



## **HAWAII HEALTH SYSTEMS**

C O R P O R A T I O N

*Quality Healthcare For All*

**Senate Committee on Ways and Means**  
**Senator Jill N. Tokuda, Chair**  
**Senator Donovan M. Dela Cruz, Vice Chair**

February 21, 2017  
Conference Room 211  
10:05 a.m.  
Hawaii State Capitol

**Testimony Supporting Senate Bill 915  
Relating to Public Employment Cost Items.  
To provide appropriations for collective bargaining cost items and other public  
employment costs for Unit (3) and their excluded counterparts, including the cost  
of salary adjustments negotiated between the State and the bargaining unit  
representative for fiscal biennium 2017-2019.**

Linda Rosen, M.D., M.P.H.  
Chief Executive Officer  
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in **support of S.B. 915** that will appropriate funds for fiscal biennium 2017-2019 for salary costs for public employees in collective bargaining unit 3 and for certain employees excluded from collective bargaining.

HHSC values all of its employees in the public sector unions. However, HHSC's financial condition cannot absorb any further collective bargaining pay increases without a corresponding general fund appropriation to pay for those raises. In HHSC's budget briefing testimony for the fiscal biennium 2017-2019, HHSC noted that \$28 million of HHSC's initial general fund appropriation request is due to pay for the cumulative effect of collective bargaining pay raises for the prior fiscal biennium 2014-2016 which were funded through special fund appropriations. For HHSC, a special fund appropriation only allows the hospitals to spend the cash that they generate on paying these types of raises; however, HHSC's hospitals already are not able to generate sufficient cash to pay for all of its operating expenses. This is why HHSC constantly needs a general fund appropriation of between 15-20% of its operating budget just to end each fiscal year with a minimal level of cash on hand. HHSC needs a **general fund appropriation** to pay for the proposed raises; otherwise, it will need an emergency appropriation to pay for these raises in the upcoming Legislative Session.

3675 KILAUEA AVENUE • HONOLULU, HAWAII 96816 • PHONE: (808) 733-4020 • FAX: (808) 733-4028

Page 2  
Hawaii Health Systems Corporation  
Testimony for S.B. 915

Thank you for the opportunity to testify before this committee. We appreciate the Committee's continued focus on improving healthcare for our island communities.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, February 17, 2017 2:47 PM  
**To:** WAM Testimony  
**Cc:** ecabatu@hhsc.org  
**Subject:** \*Submitted testimony for SB915 on Feb 21, 2017 10:05AM\*

**SB915**

Submitted on: 2/17/2017

Testimony for WAM on Feb 21, 2017 10:05AM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Elena Cabatu	East Hawaii Region of Hawaii Health Systems Corporation	Support	No

**Comments:**

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

DAVID Y. IGE  
GOVERNOR



WESLEY K. MACHIDA  
DIRECTOR

LAUREL A. JOHNSTON  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
SENATE BILL NOS. 914, 915, 916, 917, 918, 919, 920,  
921, 922, 923, 924, 925 AND 926, S.D. 1

**February 21, 2017**  
**10:05 a.m.**  
**Room 211**

**RELATING TO PUBLIC EMPLOYMENT COST ITEMS**

These measures are vehicle bills to appropriate and authorize funds for collective bargaining cost items for salary adjustments and other cost adjustments for public employees and their excluded counterparts for Fiscal Biennium 2017-19.

The Department of Budget and Finance supports moving these Administration measures, or similar ones, as negotiations are currently in progress and vehicle bills will be necessary should an agreement be reached or arbitration award issued prior to the end of the legislative session. The bargaining units addressed in the bills and the bill number for the Administration measure for that bargaining unit are as follows: Senate Bill No. 924, S.D. 1, Bargaining Unit 1; Senate Bill No. 914, S.D. 1, Bargaining Unit 2; Senate Bill No. 915, S.D. 1, Bargaining Unit 3; Senate Bill No. 916, S.D. 1, Bargaining Unit 4; Senate Bill No. 917, S.D. 1, Bargaining Unit 5; Senate Bill No. 918, S.D. 1, Bargaining Unit 6; Senate Bill No. 919, S.D. 1, Bargaining Unit 7; Senate Bill No. 920, S.D. 1, Bargaining Unit 8; Senate Bill No. 921, S.D. 1, Bargaining Unit 9; Senate Bill No. 922, S.D. 1, Bargaining Unit 10; Senate Bill No. 923, S.D. 1, Bargaining Unit 11; Senate Bill No. 925, S.D. 1, Bargaining Unit 13; and Senate Bill No. 926, S.D. 1, Bargaining Unit 14.

Thank you for your consideration of our comments.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

---

Testimony Presented Before the  
Senate Committee on Ways and Means  
Tuesday, February 21, 2017 at 10:05 a.m., Room 211

by  
Kalbert K. Young  
Vice President for Budget & Finance/Chief Financial Officer  
University of Hawai'i System

### WRITTEN ONLY

#### SB 915 SD1 – RELATING TO PUBLIC EMPLOYMENT COST ITEMS

Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee on Ways and Means:

Thank you for this opportunity to testify. The University of Hawai'i (UH) **supports** SB 915 SD1, Relating to Public Employment Cost Items. This bill appropriates funds for collective bargaining cost items and other public employment costs for Unit (3) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 2017-2019.

Government employers in the State are in negotiations with bargaining unit (3) for their new contract to begin July 1, 2017. Once the negotiations and the collective bargaining process concludes this bill may be necessary if additional funding is required.

Thank you for your time and consideration.



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**

AFSCME Local 152, AFL-CIO

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

The Twenty-Ninth Legislature, State of Hawaii  
The Senate  
Committee on Ways and Means

Testimony by  
Hawaii Government Employees Association

February 21, 2017

S.B. 914, 915, 916, 918, 920, 921, 925,  
and 926 – RELATING TO PUBLIC  
EMPLOYMENT COST ITEMS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the passage of S.B. 914, 915, 916, 918, 920, 921, 925, and 926, each of which provides a vehicle funding bill to implement pending collective bargaining agreements for fiscal biennium 2017 – 2019 for the bargaining units we represent.

Thank you for the opportunity to testify in strong support of the aforementioned bills.

Respectfully submitted,  
  
Randy Perreira  
Executive Director