

LINDA LINGLE  
GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF PUBLIC SAFETY**  
919 Ala Moana Boulevard, 4th Floor  
Honolulu, Hawaii 96814

CLAYTON A. FRANK  
DIRECTOR

DAVID F. FESTERLING  
Deputy Director  
Administration

TOMMY JOHNSON  
Deputy Director  
Corrections

JAMES L. PROPOTNICK  
Deputy Director  
Law Enforcement

No. \_\_\_\_\_

TESTIMONY ON HOUSE BILL 2100  
RELATING TO WAGES AND HOURS OF EMPLOYEES  
ON SERVICE CONTRACTS

by

Clayton A. Frank, Director  
Department of Public Safety

House Committee on Labor and Public Employment  
Representative Karl Rhoads, Chair

Friday, February 29, 2019, 9:30 a.m.  
State Capitol, Conference Room 309

Chair Rhoads and members of the Committee:

The purpose of HB 2100 is to extend Davis-Bacon rights regarding prevailing wages to employees on service contracts with governmental contracting agencies.

The Department of Public Safety opposes this measure as written for three reasons. It would prohibit the contracting of service providers with special expertise who are only available on Saturdays, Sundays, or State holidays and would prohibit contracting with those who might prefer a ten-hour as opposed to an eight-hour working day. Also, it would be cost prohibitive for the Department to have specialized programs on Saturdays, Sundays, or State holidays when inmates might be better able to attend training or other services.

It is suggested that the wording under Section C lines 20 – 4 be changed to read: *“No service employee employed under a contract with the State or any political subdivision thereof shall be permitted or required to work on Saturday, Sunday, or a legal holiday of the State or in excess of eight hours on any [other] day if the work is in excess of 40 hours in the same week with the same employer unless the service employee receives overtime compensation for all hours worked on Saturday, Sunday, and a legal holiday of the State or in excess of eight hours on any [other] day.”*

Thank you for the opportunity to testify on this bill.



## **HAWAII TEAMSTERS AND ALLIED WORKERS, LOCAL 996**

Affiliated with the International Brotherhood of Teamsters

1817 Hart Street  
Honolulu, Hawaii 96819-3205

Phone 808-847-6633  
Fax 808-847-4575

Rep. Karl Rhoads, Chair  
Rep. Kyle Yamashita, Vice-Chair  
House Committee on Labor & Public Employment

Glenn Ida, Representative

Friday, Jan. 29, 2010, at 9:30 AM  
Conference room 309

The Hawaii Teamsters Local 996 supports, HB 2100.

During times of economic challenges where Government is willing to take measures to down size and subcontract out services in order to try and save money. There have been occasions where the workers have been taken advantage of so the contractor can get a bid award.

HB 2100 addresses this issue by ensuring that a standard of wages and benefits will be established in compliance with labor laws for workers performing similar work under a Service Contract.

Therefore the Hawaii Teamsters Local 996 supports HB 2100.

Thank you for the opportunity to testify.



# HAWAII PEST CONTROL ASSOCIATION

Century Square – 1188 Bishop St., Ste. 1003\*Honolulu, HI 96813-3304  
Telephone (808) 533-6404 • Fax (808) 533-2739

January 29, 2010

Testimony To: House Committee on Labor & Public Employment  
Representative Karl Rhoads, Chair

Presented By: Tim Lyons, CAE  
Executive Director

Subject: H.B. 2100 – RELATING TO WAGES AND HOURS OF EMPLOYEES ON  
SERVICE CONTRACTS

Chair Rhoads and Members of the Committee:

I am Tim Lyons, Executive Director of the Hawaii Pest Control Association whose members provide structural pest control services for individual homeowners and also on state and county jobs. We oppose this bill.

While it is typical that pest control services who are engaged for the purpose of ground treatment prior to new buildings being built do fall under Davis Bacon, the majority of pest control contracts are viewed as service or maintenance contracts and are done on a post-construction basis. It is these contracts that are not currently subject to Davis Bacon or the Little Davis Bacon laws.

We are still awaiting information from industry on average wages however, in looking at the Davis Bacon rate determinations for Hawaii, it would appear that the wage standard for chemical spraying would be \$17.46 with an additional \$8.37 in fringe benefits for a total of almost \$26.00 an hour. We can guarantee you that this is not even close to what the average wages are for the pest control industry. As a result, companies will have to adapt upwards to this wage scale and you will see a doubling of fees required for termite control, rodent control and bed bugs on government projects. While we are sure that this is not the time in our economic cycle to have a 100% increase in cost for almost any service that is needed on a regular basis, we are sure that the increase in cost will not be something that the taxpayers will be happy with.

Compounding the situation is the fact that when a company does not have access to Taft-Hartley approved fringe benefit funds such as, pension or annuity, then the contribution amounts get posted to the employees wages. When employers calculate the amounts due for temporary disability insurance, unemployment insurance and workers' compensation insurance they are all based on wages. That means that these insurance coverages and premiums will rise drastically, particularly so when the fringe benefits are another 50% on top of the wages.

Based on the above then, we cannot recommend passage of this bill and we know that you will severely restrict the contracting opportunities available to various state and county agencies that need to protect their structures from pests.

Based on the above, we oppose this bill. Thank you.

**yamashita1-Kristen**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Thursday, January 28, 2010 8:30 AM  
**To:** LABtestimony  
**Cc:** ofc@bugmanhawaii.com  
**Subject:** Testimony for HB2100 on 1/29/2010 9:30:00 AM

Testimony for LAB 1/29/2010 9:30:00 AM HB2100

Conference room: 309  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Vincent Mozina  
Organization: Bug Man Termite & Pest Control Inc  
Address: 296 Alamaha St Ste E Kahului Hi 96732  
Phone: 808-871-1283  
E-mail: [ofc@bugmanhawaii.com](mailto:ofc@bugmanhawaii.com)  
Submitted on: 1/28/2010

**Comments:**

Please vote against this bill. It will cost the state more to get work done. If this what we need?

**yamashita1-Kristen**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, January 27, 2010 12:27 PM  
**To:** LABtestimony  
**Cc:** gary@mokihana.com  
**Subject:** Testimony for HB2100 on 1/29/2010 9:30:00 AM

Testimony for LAB 1/29/2010 9:30:00 AM HB2100

Conference room: 309  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Gary E Smith  
Organization: Individual  
Address: 1586 Haleukana Lihue, HI  
Phone: 808-828-1502  
E-mail: [gary@mokihana.com](mailto:gary@mokihana.com)  
Submitted on: 1/27/2010

**Comments:**

This bill increases governments cost of doing busines with our company by 15 to 20%. Not a good thing to do during bad economic times!



January 28, 2010

Chair Karl Rhoads  
House Committee on Labor and Public Employment  
State House of Representatives  
State Capitol, Room 309  
Honolulu, HI 96813

RE: HOUSE BILL 2100 RELATING TO WAGES AND HOURS OF EMPLOYEES  
ON SERVICE CONTRACTS.

Chair Rhoads, Vice Chair Yamashita and Members of the Committee:

The Hawai'i Alliance of Nonprofit Organizations is a statewide, sector-wide professional association for nonprofits. Its membership includes more than 280 charitable organizations, with a larger engagement with 4,000 nonprofit stakeholders in Hawai'i. HANO member nonprofits provide essential services to every community in the state. HANO's mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i.

HANO opposes HB 2100, which is an unfunded mandate for nonprofits that contract with the State to pay prevailing wages and to submit to excessive reporting requirements.

Because State contracts often do not accurately reflect actual labor costs, nonprofit organizations already have to make up the difference in competitive wages with fundraising efforts.

Nonprofits desire to compensate workers as well as possible and comparably whenever possible, but the State must make serious adjustments in its contract amounts and systems to accommodate salary increases. Without an across-the-board adjustment in contracts to reflect the additional burden imposed by HB 2100, the only way nonprofits can break even on state contracts is through layoffs and correspondingly reduced levels and quality of services to the community.

The State contracts with nonprofits to provide social services because:

- The nonprofit community can provide better quality services at a lower cost than the public sector.



**HANO Testimony**  
**House Committee on Labor and Public Employment**  
**January 28, 2010**  
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- Contracting to nonprofits allows flexibility to provide services when and where they are needed.
- Nonprofits can pay entry level personnel at a rate less than demanded by collective bargaining negotiated contracts to perform duties that do not require experience or special skills.
- Many low-pay positions are filled by former clientele as an effective way to introduce them to the work force and get them off welfare.

Additionally, we feel the proposed wage payment and reporting requirements that contractors must submit to are excessive and provide an undue burden on contractors, hindering their ability to deliver quality, timely services to the State.

We urge your committee to defer HB 2100 until the increases in labor costs can be studied and calculated, and the bill can be amended to include provisions to adjust State contracts to fund those increases.

Thank you for the opportunity to testify.

Mahalo,

Lisa Maruyama  
President and CEO