

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 2823
RELATING TO WAGES, HOURS, AND WORKING CONDITIONS OF
EMPLOYEES OF CONTRACTORS PERFORMING SERVICES

by
Clayton A Frank, Director
Department of Public Safety

House Committee on Labor and Public Employment
Karl Rhoads, Chair
Kyle Yamashita, Vice Chair

Friday, February 5, 2010; 9:30 am
State Capitol, Conference Room 309

Chair Rhoads and Members of the Committee:

The purpose of HB 2823 is to require that services to be rendered shall be performed by employees paid at wages or salaries not less than the wages paid to public officers and employees for similar work in the State of Hawaii. The Department of Public Safety opposes this measure as written for the following reasons.

First, the bill will force companies in other states to adopt Hawaii's standards and may cause conflict within their own company if someone contracted by Hawaii gets a higher wage than their counterparts. This ultimately may mean a loss of service to Hawaii. This is arbitrarily forcing Hawaii's standards on companies that operate in other states.

Secondly, it would be cumbersome to have state agencies in Hawaii determine what is comparable without reading, in detail, the job descriptions and minimum qualifications. For example, is a drug abuse counselor in another state comparable to a social worker or human services professional in Hawaii and at what level?

Thirdly, this would have severe adverse effects on the Department of Public Safety's budget because currently it is less expensive to house prisoners on the mainland. If there were no cost savings, the Department would be asked to return all inmates to Hawaii. This would require extensive construction of new facilities and would cost in the millions of dollars, which currently are not available. At today's estimates, to return to Hawaii approximately 2,000 inmates, it would cost at least \$900 million dollars to construct facilities for them.

It is recommended that the law remain unchanged as it currently requires a contractor to certify that the services performed are not less than the wages paid to public officers and employees in the state in which they live.

Thank you for the opportunity to testify on this bill.



Randy Perreira
President

HAWAII STATE AFL-CIO

320 Ward Avenue, Suite 209 • Honolulu, Hawaii 96814

Telephone: (808) 597-1441

Fax: (808) 593-2149

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

Testimony by
Hawaii State AFL-CIO
February 5, 2010

H.B. 2823 – RELATING TO WAGES, HOURS,
AND WORKING CONDITIONS OF
EMPLOYEES OF CONTRACTORS
PERFORMING SERVICES

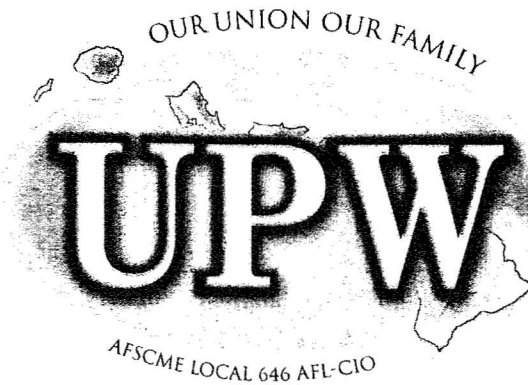
The Hawaii State AFL-CIO supports H.B. 2823 which requires that services to be rendered shall be performed by employees paid at wages or salaries not less than the wages paid to public officers and employees for similar work in the State of Hawaii.

H.B. 2823 simply amends section 103-55, Hawaii Revised Statutes to ensure employees are paid at wages or salaries not less than the wages paid to public officers and employees for similar work in the State of Hawaii.

Thank you for the opportunity to testify.

Respectfully submitted,

Jason Bradshaw
COPE Director



The House of Representatives
The Twenty-Fifth Legislature
Regular Session of 2010

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

DATE: Friday, February 5, 2010
TIME: 9:30 a.m.
PLACE: Conference Room 309

**TESTIMONY OF THE UNITED PUBLIC WORKERS, AFSCME, LOCAL 646,
AFL-CIO ON HB 2823, RELATING TO WAGES, HOURS, AND WORKING
CONDITIONS OF EMPLOYEES OF CONTRACTORS PERFORMING SERVICES**

The United Public Workers, Local 646, represents approximately 8,800 blue collar non-supervisory employees in bargaining unit 1 and 2,900 institutional, health and correctional workers in bargaining unit 10 under chapter 89. **We are in favor of HB 2823 which clarifies the intent of the prevailing wage statute by adding the words "in the State of Hawaii" to subsection "a" of Section 103-55, Hawaii Revised Statutes (HRS).**

As you know, the basic purpose of the statute is to ensure that private contracts with governmental agencies exceeding \$25,000 not undercut the prevailing wages which public officers and employees receive for similar work in this State. However, under the wording of existing statute there are

references to "laws of the federal and state governments" and it remains unclear what precisely is the applicable standard or level of wages which must be maintained by the contractors. For example, since the federal government employs "public officers and employees" is it the level of wages paid by the U.S. Government which should apply? Similarly, if the contracting entity is a county entity is the prevailing wage standard based on wages paid to county employees or to state employees. Finally, if the contractor is out of state is the prevailing wage standard the wages paid to public officers and employees where the contractor originates?

We believe this measure clarifies the applicable standard and eliminates the ambiguity which currently exists under state law. The amendment to the statute adopts one standard consistent with the basic purpose of Section 103-55, HRS, i.e., which is to maintain and protect the prevailing wages and salaries set for "public officers and employees" of the State of Hawaii. We urge your favorable action on HB 2937.

To: Representative Karl Rhoads, Committee on Labor and Public Employment

From: Laura Robertson, President/CEO; Goodwill Industries of Hawaii, Inc.

Date: February 4, 2010

Re: **OPPOSITION TO HB 2823 RELATING TO WAGES, HOURS, AND WORKING
CONDITIONS OF EMPLOYEES OF CONTRACTORS PERFORMING**

Goodwill Industries of Hawaii, Inc. is in opposition to HB2823 which would require that services provided on State contracts be performed by employees paid at wages or salaries not less than the wages paid to public officers and employees for similar work in the State of Hawaii.

Goodwill Industries of Hawaii, Inc. ("Goodwill") has served the State of Hawaii as a non-profit organization for nearly 50 years consistently delivering high-quality employment and social services.

In these economic times, social services are needed for Hawaii's people more than ever before, and with the many funding reductions that our sector has sustained, this requirement to extend little Davis-Bacon rights to service contracts would be onerous and cost prohibitive to an organization like Goodwill Industries.

This bill provides no provision for additional funding for service contracts that would allow us to meet these guidelines. With no funding increase, in order to account for paying little Bacon-Davis wages, we would be forced to cut our services even further than they have already been reduced by laying off, or cutting hours from existing staff in order to avoid a severe budget deficit.

We do not believe this is the right time to impose these types of requirements, especially on the nonprofit sector when so many of us are struggling to continue to meet the rising numbers of people who need our services.

We urge your committee to defer this bill at this time.

Thank you for the opportunity to testify.