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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. 183

February 5, 2025
3:10 p.m.
Room 224 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 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 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
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KA HOPE KIA'ĀINA



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Statement of
BRENNA H. HASHIMOTO
Director, Department of Human Resources Development

Before the
SENATE COMMITTEE ON LABOR AND TECHNOLOGY
Wednesday, February 5, 2025
3:10 PM
State Capitol, Conference Room 224

In consideration of
SB 183, Relating to the Hawaii Employer-Union Health Benefits Trust Fund

Chair Aquino, Vice-Chair Lee and members of the Committee on Labor and Technology:

The Department of Human Resources Development (HRD) offers the following comments on SB 183.

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 LABOR AND TECHNOLOGY

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

Wednesday, February 5, 2025, 3:10 PM
Conference Room 224 & Videoconference

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

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** SB183, 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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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

February 5, 2025

S.B. 183 — 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, 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.

Respectfully submitted,



Randy Perreira
Executive Director



The Senate Committee on Labor and Technology
February 5, 2025
Room 224
3:10 PM

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

Attention: Chair Henry Aquino, Vice Chair Chris Lee and Members of the Committee

The University of Hawaii Professional Assembly (UHPA) **supports SB 183**, 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,

Christian L. Fern
Executive Director
University of Hawaii Professional Assembly

**University of Hawaii
Professional Assembly**