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

**February 21, 2025
10:20 a.m.
Room 016 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.
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Statement of
BRENN A. HASHIMOTO
Director, Department of Human Resources Development

Before the
SENATE COMMITTEE ON JUDICIARY
Friday, February 21, 2025
10:20 AM
State Capitol, Conference Room 016

In consideration of
SB183, SD1, Relating to the Hawaii Employer-Union Health Benefits Trust Fund

Chair Rhoads, Vice Chair Gabbard, and the members of the committee.

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

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:

- Healthcare benefits for all State employees should remain uniform and equitable.
- Making employer contributions subject to interest arbitration could create disparities between bargaining units and potentially across jurisdictions, which may impact recruitment, retention, and workplace morale.
- Varying employer contributions may introduce administrative complexities and unforeseen costs (e.g., favored nation clause).

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



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

THE SENATE
KA 'AHA KENEKOA

THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2025

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

Friday, February 21, 2025, 10:20 AM
Conference Room 016 & Videoconference

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

Chair Rhoads, Vice Chair 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 **strongly supports** SB183, SD1, 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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HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

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The Thirty-Third Legislature, State of Hawaii
The Seante
Committee on Judiciary

Testimony by
Hawaii Government Employees Association

February 21, 2025

S.B. 183, S.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, 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.

Respectfully submitted,

Randy Perreira
Executive Director



LATE

The Committee on Judiciary
February 21, 2025
Room 016
10:20 AM

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

Attention: Chair Karl Rhoads, Vice Chair Mike Gabbard 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**, 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