

LINDA LINGLE
GOVERNOR



RUSS K. SAITO
Comptroller

Barbara A. Annis
Deputy Comptroller

**STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES**

P.O. BOX 119
HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
LABOR & PUBLIC EMPLOYMENT
ON
January 29, 2008

H.B. 3145

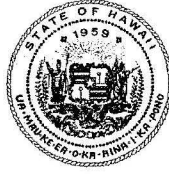
RELATING TO GOVERNMENT SERVICES

Chair Sonson and members of the Committee, thank you for the opportunity to testify on H.B. 3145.

The Department of Accounting and General Services supports this bill because it will reinstate the authority of the State and the counties to contract with nongovernmental contractors for services under specific circumstances. This will allow the State and the counties to contract with Hawaii businesses, nonprofit organizations, and mutual benefit societies to obtain services that are critical for the efficient, cost effective, and uninterrupted delivery of services by the state and county governments.

Thank you for the opportunity to submit written testimony on this matter.

LINDA LINGLE
GOVERNOR OF HAWAII



MARIE C. LADERTA
DIRECTOR

CINDY S. INOUE
DEPUTY DIRECTOR

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

January 28, 2008

TESTIMONY TO THE
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
For Hearing on
Tuesday, January 29, 2008
Conference Room 309

BY

MARIE C. LADERTA, DIRECTOR

House Bill No. 3145

Relating to State and County Contracts for Services

TO CHAIRPERSON SONSON AND MEMBERS OF THE COMMITTEE:

Chair Sonson, thank you so much for the prompt scheduling of House Bill No. 3145 for hearing.

The purpose of House No. 3145 is to provide flexibility and reliability to the hiring and contracting processes by exempting from civil service law positions or contracts for personal services lasting up to one year with non-government entities.

The Department of Human Resources Development **strongly supports** this Administration-sponsored bill.

In 2001, the Legislature found that it was important for the State and county governments to be authorized to deliver services by the most efficient means possible. As a result, the Legislature empowered the State and county governments to contract with non-government entities to provide services to the government. This contracting authority allowed the State and county governments to inject substantial resources into local businesses.

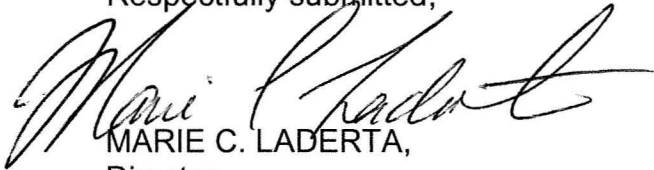
In June 2007, the law that conferred broad authority upon the State and the counties to contract expired. This law was part II of Act 90, Session Laws of Hawaii 2001. As a result, there is now uncertainty regarding the authority of the State and the counties to contract with Hawaii businesses, nonprofit organizations, and mutual benefit societies to obtain services that are critical for the efficient, cost effective, and uninterrupted delivery of services by the state and county governments.

Consequently, the contracts between the State or county governments and these entities are now subject to legal challenge. The basis for this legal challenge was a prior Hawaii Supreme Court decision in *Konno v. County of Hawaii*, 85 Haw. 61 (1997), which raised legal questions that have caused uncertainty and could expose the State to costly and unnecessary litigation.

In order to avoid the risk of costly litigation and to ensure that Hawaii is not harmed by the expiration of Act 90, this bill seeks to amend the State's and the counties' procurement and civil service laws to maintain the current relationship between the State and the counties and their respective contractors who provide vital services to the government and the citizens of Hawaii. Included within this bill are limited exemptions to the civil service law that will allow the government to continue to contract with non-government entities without causing a substantial burden on our existing public sector civil servants.

Accordingly, we respectfully request passage of this important measure. Thank you for the opportunity to provide testimony.

Respectfully submitted,



MARIE C. LADERTA,
Director



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME LOCAL 152, AFL-CIO

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The Twenty-Fourth Legislature, State of Hawaii
The House of Representatives
Committee on Labor and Public Employment

Testimony by
HGEA/AFSCME, Local 152, AFL-CIO
January 29, 2008

HB 3145 – Relating to State and County Contracts for Services

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes H.B. 3145. This measure allows for the procurement of services from private contractors that have been customarily provided by civil servants. It also exempts the state and counties who obtain contracts for services from Chapters 46 and 76, HRS.

The HGEA continues to be opposed to the level of privatization permitted under this bill because we strongly believe in government's responsibility to provide basic services to the public. Extensive work should not be contracted out without good reason, careful forethought and rigorous oversight. The quality of services often deteriorates when profit is the prime motivation in service delivery.

Last year, we did support legislation (H.B. 1171) which allowed contracts with private entities or persons for services lasting for no more than one year and at a cost of no more than \$750,000. Through this measure, the counties will have the ability to continue contracts with private entities to enhance or supplement existing services. That language was inserted based on agreement between the respective public sector unions and county employers.

Thank you for this opportunity to testify in opposition to H.B. 3145.

Respectfully submitted,

Nora A. Nomura
Legislative Officer

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY
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No. _____

LATE TESTIMONY

TESTIMONY ON HOUSE BILL 3145
RELATING TO STATE AND COUNTY CONTRACTS FOR SERVICES

by

Clayton A. Frank, Director
Department of Public Safety

Committee on Labor & Public Employment
Representative Alex M. Sonson, Chair
Representative Bob Nakasone, Vice Chair

Tuesday, January 29, 2008, 8:30 A.M.
State Capitol, Conference Room 309

Representative Sonson and Members of the Committee:

The Department of Public Safety strongly supports House Bill 3145, relating to State and County Contracts for Services. The purpose of this measure is to provide flexibility and reliability to the hiring and contracting processes by exempting from civil service law, positions or contracts for personal services lasting up to one year with non-government entities.

In 2001, the Legislature found that it was important for the State and county governments to be authorized to deliver services by the most efficient means possible. As a result, the Legislature empowered the State and county governments to contract with non-government entities to provide services to the government. This contracting authority allowed the State and county governments to inject substantial resources into local businesses.

In June 2007, the law that conferred broad authority upon the State and the counties to contract expired. This law was part II of Act 90, Session Laws of Hawaii 2001. As a result, there is now uncertainty regarding the authority of the State and the counties to contract with Hawaii businesses, nonprofit organizations, and mutual benefit societies to obtain services that are critical for the efficient, cost effective, and uninterrupted delivery of services by the State and County governments. These services include but are not limited to the following services to inmates and parolees: nursing, dental, substance abuse, sex offender treatment and reentry program services. Also, affected are the Department's refuse collection and disposal services, as well as the wastewater treatment plant operation and maintenance services at the facilities.

In summary, we strongly support House Bill 3145, and thank you for the opportunity to testify.