements between the employer and every employee in these bargaining units have not yet been reached, this bill serves as a vehicle should such agreements occur.

Thank you for this opportunity to testify.



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

THE SENATE
KA 'AHA KENEKOA

THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2025

COMMITTEE ON LABOR AND TECHNOLOGY

Senator Henry J.C. Aquino, Chair
Senator Chris Lee, Vice Chair

Wednesday, March 12, 2025, 3:00 PM
Conference Room 224 & Videoconference

Re: Testimony on HB1026, HD1 – MAKING EMERGENCY APPROPRIATIONS FOR PUBLIC EMPLOYMENT COST ITEMS

Chair Aquino, Vice Chair Lee, 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 **strongly supports** HB1026, HD1, which makes emergency appropriations for collective bargaining cost items for the members of Bargaining Units (1), (2), (3), (4), (8), (9), (10), (13), and (14) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal year 2024-2025

UPW members were provided with a favorable arbitration decision for the University of Hawaii ("UH") last year, and we anticipate another for the Executive Branch in the coming months. Furthermore, a negotiated settlement with the Hawaii Health Systems Corporation ("HHSC") was recently ratified by our members. While arbitration with the Department of Education ("DOE") is scheduled to begin this spring, we are hopeful that a settlement can be reached prior to the end of the current Legislative Session.

Mahalo for this opportunity to testify in support of this measure.

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HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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

Testimony by
Hawaii Government Employees Association

March 12, 2025

H.B. 1026, H.D. 1 – MAKING EMERGENCY APPROPRIATIONS FOR PUBLIC
EMPLOYMENT COST ITEMS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the passage of H.B. 1026, H.D. 1, which makes emergency appropriations for collective bargaining cost items for the members of Units (2), (3), (4), (8), (9), (13), and (14) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal year 2024-2025.

We respectfully request that this measure be passed to cover the cost of any collective bargaining cost item(s), including the cost to fund the remaining amount of the temporary hazard pay settlements for the State Executive Branch, Hawaii Health Systems Corporation, the University of Hawaii, the Department of Education, and the Judiciary.

Thank you for the opportunity to testify in strong support of H.B. 1026, H.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director



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 Henry J.C. Aquino, Chair

Senator Chris Lee, Vice Chair

March 12, 2025
Via Videoconference
Conference Room 224
3:00 p.m.
Hawaii State Capitol

Testimony in Strong Support

**HB 1026, HD1 Relating to Emergency Appropriations for
Public Employment Cost Items.**

Makes emergency appropriations for collective bargaining cost items for the members of Units (1), (2), (3), (4), (8), (9), (10), (13), and (14) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal year 2024-2025.

Edward N. Chu
President and Chief Executive Officer
Hawaii Health Systems Corporation

Hawaii Health Systems Corporation ("HHSC") **strongly supports** HB 1026, 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. HHSC continues its focused efforts to grow revenue in the face of staffing shortages and increased operational costs. Additionally, reduced Medicare reimbursements (the primary source of federal funding accounting for about 43% of HHSC's gross revenues) and the end of Coronavirus funding affecting fiscal years 2024-2027 and going forward further contribute to the need for general funds to enable HHSC to provide critical high quality services to the rural communities it serves.

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

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