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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
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TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 183, S.D. 1

March 28, 2025
2:00 p.m.
Room 308 and Videoconference

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

The Department of Budget and Finance (B&F) opposes this bill.

Senate Bill (S.B.) No. 183, S.D. 1, amends Chapter 89, HRS, to repeal the prohibition of using arbitration to resolve impasses or disputes relating to Hawai'i Employer-Union Health Benefits Trust Fund (EUTF) contributions, allowing arbitration panels to decide EUTF matters. The bill also removes the prohibition of striking over the issue of employer EUTF contributions. B&F would like to point out that currently, under Charter 89-11(g), HRS, if the employer and the exclusive representative are not able to reach an agreement on EUTF contributions, both parties can submit their recommendations to the Legislature and the Legislature is to make the determination.

B&F opposes this bill for the following reasons.

First, currently, the employer offers a consistent package of health benefits across bargaining units. Allowing each arbitration panel to determine EUTF contributions would make it more difficult to offer a consistent benefits package and could therefore increase administrative complexity for EUTF.

Second, allowing arbitration panels to decide matters relating to EUTF increases uncertainty. Arbitration panels are tasked to consider the employer's ability to pay and overall economic conditions. Panels often fail to grasp the complexities of the State budget. While difficult fiscal conditions can make it challenging to reach resolutions in collective bargaining (CB) negotiations, altering the current process by allowing binding arbitration would take this critical decision out of the hands of elected leaders and put it in the hands of unelected and unaccountable arbitrators. While the Legislature would still have the authority to reject an arbitration award, it appears all cost items would be rejected, not just EUTF contributions. The end result of this bill could result in giving the Legislature a choice of fully conceding control of this significant portion of the budget to arbitration panels or risk unending CB negotiations.

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 H. HASHIMOTO
DIRECTOR
KA LUNA HO'OKELE

BRIAN K. FURUTO
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
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Statement of
BRENN H. HASHIMOTO
Director, Department of Human Resources Development

Before the
HOUSE COMMITTEE ON FINANCE
Friday, March 28, 2025
2:00 PM
State Capitol, Conference Room 308

In consideration of
**SB183 SD1 HD1, RELATING TO THE HAWAII EMPLOYER-UNION HEALTH
BENEFITS TRUST FUND**

Chair Yamashita, Vice Chair Takenouchi, and the members of the committee.

The Department of Human Resources Development (HRD) offers the following comments on SB183 SD1 HD1.

HRD appreciates the intent of this bill, which seeks to resolve impasses and disputes regarding State and county contributions to the Hawaii Employer-Union Health Benefits Trust Fund through arbitration. However, we would like to highlight several considerations for the committee's review:

- **Uniform and Equitable Benefits** - Healthcare benefits for all State employees should remain uniform and equitable.
- **Potential Disparities** - Making employer contributions subject to interest arbitration could create inconsistencies between bargaining units and jurisdictions, potentially impacting recruitment, retention, and workplace morale.
- **Administrative and Financial Impacts** - Varying employer contributions may introduce administrative complexities and unforeseen costs, such as implications related to favored nation clauses.

We are available to answer any questions or provide further information as needed.



The House Committee on Finance

March 28, 2025

Room 308

2:00 PM

RE: **SB 183, SD 1, HD 1, Relating to the Hawaii Employer-Union Health Benefits Trust Fund**

Attention: Chair Kyle Yamashita, Vice Chair Jenna Takenouchi and members of the Committee

The University of Hawaii Professional Assembly (UHPA), the exclusive bargaining representative for all University of Hawai'i faculty members across Hawai'i's statewide 10-campus system, **supports SB 183, SD 1, HD 1**, which allows impasses and disputes relating to the amount of State and County contributions to the Hawaii Employer-Union Health Benefits Trust Fund to be resolved by arbitration.

As written, Chapter 89, Hawaii Revised Statutes (HRS), does not provide a means in which to address disputes (i.e. arbitration) between the employee-employer share of monthly contributions to medical premiums in the EUTF, effectively making this negotiable item one-sided and employer controlled.

While recent negotiations have resulted in some cost savings for some public employees, a significant cost burden remains for many of our members at the lower end of the pay scale. To ensure the most equitable outcome for our members, the exclusive representative should be permitted to sufficiently negotiate the employer's contributions to the EUTF by allowing arbitration on this item.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. L. Fern'.

Christian L. Fern
Executive Director
University of Hawaii Professional Assembly

University of Hawaii
Professional Assembly

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UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

**HOUSE OF REPRESENTATIVES
THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2025**

COMMITTEE ON FINANCE
Rep. Kyle T. Yamashita, Chair
Rep. Jenna Takenouchi, Vice Chair

Friday, March 28, 2025, 2:00 PM
Conference Room 308 & Videoconference

Re: Testimony on SB183, SD1, HD1 – RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Chair Yamashita, Vice Chair Takenouchi, 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** SB183, SD1, HD1, which allows impasses and disputes relating to the amounts of State and county contributions to the Hawaii Employer-Union Health Benefits Trust Fund to be resolved by arbitration.

Chapter 89, Hawaii Revised Statutes (“HRS”) currently lacks a dispute resolution mechanism to address the employee-employer share of monthly contributions to medical premiums for EUTF plans. Although the most recent negotiations with employers resulted in some cost savings for some public employees, the cost burden of health insurance remains for many of our members at the lower end of the pay scale.

Faced with non-competitive pay, rising healthcare premiums, and shrinking retirement benefits, living in Hawaii is simply not affordable for many public employees. If the employers should refuse to pay an equitable and fair percentage of medical premiums, UPW strongly believes that we should be able to negotiate benefits offered by EUTF, and the use of arbitration should be available to resolve disputes related to the benefits of, and employer contributions to, the EUTF.

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

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The Thirty-Third Legislature
House of Representatives
Committee on Finance

Testimony by
Hawaii State AFL-CIO

March 28, 2025

**TESTIMONY IN SUPPORT OF SB183 SD1 HD1 – RELATING TO THE HAWAII EMPLOYER-UNION
HEALTH BENEFITS TRUST FUND**

Chair Yamashita, Vice Chair Takenouchi, and members of the committee:

The Hawaii State AFL-CIO is a state federation of 76 affiliate labor organizations representing over 69,000 union members across Hawaii in industries including healthcare, construction, hospitality, entertainment, transportation, and government. The Hawaii State AFL-CIO serves its affiliates by advocating for the rights of working families, promoting fair wages, safe working conditions, and policies that strengthen Hawaii's workforce.

We support SB183 SD1 HD1 because public employees deserve a voice in negotiations over their healthcare benefits. The current process prevents employees from arbitrating disputes over employer contributions, creating an imbalance in bargaining power. To maintain fairness and consistency, health benefits should be treated like other economic provisions in collective bargaining.

Rising healthcare costs make it necessary for workers to negotiate fair contributions from their employers. Fair and competitive benefits help attract and retain a strong workforce.

We respectfully request the committee's support for this measure.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy Perreira". The signature is fluid and cursive, with the first name "Randy" and last name "Perreira" clearly distinguishable.

Randy Perreira
President



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Third Legislature, State of Hawaii
The House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association

March 28, 2025

S.B. 183, S.D. 1, H.D. 1 — RELATING TO THE HAWAII EMPLOYER-UNION HEALTH
BENEFITS TRUST FUND

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of S.B. 183, S.D. 1, H.D. 1, which allows impasses and disputes relating to the amounts of State and county contributions to the Hawai'i Employer-Union Health Benefits Trust Fund to be resolved by arbitration.

Our organization has been an outspoken and strong proponent of reforming the EUTF to be more cost effective for both the employees and the employers. As currently written in Hawaii Revised Statutes, Chapter 89, this negotiable item lacks a dispute mechanism (arbitration) to address the employee and employer share of the contributions to medical premiums in the EUTF. Effectively making this negotiable item one sided and employer controlled. In past negotiating periods, we have made strong attempts with the employers to cover a more equitable portion of their contribution and they continue to refuse. Improving employer contributions to the medical premiums will significantly improve the recruitment and retention of employees in government. Particularly at a time where the state and counties have struggled to remain a competitive employer to the private sector and federal government, where many of these employers cover all or the majority of cost of medical premiums for their employees.

All employees deserve affordable health care options, but this is especially necessary for employees who need family coverage and who are in a lower salary range. Employees who participate in the EUTF often pay 40% of the total cost of their medical premiums regardless of how much they earn. Which depending on the plan and type of enrollment, can be as high as \$1,500 per month for family coverage, which could be half their monthly salary. This is simply unaffordable for too many.

Thank you for the opportunity to provide testimony in strong support of S.B. 183, S.D. 1, H.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director