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HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

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DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

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

February 4, 2025
9:00 a.m.
Room 309 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
House Committee on Labor
February 4, 2025 at 9:00 a.m.

By

Kalbert K. Young

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

HB 1026 – MAKING EMERGENCY APPROPRIATIONS FOR PUBLIC EMPLOYMENT
COST ITEMS

Chair Sayama, 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, 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 HB 1026 be amended to include bargaining units 1 and 10. On November 18, 2024, an arbitration settled a dispute between the United Public Workers (UPW) and the University of Hawai'i (UH) 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.



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 Labor

Testimony by
Hawaii Government Employees Association

February 4, 2025

**H.B. 1026 – 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, 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.

Respectfully submitted,

Randy Perreira
Executive Director



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

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

COMMITTEE ON LABOR

Rep. Jackson D. Sayama, Chair

Rep. Mike Lee, Vice Chair

Tuesday, February 4, 2025, 9:00 AM
Conference Room 309 & Videoconference

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

Chair Sayama, 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, 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.

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, ratification for a settlement from the Hawaii Health Systems Corporation (“HHSC”) is currently underway. 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.

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As such, we are requesting that this bill be amended to include Bargaining Units 1 and 10 in Part II of the bill for an arbitration award for the Executive Branch and UH, and a negotiated settlement with the Department of Education.

We are also requesting an amendment to add Bargaining Units 1 and 10 to Part IV for a negotiated settlement with HHSC.

Without the requested amendments, we will likely have to find another vehicle to secure THP funding.

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

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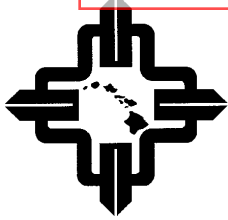
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HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Quality Healthcare For All"

House Committee on Labor
Rep. Jackson D. Sayama, Chair
Rep. Mike Lee, Vice Chair

February 4, 2025
Via Videoconference
Conference Room 309
9:00 a.m.
Hawaii State Capitol

Testimony in Strong Support
HB 1026 Relating to 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** HB 1026.

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.

HB-1026

Submitted on: 2/2/2025 5:20:54 PM

Testimony for LAB on 2/4/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Veronica Moore	Individual	Support	Written Testimony Only

Comments:

To: Representative Jackson Sayama, Chair

Representative Mike Lee, Vice Chair

House Committee on Labor

House Committee on Finance

From: Veronica Moore, Individual Citizen

Date: February 2, 2025

RE: Upcoming Hearing for HB1026

Measure Title: MAKING EMERGENCY APPROPRIATIONS FOR
PUBLIC EMPLOYMENT COST ITEMS.

Report Title: Public Employment Cost Items; BU-2, BU-3, BU-4, BU-8, BU-9, BU-
13, and BU-14; Emergency Appropriations; Expenditure Ceiling (\$)

To All Concerned,

My name is Veronica Moore and I support House Bill 1026 as I believe it will greatly assist the members of the respective bargaining units. Thank you for introducing this bill and I appreciate the opportunity to present testimony regarding it.

Sincerely,

Veronica M. Moore