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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 SENATE COMMITTEE ON LABOR AND TECHNOLOGY
ON

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

March 12, 2025
3:00 p.m.
Room 224 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, BU 1; H.B. No. 1028, H.D.1, BU 2; H.B. No. 1029, H.D.1, BU 3; H.B. No. 1030, H.D. 1, BU 4; H.B. No. 1031, H.D. 1, BU 5; H.B. No. 1032, H.D.1, BU 6; H.B. No. 1034, H.D. 1, BU 8; H.B. No. 1035, H.D. 1, BU 9; H.B. No. 1036, H.D. 1, BU 10; H.B. No. 1037, H.D. 1, BU 11; H.B. No. 1038, H.D. 1, BU 13; and H.B. No. 1039, H.D. 1, BU 14.

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
March 12, 2025 at 3:00 p.m.

By

Kalbert K. Young

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

HB 1036 HD1 – RELATING TO 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 **supports** HB 1036 HD1, Relating to Public Employment Cost Items. This bill provides appropriations for collective bargaining cost items for the members of Unit 10 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 KENEKO

THE THIRTY-THIRD LEGISLATURE
REGULAR SESSION OF 2025

COMMITTEE ON LABOR AND TECHNOLOGY

Senator Henry J.C. Aquino, Chair
Senator Chris Lee, Vice Chair

Wednesday, March 12, 2025, 3:00 PM
Conference Room 224 & Videoconference

Re: Testimony on HB1036, HD1 – RELATING TO 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** HB1036, HD1, which provides appropriations for collective bargaining cost items for the members of Unit (10) 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 10 members.

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

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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

March 12, 2025
Via Videoconference
Conference Room 224
3:00 p.m.
Hawaii State Capitol

**Testimony in Strong Support
HB 1036, HD1 Relating to Appropriations for
Public Employment Cost Items.**

Provides appropriations for collective bargaining cost items for the members of Unit (10) 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 1036, HD1.

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.