

LINDA LINGLE
GOVERNOR



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**STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES**
P.O. BOX 119
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TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEES
ON
HUMAN SERVICES AND PUBLIC HOUSING
AND
TOURISM AND GOVERNMENT OPERATIONS
ON
February 12, 2008

S.B. 2108

RELATING TO PUBLIC PROCUREMENT

Chairs Chun Oakland, Nishihara, and members of the Committees, thank you for the opportunity to testify on S.B. 2108.

The Department of Accounting and General Services (DAGS) supports S.B. 2108's intent to establish a preference for employers of certain public assistance recipients. The preference of up to 5% would appear to produce a reasonable balance for businesses that want to help recipients of certain public assistance without creating artificial incentives or under economic disadvantages for other businesses.

Although the bill's provisions for persons with disabilities appears to mirror the arrangements for the public assistance recipients, DAGS has questions about whether this bill would duplicate or create inconsistencies with 103D-1009, HRS (Qualified community rehabilitation program; proposal to provide goods and services), 103D-1010 HRS (Purchases from qualified community rehabilitation programs), and 103D-1011

HRS (Qualified community rehabilitation program; proposal to provide goods and services), HRS. DAGS' understanding is that these sections of the HRS serve their purpose well, except for the prohibition against qualified rehabilitation programs relative to the provision of construction services. The prohibition against construction in 103D-1010 and 103D-1011 could be addressed as follows:

Section 103D-1010, Hawaii Revised Statutes, is amended to read as follows:

"103D-1010. Purchases from qualified community rehabilitation programs. (a) Any governmental body, without advertising or calling for bids, may purchase goods, ~~[or]~~ services, or construction if such construction is valued at less than \$500,000, provided by qualified community rehabilitation programs serving persons with disabilities that have indicated an interest in supplying the goods, ~~[or]~~ services, or construction, and on an equitable basis may apportion the business among the interested programs; provided that the goods, ~~[and]~~ services, and construction meet the specifications and needs of the purchasing agency and are purchased at a fair market price as determined by the ~~[appropriate public]~~ purchasing agency. ~~[- and provided further that the programs comply with the following:]~~

(b) In making any purchase under this section, the purchasing agency must affirmatively determine that the program providing the goods, services, or construction:

- (1) Meets all of the requirements of a qualified community rehabilitation program under section 103D-1001; and
- (2) Maintains a disabled to non-disabled employee ratio equal to or in excess of three-to-one for work hours of direct labor at all times on the work contracted.

~~[(b)]~~ (c) The purchasing agency shall:

- (1) Receive and review proposals submitted by qualified community rehabilitation programs to provide goods, ~~[or]~~ services, or construction, and determine if they are suitable for purchase by the agency;
- (2) Negotiate the conditions and terms for the purchase, including the price of the offer, between the agency and the qualified community rehabilitation program; provided that the price of the offer shall not exceed the fair market price and there is assurance that the qualified community rehabilitation program proposal is in compliance with all administrative rules related to purchasing; and
- (3) Ensure that any goods, ~~[or]~~ service, or construction, purchased from a qualified community rehabilitation program shall not be placed on the Hawaii products list under section 103D-1002."

Section 103D-1011, Hawaii Revised Statutes, is amended to read as follows:

"103D-1011 Qualified community rehabilitation program; proposals~~[to provide goods and services]~~. Under this part, a [A] qualified community rehabilitation program shall be allowed ~~[to sell only]~~ a preference on any contracts for goods or services~~[-, also to include building custodial and grounds maintenance services, to a governmental body]~~. In addition, a qualified community rehabilitation program shall be allowed a preference on contracts for construction of public works, if the cost of the project is less than \$500,000. A community rehabilitation program seeking a preference shall submit a proposal [shall be submitted] to the purchasing agency containing the following information:

- (1) A description of the goods, ~~[or]~~ service, or construction;
- (2) The price of the goods, ~~[or]~~ service, or construction; and
- (3) Documents and information necessary to qualify as a qualified community rehabilitation program under section 103D-1001."

Thank you for the opportunity to testify on this matter.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 12, 2008

MEMORANDUM

TO: The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services and Public Housing

The Honorable Clarence K. Nishihara, Chair
Senate Committee on Tourism and Government Operations

FROM: Lillian B. Koller, Director

SUBJECT: **S.B. 2108 - RELATING TO PUBLIC PROCUREMENT**

Hearing: Tuesday, February 12, 2008; 02:00 p.m.
Conference Room 229, State Capitol

PURPOSE: The purpose of S.B. 2108 is to establish a procurement preference for companies bidding on state and county contracts that pledge to hire the disabled and recipients of public assistance.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports the intent of this bill and respectfully requests that its passage does not adversely impact nor replace the priorities in the Executive Supplemental Budget.

We offer the following comments for clarity.

1. On page 3, line 21 through 22, it states, "Certify the eligibility of persons who are recipients of temporary assistance for needy families...". If the intent is to limit "persons with disabilities" to only TANF recipients, then this language is fine. However, if the intent is to include other recipients of cash benefit

public assistance, then the language on page 4, line 21 through 22, may be more appropriate.

2. In order to establish a registry as stated on page 3, line 1 and page 5, line 1, there may be a need to establish an automated method to identify those “persons with disabilities” in order to readily have the most up-to-date listing. This will probably require funding which may have an adverse impact on the priorities in the Executive Supplemental Budget. Additionally, if this registry is to track “recipients of income payments under public assistance” which may include recipients not on TANF, such as recipients on General Assistance, then TANF funds could not be used in establishing a registry.
3. The bill suggests statutory changes only to 103D procurements, however, there are also 103F procurements for services in the Health and Human Services area. These types of procurements may be able to utilize “persons with disabilities” in their service delivery as well.

Thank you for the opportunity to provide comments on this bill.

LINDA LINGLE
GOVERNOR



PROCUREMENT POLICY BOARD
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TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
SENATE COMMITTEES
ON
HUMAN SERVICES AND PUBLIC HOUSING
AND
TOURISM AND GOVERNMENT OPERATIONS

February 12, 2008

SB 2108

RELATING TO PUBLIC PROCUREMENT.

Chair Chun Oakland, Chair Nishihara and committee members, thank you for the opportunity to testify on SB 2108.

The State Procurement Office provides comments on the proposed bill that establishes a preference for bidders who employ individuals with disabilities and recipients of public assistance. The proposed language to create additional sections in chapter 103D is not necessary. As an alternative, HRS §103D-1009, provides a preference for qualified community rehabilitation programs, and may be amended to include employers who hire persons that are recipients of income payments under public assistance. The bill provides a preference amount to be equal to the percentage of individuals employed by the bidder who are persons with disabilities or who are recipients of income payments under public assistance and shall be subtracted from the offer for selection purposes only; provided that the preference amount shall not exceed five per cent of the bid price. HRS §103D-1009 provides the five percent preference without the need to calculate the number of persons who are disabled or receiving income payments under public assistance.

Below are the proposed amendments to HRS §103D-1009 for your consideration.

Thank you.

§103D-1009 Preference for qualified community rehabilitation programs; **employment of persons with disabilities**. (a) When a governmental body contracts for services, a five per cent preference shall be given to ~~[services to be provided by]~~ nonprofit corporations or public agencies operating qualified community rehabilitation programs in conformance with criteria established by the department of labor and industrial relations pursuant to chapter 91, or a responsive and responsible offeror that employs persons with disabilities or recipients of income payments under public assistance; provided that contracts awarded ~~[under this section]~~ to nonprofit corporations shall be exempt from the wages provision of section 103-55.

(b) The department of human services shall establish a registry of persons with disabilities and recipients of income payments under public assistance who are seeking employment which a responsive and responsible offeror may employ.

(c) The policy board shall adopt rules under chapter 91 to establish the ~~[preference for nonprofit corporations or public agencies operating qualified community rehabilitation programs]~~ procedures consistent with this section.



HAWAII DISABILITY RIGHTS CENTER

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E-mail: info@hawaiidisabilityrights.org Website: www.hawaiidisabilityrights.org

To: Senate Committee on Tourism and Government Operations and
Senate Committee on Human Services & Public Housing

Time: 2:00 p.m.

Date: Tuesday, February 12, 2008

Place: Conference Room 229

Testimony of Howard Lesser, Member, State Rehabilitation Council, representing the
Client Assistance Program, Hawaii Disability Rights Center

RELATING TO EMPLOYMENT OPPORTUNITIES FOR PERSONS WITH DISABILITIES

Chair Nishihara, Chair Chun Oakland and Committee Members:

Thank you for the opportunity to testify on S.B. 2108.

Hawaii Disability Rights Center supports S.B. 2108 to create new employment
opportunities for persons with disabilities in Hawaii.

While Hawaii has a low overall unemployment rate of approximately 3%, in actuality, the
unemployment rate for persons with disabilities is a dismal 67%. The Equal
Employment Opportunity Commission recently reported that employment of persons
with disabilities hit its lowest point in 22 years in fiscal 2006. We have seen multiple
barriers get in the way of gainful, competitive employment. Yet, one study indicates that
companies report that persons with disabilities have better retention rates, reducing the
high cost of turnover.

Persons with disabilities are entitled to competitive, gainful employment. HDRC, through
its Client Assistance Program, works with persons with disabilities and the Division of
Vocational Rehabilitation to attain the goals of competitive, gainful employment. The
passage of this bill will serve to increase the achievement of these goals. Federal
legislation now pending in Congress on a similar bill has received bipartisan support.

HDRC, in collaboration and cooperation with the State Rehabilitation Council and the
Division of Vocational Rehabilitation, supports S.B. 2108 and we thank you for your
consideration in passing this bill.

Howard Lesser, CAP Advocate





State Rehabilitation Council

Vocational Rehabilitation and Services for the Blind Division
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Kapolei, Hawaii 96707

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Testimony of Rene' Berthiaume, Chairman of the Hawaii State Rehabilitation Council

To the Senate Committees on Tourism and Government Operations and Human Services & Public Housing

February 12, 2008

S.B. 2108

RELATING TO EMPLOYMENT OPPORTUNITIES FOR PERSONS WITH DISABILITIES

Chair Nishihara, Chair Chun Oakland and committee members, thank you for the opportunity to testify on S.B. 2108.

The State Rehabilitation Council supports S.B. 2108 as a way of providing much needed employment opportunities for persons with disabilities. Hawaii is currently enjoying the lowest unemployment rate in the nation, staying below 3% for a sustained period of time. The unemployment rate for persons with disabilities is an unacceptable 62%, a huge disparity. Persons with disabilities often struggle to access the competitive employment that allows them to achieve personal and economic self sufficiency. This legislation could go a long way in achieving the goal of meaningful, competitive employment.

A similar Federal bill, S. 1570, is working its way through Congress. This new bipartisan legislation co-sponsored by U.S. Senator Pat Roberts and U.S. Senator Edward Kennedy, would create employment opportunities on Federal contracts and subcontracts, the same as S.B. 2108 would for the State and County contracts. The passage of S.B. 2108 would help to achieve the goal of a successful employment outcome in competitive employment for persons with disabilities.

Once S.1570 passes Congress and becomes Federal law, states would be required to meet or exceed that legislation under A.D.A. Currently, to the best of my knowledge, no other states have similar legislation pending. Hawaii could be the first state in the nation to approve such legislation even before the Federal government. Hawaii has had a long history of leading the nation in passage of progressive and innovative legislation. Let's continue that trend with the passage of SB2108

Thank you for your consideration. Feel free to contact me anytime for further information or input.

Thank You



State Rehabilitation Council

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Testimony of Rene' Berthiaume, Chairman of the Hawaii State Rehabilitation Council

To the Senate Committees on Tourism and Government Operations and Human Services & Public Housing

February 12, 2008

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