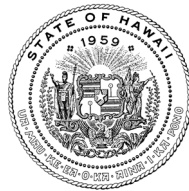


JOSH GREEN, M.D.
GOVERNOR

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

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON

HOUSE BILL NOS. 1027, H.D. 1, S.D. 1; 1028, H.D. 1, S.D. 1;
1029, H.D. 1, S.D. 1; 1030, H.D. 1, S.D. 1; 1031, H.D. 1, S.D. 1; 1032, H.D. 1, S.D. 1;
1034, H.D. 1, S.D. 1; 1035, H.D. 1, S.D. 1; 1036, H.D. 1, S.D. 1; 1037, H.D. 1, S.D. 1;
1038, H.D. 1, S.D. 1; AND 1039, H.D. 1, S.D. 1

April 1, 2025
10:01 a.m.
Room 211 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 (CB) 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 CB cost items for salary adjustments and other cost adjustments for Fiscal Biennium 2025-27.

The bargaining units (BU) addressed in the bills are as follows: House Bill (H.B.) No. 1027, H.D. 1, S.D. 1, BU 1; H.B. No. 1028, H.D. 1, S.D. 1, BU 2; H.B. No. 1029, H.D. 1, S.D. 1, BU 3; H.B. No. 1030, H.D. 1, S.D. 1, BU 4; H.B. No. 1031, H.D. 1, S.D. 1, BU 5; H.B. No. 1032, H.D. 1, S.D. 1, BU 6; H.B. No. 1034, H.D. 1, S.D. 1, BU 8; H.B. No. 1035, H.D. 1, S.D. 1, BU 9; H.B. No. 1036, H.D. 1, S.D. 1, BU 10; H.B. No. 1037, H.D. 1, S.D. 1, BU 11; H.B. No. 1038, H.D. 1, S.D. 1, BU 13; and H.B. No. 1039, H.D. 1, S.D. 1, BU 14.

B&F would like to point out that the bill contains a typographical error in the expenditure ceiling amount listed on page 5, line 12. The amount should be \$8,551,795.

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 Ways and Means
April 1, 2025 at 10:01 a.m.

By

Kalbert K. Young

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

HB 1027 HD1 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i **supports** HB 1027 HD1 SD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit 1 and their excluded counterparts for fiscal biennium 2025-2027.

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.



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

THE SENATE KA 'AHA KENEKOA

THE THIRTY-THIRD LEGISLATURE REGULAR SESSION OF 2025

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

Tuesday, April 1, 2025, 10:01 AM
Conference Room 211 & Videoconference

Re: Testimony on HB1027, HD1, SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS.

Chair Dela Cruz, 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 **strongly supports** HB1027, HD1, SD1, which provides appropriations for collective bargaining cost items for the members of Unit (1) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2025-2027.

While an agreement between the UPW and the Employers has not yet been reached, we appreciate the opportunity to provide testimony in strong support of the legislative vehicle for our Bargaining Unit 1 members.

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

HEADQUARTERS

1426 North School Street
Honolulu, Hawaii 96817-1914
Phone 808.847.2631

HAWAII

362 East Lanikaula Street
Hilo, Hawaii 96720-4336
Phone 808.961.3424

KAUAI

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

MAUI

841 Kolu Street
Wailuku, Hawaii 96793-1436
Phone 808.244.0815

1.866.454.4166

Toll Free - Molokai/Lanai only



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

"Quality Healthcare For All"

Senate Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

April 1, 2025
Via Videoconference
Conference Room 211
10:01 a.m.
Hawaii State Capitol

Testimony in Strong Support
HB 1027, HD1, SD1 Relating to Appropriations for
Public Employment Cost Items.

Provides appropriations for collective bargaining cost items for the members of Unit (1) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2025-2027.

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

Hawaii Health Systems Corporation ("HHSC") **strongly supports** HB 1027, HD1, SD1.

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, given that Medicare and Medicaid patients comprise 74% of HHSC's patients, the recent emphasis by the Trump Administration and Congress on reducing Medicare and Medicaid payments will have a significant impact on HHSC's ability to provide critical high quality services to the rural communities it serves.

The following table provides a breakdown by Bargaining Unit in unfunded collective bargaining pay increases and fringe benefit amounts totaling \$44,068,000:

BU	CBU Pay Increases	Fringe Benefits	Total
BU 01	\$ 1,271,594	\$ 3,242,027	\$ 4,513,621
BU 02	\$ 63,304	\$ 161,398	\$ 224,702
BU 03	\$ 1,336,759	\$ 3,408,169	\$ 4,744,927
BU 04	\$ 69,566	\$ 177,365	\$ 246,931
BU 09	\$ 5,783,993	\$ 14,746,736	\$ 20,530,729
BU 10	\$ 2,349,090	\$ 5,989,187	\$ 8,338,278
BU 13	\$ 1,540,694	\$ 3,928,118	\$ 5,468,811
Total	\$ 12,415,000	\$ 31,653,000	\$ 44,068,000

Accordingly, HHSC respectfully requests a **general fund appropriation** to pay for these unfunded costs.

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