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TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON LABOR AND TECHNOLOGY
ON
SENATE BILL NO. 1345

January 31, 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.

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 Hawai'i Firefighters Association for BU 11; an arbitration award has been issued for employees of the Department of Education for BUs 2, 3, 4, 9, and 13; and an arbitration award has been issued for

BUs 1 and 10 for the University of Hawai'i. 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
January 31, 2025 at 3:00 p.m.

By

Kalbert K. Young

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

SB 1345 – 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 (University) **supports** SB 1345, Making Emergency Appropriations for Public Employment Cost Items. This bill 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 for fiscal year 2024-2025.

On behalf of the State of Hawai'i, the University requests that SB 1345 be amended to include bargaining units 1 and 10. On November 18, 2024, an arbitration settled a dispute between the United Public Workers and the University of Hawai'i regarding temporary hazard pay for bargaining units 1 and 10. While we do not have the final figures yet, we estimate this cost to be approximately \$7 million. We respectfully request the inclusion of money for this arbitration award in this measure. Other arbitrations for these same bargaining units with the State could potentially resolve soon as well. Having this bill accommodate Units 1, 2, 3, 4, 8, 9, 10, 13 and 14 would be timely.

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

Friday, January 31, 2025, 3:00 PM
Conference Room 224 & Videoconference

Re: Testimony on SB1345 – 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** SB1345, 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.

While it is highly irregular for one exclusive representative to provide testimony on the cost items bill of another, this is currently one of the few legislative vehicles UPW has identified that could provide an appropriation for Temporary Hazard Pay (“THP”). Typically, the Governor’s package would include a similar but separate emergency appropriations bill for Bargaining Units 1 and 10, as was done during the last legislative session. Unfortunately, one was not introduced for the current legislative session on behalf of our members.

We are requesting that this bill be amended to include Bargaining Units 1 and 10.

Following months of arbitration proceedings with the University of Hawaii in 2024, UPW members were awarded 15% for all hours worked, and ratification of a settlement agreement is nearly complete for our Hawaii Health System Corporation members. Additionally, we anticipate an award decision for the executive branch during the current legislative session. Without the requested amendment, we will likely have to find another vehicle to address this oversight in an effort to secure THP funding.

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

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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

January 31, 2025

S.B. 1345 – MAKING EMERGENCY APPROPRIATIONS FOR PUBLIC EMPLOYMENT COST ITEMS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the passage of S.B. 1345, 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 S.B. 1345.

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

January 31, 2025
Via Videoconference
Conference Room 224
3:00 p.m.
Hawaii State Capitol

Testimony in Strong Support
SB 1345 Relating to Making Emergency Appropriations
for Public Employment Cost Items.

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.

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

Hawaii Health Systems Corporation ("HHSC") **strongly supports** SB 1345.

HHSC is bound by the public sector union collective bargaining pay increases that are negotiated by the State of Hawaii and arbitration awards. Despite our progress in financial and operational performance, HHSC is unable to keep up with collective bargaining pay increases and future mandated increases in the fringe rate for pension and retiree health insurance costs (OPEB). The inability to generate sufficient revenue to cover these costs led to reductions in personnel and services in fiscal year 2016, and may lead to future reductions in personnel and services unless sufficient general fund or emergency appropriations are provided to cover these rising costs.

Accordingly, HHSC needs a general fund appropriation to pay for any cost items included in this bill.

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