

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEE ON
WAYS & MEANS**

Friday, April 24, 2009
9:45 am
State Capitol, Conference Room 211

in consideration of

**House Concurrent Resolution No. 76 HD1 Proposed SD1
REQUESTING THE SENATE PRESIDENT AND THE SPEAKER OF THE HOUSE
OF REPRESENTATIVES TO ESTABLISH A TASK FORCE ON
REINVENTING GOVERNMENT TO EXAMINE CURRENT OPERATIONS
AND ORGANIZATION OF STATE GOVERNMENT AND MAKE
RECOMMENDATIONS ON MAKING STATE GOVERNMENT MORE EFFICIENT**

Chair Kim, Vice Chair Tsutsui and Members of the Senate Committee on Ways and Means:

The proposed SD 1 before you calls for a task force to reevaluate and to recommend possible restructuring of state operations and organization to increase efficiency, resiliency and ability to prepare for future economic challenges.

As I have testified on many previous occasions before your committee, I believe a periodic reassessment of the State's economic development function is necessary and should be conducted thoroughly and thoughtfully.

As we have experienced recently, but also over the past several decades, the global, national and state economy is a dynamic system and undergoes business cycles. Due to the

increased interdependence and interconnection of the global economy, these cycles are now more compressed and, as with current crisis, more severe.

As such, the state's economic development function also needs to be dynamic and adapt to the circumstances presented by a particular economic or business cycle. This dynamic macro economic context requires that the state's economic development function be periodically reviewed and realigned to ensure ability to properly respond.

Such a review is all the more important for Hawaii, as an island economies isolated from any other contiguous markets. The experience of the past many decades drive home the fact that island economies are more subject to exogenous shocks – whether they be energy crisis, regional conflicts or regional or global financial melt-downs.

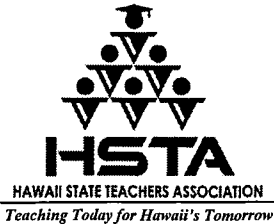
For Hawaii, I believe such a periodic review and realignment should be conducted thoroughly and with reference to –

- Fundamental changes in global, national and regional economic structures and drivers, with the increasing importance of global interdependencies or “globalization”;
- Structural imbalances and inefficiencies caused by these changes that need to be addressed;
- New opportunities resulting from these changes that need to be captured;
- Hawaii's capacity and resource availability to address the imbalances and inefficiencies and to capture the new opportunities;
- The benefits and costs, including the costs of externalities, of allocation of capacity and resources to address the imbalances and inefficiencies and to capture the new opportunities;
- Hawaii's short- and longer-term economic development objectives, including energy and food security, environmental preservation, economic diversification, workforce and human capital development and quality of life; and
- Efficiencies, productivity and effectiveness.

I would support the review of the state's economic development function if it is undertaken with reference to the above factors.

I would also suggest that any review be made in the context of “best practices” of economic development experiences of other similarly-situated states. Finally, as Hawaii's economy is as affected by the Asia Pacific region as it is by the U.S mainland economy, reference must also be made to direction and strategies of the economies of the region. Hawaii's economic development strategy and function need to be understood, developed and implemented in this regional competitive context.

In closing, I support HCR 76 HD1 proposed SD1, with the above recommendations, and suggest that any reorganization be delayed until the Report of the task force is completed.



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President

Wil Okabe
Vice President

Karolyn Mossman
Secretary-Treasurer

Dwight Takeno
Interim Executive Director

**TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS**

**RE: HCR 76, HD1, SD1 -- REQUESTING THE SENATE PRESIDENT AND THE
SPEAKER OF THE HOUSE OF REPRESENTATIVES TO ESTABLISH A
TASK FORCE ON REINVENTING GOVERNMENT TO EXAMINE THE
CURRENT OPERATIONS AND ORGANIZATION OF STATE
GOVERNMENT AND MAKE RECOMMENDATIONS ON MAKING STATE
GOVERNMENT MORE EFFICIENT.**

April 24, 2009

**ROGER TAKABAYASHI, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION**

Chair Kim and Members of the Committee:

The Hawaii State Teachers Association supports HCR 76, HD1, Proposed SD1, which requests the Senate President and the Speaker of the House of Representatives to establish a task force on reinventing government to examine the current operations and organization of state government and make recommendations on making state government more efficient.

HSTA recognizes that our state is in an economic crisis. The current economic situation has greatly affected all areas in regards to education. The effects are being felt by all involved in education but most of all the students, the future of Hawaii.

HSTA believes this proposed resolution will assist with recommendations to improve the organization and operations of our state government. We would suggest that as the task force discusses their recommendations to address the current economic crisis that they also explore different avenues to raise the state revenues, primarily looking at raising taxes. In the past it has been common practice to cut taxes when there is an excess of revenues and now as we face a huge deficit we are still looking at cutting taxes. There needs to be a middle ground and hopefully this task force can assist government as we look for solutions to this economic crisis.

Thank you for the opportunity to testify.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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

Testimony by
Hawaii Government Employees Association
April 24, 2009

H.C.R 76, H.D. 1 (Proposed S.D. 1) –
REQUESTING THE SENATE PRESIDENT
AND THE SPEAKER OF THE HOUSE TO
ESTABLISH A TASK FORCE ON
REINVENTING GOVERNMENT TO EXAMINE
THE CURRENT OPERATIONS AND
ORGANIZATION OF STATE GOVERNMENT
AND MAKE RECOMMENDATIONS ON
MAKING STATE GOVERNMENT MORE
EFFICIENT

The Hawaii Government Employees Association supports the general purpose and intent of H.C.R. 76, H.D. 1 (Proposed S.D. 1). Our current difficult economic circumstances provide an opportunity to reevaluate and restructure government services. State employees want to improve public services and change the way they work to achieve greater productivity, efficiency and effectiveness.

Our national union, AFSCME, and the HGEA support improvements in public services by redesigning government, which is built upon these principles: (i) worker empowerment through collective bargaining; (ii) investments in employee training to improve the delivery and the quality of these services; (iii) a more responsive and efficient organizational structure with fewer layers between top management and frontline workers, and (iv) reasonable job security.

The HGEA requests that the task force utilize innovative and cooperative redesign efforts, rather than focusing heavily on downsizing and contracting out. The title of the resolution should also be amended to make state government more effective, not just more efficient.

Another suggested amendment is that the members of the task force from the public and private sector unions be selected from a list of potential members submitted by the labor community.

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Thank you for the opportunity to testify on H.C.R 76, H.D. 1 (Proposed S.D. 1).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Nora A. Nomura". The signature is fluid and cursive, with a long horizontal stroke at the end.

Nora A. Nomura
Deputy Executive Director



**Testimony to the Senate Committee on Ways and Means
Friday, April 24, 2009
9:45 a.m.
Conference Room 211**

**RE: HCR 76, HD1 – REQUESTING THE SENATE PRESIDENT
AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVE TO
ESTABLISH A TASK FORCE ON REINVENTING
GOVERNMENT TO EXAMINE THE CURRENT OPERATIONS
AND ORGANIZATION OF STATE GOVERNMENT AND MAKE
RECOMMENDATIONS ON MAKING STATE GOVERNMENT
MORE EFFICIENT.**

Chair Mercado Kim, Vice Chair Tsutsui, and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber is in general support of HCR 76.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber of Commerce of Hawaii is concerned about balancing the States' budget in these trying economic times. We in Hawaii are not insulated from the historic economic crisis that is consuming our country, and the world.

As recent statistics show, businesses in Hawaii have taken drastic steps to cut expenses in order to meet anticipated declines in revenues.

As you are probably aware, businesses are already struggling to stay afloat in merely keeping up with operating expenses and trying their best in continuing to provide benefits to their employees and avoiding job cuts during these tough economic times. Unfortunately, this has been the case for some as businesses have been forced to shut down while others have had the painstaking decision to reduce the workforce or cut benefits.

In a recently published Economic Indicator Survey (conducted by QMark Research), the results showed:

- 61% of the businesses surveyed felt that Hawaii's economic future will get worse.
- 35% reported staffing declines.

Therefore, we believe the rational and reasonable option for balancing the State budget is to reduce government expense to meet the anticipated reduction in tax revenues. While as painful as it will be, there is a need to focus our depleted tax revenues on basic government services of public health, safety, welfare and education. Those programs outside of these basic services should be reduced or eliminated given our anticipated budget situation.

Furthermore, although these economic challenges will not go away any time soon, perhaps this is an opportunity for various stakeholders and government leaders to reevaluate and restructure government, so that it is more efficient and effective not only to address the immediate situation but to organize it so that it is more resilient to future economic storms.

Thank you for the opportunity to submit testimony.

kim4 - Elizabeth

From: mailinglist@capitol.hawaii.gov
Sent: Friday, April 24, 2009 7:43 AM
To: WAM Testimony
Cc: susana.andrews@gmail.com
Subject: Testimony for HCR76 on 4/24/2009 9:45:00 AM

Testimony for WAM 4/24/2009 9:45:00 AM HCR76

Conference room: 211
Testifier position: support
Testifier will be present: No
Submitted by: Susana Andrews
Organization: Individual
Address: 67-1227 Mamalahoa Hwy Kamuela, HI
Phone: 808-887-7636 ext 259
E-mail: susana.andrews@gmail.com
Submitted on: 4/24/2009

Comments:

Money should go to support the schools. Our youth are the future of our state. Helping them to receive the best education possible will ensure that our state will have opportunities to compete in the world bringing revenue to our state. Please consider how education helped you to get where you are. Help all of our children to have a chance to be successful in life.

kim4 - Elizabeth

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, April 23, 2009 5:16 PM
To: WAM Testimony
Cc: niyati333@aol.com
Subject: Testimony for HCR76 on 4/24/2009 9:45:00 AM

Testimony for WAM 4/24/2009 9:45:00 AM HCR76

Conference room: 211
Testifier position: support
Testifier will be present: No
Submitted by: Niyati Brown
Organization: HSTA
Address: PO Box 82 Paauilo, HI 96776
Phone: 808-776-1714
E-mail: niyati333@aol.com
Submitted on: 4/23/2009

Comments:

Aloha to all on the Committee,

I believe that it is imperative that the governor use the Stimulus funds for education in ADDITION to the already allocated funding NOT in place of it. In Pa'auilo, our school mission statement says that we are trying to produce "well rounded students". Let me tell you about the cuts we have at my school in Pa'auilo on the Big Island and see if you think that leads to a well rounded student.

Loss of an English teacher

Loss of the Librarian

Loss of the Elementary Reading Coordinator Possible loss of the computer tech No PE teacher No Art teacher No Drama teacher No music program

I ask you, does this sound like we are heading in the right direction to produce tomorrow's future leaders and laborers for Hawaii. I think not! I urge you to hold your ground and not cave in to using education funds for the general fund. I know that you became a legislator to help the people. Now is your chance.

Thank you for the opportunity to testify to the committee from just one of many, many schools feeling the already deep cuts to the Education Budget.

Sincerely,

Niyati Brown

Pa'auilo, Hawaii

HSTA BOD