

DAVID Y. IGE  
GOVERNOR



JAMES K. NISHIMOTO  
DIRECTOR

RANDY BALDEMOR  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT**  
235 S. BERETANIA STREET  
HONOLULU, HAWAII 96813-2437

March 31, 2015

TESTIMONY TO THE  
HOUSE COMMITTEE ON FINANCE  
For Hearing on Wednesday, April 1, 2015  
2:00 p.m., Conference Room 308

By

JAMES K. NISHIMOTO  
OFFICE OF COLLECTIVE BARGAINING, CHIEF NEGOTIATOR

**Senate Bill Nos. 1076 SD1 HD1; 1077 SD1 HD1; 1078 SD1 HD1; 1079 SD1 HD1;  
1080 SD1 HD1; 1081 SD1 HD1; 1082 SD1 HD1; 1083 SD1 HD1; and 1084 SD1 HD1  
Making Appropriations for Collective Bargaining Cost Items**

**(WRITTEN TESTIMONY ONLY)**

CHAIRPERSON LUKE, VICE CHAIR NISHIMOTO AND MEMBERS OF THE HOUSE  
COMMITTEE ON FINANCE:

These bills provide fund authorizations and appropriations for collective bargaining cost items for bargaining units (14), (2), (3), (4), (5), (10), (11), (8) and (9) and their excluded counterparts, including the cost of salary adjustments negotiated between the State and the respective bargaining unit representatives for fiscal biennium 2015 – 2017.

The Office of Collective Bargaining (OCB) is **IN SUPPORT** of these bills.

OCB is in favor of these bills continuing to proceed through the legislative process to ensure adequate funding of negotiated cost items.

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NOS. 1077, S.D. 1, H.D. 1; 1078, S.D. 1, H.D. 1;  
1079, S.D. 1, H.D. 1; 1083, S.D. 1, H.D. 1; AND 1084, S.D. 1, H.D. 1

April 1, 2015

MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING 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 represented by the Hawaii Government Employees' Association and their excluded counterparts for Fiscal Biennium 2015-17.

The Department of Budget and Finance supports moving these administration proposals, 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 are as follows: Senate Bill No. 1077, S.D. 1, H.D. 1, Bargaining Unit 2; Senate Bill No. 1078, S.D. 1, H.D. 1, Bargaining Unit 3; Senate Bill No. 1079, S.D. 1, H.D. 1, Bargaining Unit 4; Senate Bill No. 1083, S.D. 1, H.D. 1, Bargaining Unit 8; and Senate Bill No. 1084, S.D. 1, H.D. 1, Bargaining Unit 9.



# **UNIVERSITY OF HAWAII SYSTEM**

## **Legislative Testimony**

---

### WRITTEN ONLY TESTIMONY

Submitted to the

House Committee on Finance

April 1, 2015 at 2:00 pm Room 308

by

Kalbert Young

Vice President – Budget & Finance & Chief Financial Officer

University of Hawai'i

### **SB 1078 SD1 HD1 – MAKING APPROPRIATIONS FOR COLLECTIVE BARGAINING COST ITEMS**

Chair Luke, Vice Chair Nishimoto, and members of the Finance Committee:

Thank you for this opportunity to testify. The University of Hawai'i (UH) supports SB1078 SD1 HD1, Making Appropriations for Collective Bargaining Cost Items. This measure would provide fund authorization and appropriations for collective bargaining cost items on behalf of UH employees represented by unit (3) and their excluded counterparts, pursuant to collective bargaining agreements between the State of Hawai'i and the bargaining unit for fiscal biennium 2015-2017.

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-Eighth Legislature, State of Hawaii  
House of Representatives  
Committee on Finance**

**Testimony by  
Hawaii Government Employees Association  
April 1, 2015**

**S.B. 1076, S.B. 1077, S.B. 1078,  
S.B. 1079, S.B. 1083, S.B. 1084 –  
MAKING APPROPRIATIONS FOR  
COLLECTIVE BARGAINING ITEMS**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports S.B. 1076, S.B. 1077, S.B. 1078, S.B. 1079, S.B. 1083, and S.B. 1084 -- each of which provide a vehicle to implement pending collective bargaining agreements for fiscal biennium 2015 - 2017 for bargaining units 2, 3, 4, 8, 9 and 14.

Thank you for the opportunity to testify in support of the above legislation.

Respectfully submitted,

*for* Randy Perreira  
Executive Director

**FIN-Jo**

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, March 31, 2015 11:21 AM  
**To:** FINTestimony  
**Cc:** ecabatu@hhsc.org  
**Subject:** \*Submitted testimony for SB1078 on Apr 1, 2015 14:00PM\*

**SB1078**

Submitted on: 3/31/2015

Testimony for FIN on Apr 1, 2015 14:00PM in Conference Room 308

<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)

From: mailinglist@capitol.hawaii.gov  
Sent: Monday, March 30, 2015 2:34 PM  
To: FINTestimony  
Cc: etvuong@hotmail.com  
Subject: \*Submitted testimony for SB1078 on Apr 1, 2015 14:00PM\*

**SB1078**

Submitted on: 3/30/2015

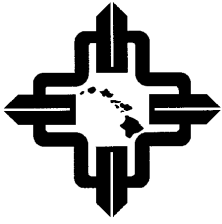
Testimony for FIN on Apr 1, 2015 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Erik Vuong	Individual	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)



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N  
*Quality Healthcare For All*

**LATE**

**House Committee on Finance**  
**Representative Sylvia Luke, Chair**  
**Representative Scott Y. Nishimoto, Vice Chair**

April 1, 2015  
Conference Room 308  
2:00 p.m.  
Hawaii State Capitol

**Testimony Supporting Senate Bill 1078, SD1, HD1  
Making Appropriations for Collective Bargaining Cost Items.  
Provides fund authorizations and appropriations for collective bargaining cost  
items for collective bargaining unit (3) and their excluded counterparts, including  
the cost of salary adjustments negotiated between the State and the bargaining  
unit representative for fiscal biennium 2015-2017.**

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 SB 1078, SD1, HD1** that will appropriate funding from the General Fund to provide our over 760 white collar, non-supervisory employees with their negotiated or arbitrated wages.

As Hawaii's "safety net" hospitals, HHSC's financial crisis has raised major concerns with residents throughout the state – particularly in the neighbor island communities. The 2009 Stroudwater Report bluntly states "HHSC is in a financially perilous condition." Sadly, since this 5-year old report, our financial condition has only worsened. HHSC began the 2015 fiscal year with only enough cash on-hand to operate for 30 days. For a rural community such as Hilo, the question of how one would receive critical medical care if their only hospital closed in a month due to fiscal deficiencies is distressing.

Added financial pressure was applied with the stress of funding pay increases. HHSC's past efforts to have these raises paid for out of the General Fund have been unsuccessful. Hence, the pay raises had to be paid out from the Special Fund – a fund with a \$48 million shortfall. Consequently, HHSC was forced to absorb this \$48 million in unfunded collective bargaining raises that were negotiated by the previous Administration. While we have managed to reduce the cash flow deficit to roughly \$15

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

---

HILO • HONOKAA • KAU • KONA • KOHALA • WAIMEA • KAPAA • WAILUKU • KULA • LANAI • HONOLULU  
[www.hhsc.org](http://www.hhsc.org) <<http://www.hhsc.org>>

million, contingency plans for responding to this monetary shortfall were unavoidable. The first round of reduction-in-force cut 33 filled positions, eliminated 109 vacant positions, and resulted in the closure of Maui Memorial's Adolescent Psych Unit.

Moving forward, our financial forecast looks grim. Thus, raising enough revenue to support these pay increases will be extremely challenging – if not impossible. Consequently, if this bill is not passed, HHSC must move forward with more rounds of reductions. Cuts will be deeper, jobs will be lost, and critical medical services may be eliminated in our communities that desperately need them. Therefore, we implore this committee to support the provision of general fund appropriations to HHSC that would fully-fund the cost of the wage increases.

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