



**TESTIMONY IN OPPOSITION TO HCR 73: REQUESTING NONPROFIT ORGANIZATIONS THAT PROVIDE OUTREACH SERVICES TO HOMELESS INDIVIDUALS TO EVALUATE OFFICER AND EMPLOYEE COMPENSATION.**

TO: Rep. Mele Carroll, Chair of the House Committee on Human Services and  
Rep. Della Au Belatti, Chair of the House Committee on Health

FROM: Marc R. Alexander

Hearing: Thursday, March 21, 2013, 10:30am, Conference Room 329

Honorable Chairs Carroll and Au Bellati and members of the House Committees on Human Services and Health.

Thank you for the opportunity to submit testimony in OPPOSITION to HCR 73: REQUESTING NONPROFIT ORGANIZATIONS THAT PROVIDE OUTREACH SERVICES TO HOMELESS INDIVIDUALS TO EVALUATE OFFICER AND EMPLOYEE COMPENSATION.

My name is Marc Alexander and at present I serve as Director of Community Relations and Development for IHS, The Institute for Human Services, Inc., for whom I speak officially today.

We oppose this resolution for several reasons. First, all non-profits are not alike. Some are very simple operations while other non-profits have a very complex mission with multi-million dollar budgets. It is both unreasonable and unjust to simply apply the same procrustean criteria to all non-profits in regards to the compensation of its leadership and employees. Second, most non-profits receive funding from a variety of sources, based on the programs they operate. Consequently most non-profits fund their employees, including their executive director/chief executive officer/chief professional officer, by allocating funds from different sources based on the time the employee dedicates to particular projects. Third, the way funders appropriately manage administrative overhead, of which employee compensation can be a part, is by reviewing the contract guidelines which set administrative costs and allocations, not by establishing an arbitrary compensation formula.

For these reasons we ask you not to pass this resolution.

Mahalo for your kind consideration and for your service to our community.

# HAWAII YOUTH SERVICES NETWORK

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Daryl Selman, President  
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Aloha House  
American Civil Liberties Union of Hawaii  
Bay Clinic, Inc.  
Big Brothers Big Sisters of Honolulu  
Big Island Substance Abuse Council  
Blueprint for Change  
Bobby Benson Center  
Catholic Charities Hawaii  
Child and Family Service  
Coalition for a Drug Free Hawaii  
Domestic Violence Action Center  
EPIC, Inc.  
Family Support Hawaii  
Hale Kipa, Inc.  
Hale 'Opio Kauai, Inc.  
Hawaii Behavioral Health  
Hawaii Student Television  
Healthy Mothers Healthy Babies Coalition  
Hina Mauka Teen Care  
Hui Malama Learning Center  
Kahi Mohala Behavioral Health  
KEY (Kualoa-Heeia Ecumenical Youth)  
Project  
Kids Hurt Too  
Kokua Kalihi Valley  
Life Foundation  
Marimed Foundation  
Maui Youth and Family Services  
Palama Settlement  
P.A.R.E.N.T.S., Inc.  
Parents and Children Together (PACT)  
Planned Parenthood of Hawaii  
REAL  
Salvation Army Family Intervention Svcs.  
Salvation Army Family Treatment Svcs.  
Sex Abuse Treatment Center  
Susannah Wesley Community Center  
The Catalyst Group  
The Children's Alliance of Hawaii  
Waikiki Health Center  
Women Helping Women  
YWCA of Kauai

March 20, 2013

To: Representative Mele Carroll, Chair,  
And members of the Committee on Human Services

## **Testimony in Opposition to HCR 73 Requesting Nonprofit Organizations that Provide Outreach Services to Homeless Individuals to Evaluate Officer and Employee Compensation**

Hawaii Youth Services Network (HYSN), a statewide coalition of youth-serving organizations, opposes HCR 73 Requesting Nonprofit Organizations that Provide Outreach Services to Homeless Individuals to Evaluate Officer and Employee Compensation.

This resolution implies that executives of non-profit organizations serving homeless persons are receiving excessive compensation and that state funded programs for homeless are misusing those funds.

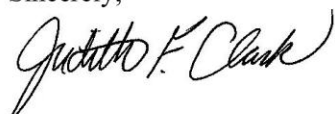
In actual fact, salaries in non-profit organizations are generally lower than equivalent positions in state government, provide fewer fringe benefits, and lack the job security of individuals in the civil service system.

According to Honolulu Civil Beat, the 2012 salary for the Director of the Department of Human Services is \$103,512. Limiting salaries of homeless service providers to 75% of that amount would allow for a maximum salary of \$77,634. While adequate for a small to medium sized non-profit, in a large organization with a budget in the tens of millions and hundreds of employees, it would be difficult to attract a qualified CEO, who can operate programs for the homeless in a safe, effective, and efficient manner.

Furthermore, HYSN believes that compensation limits in state contracts should be a part of the procurement and contract monitoring process, rather than enacted as state law. This limit would affect only providers of services to homeless persons, not to all state contracts with non-profits, so it appears to be discriminatory.

Thank you for this opportunity to testify.

Sincerely,



Judith F. Clark  
Executive Director

### **House Concurrent Resolution 73**

Requesting Non-Profit Organizations that provide outreach services to homeless individuals to evaluate officer and employee compensation.

#### Testimony from Rebecca Woods, CEO of Ka Hale A Ke Ola Homeless Resource Centers, Maui

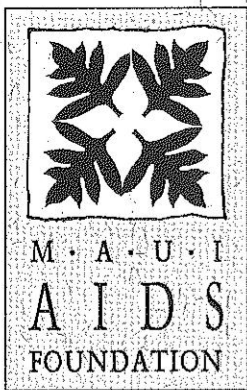
Please accept this testimony in opposition to H.C.R. No. 73 which is currently being considered by the House of Representatives. This resolution singles out non-profit homeless service providers in Hawaii and implies that excessive officer and employee compensation in this sector of the non-profit community is a significant problem which warrants special legislative measures to address. There is absolutely no evidence indicating that the compensation to officers and employees of homeless service providers in Hawaii is excessive in comparison with other non-profit agencies and/or private businesses (which receive State funding through contracts).

The justification given for this resolution - “due to limited resources, government grants and subsidies to non-profits should help those in need of services, instead of providing salaries for non-profit officers and employees”- disregards the fact that non-profits need to have qualified, professional staff in order to provide services to those in need and as with all other businesses, the rate of compensation necessary to maintain a qualified staff is market-driven. There are a number of factors that determine the rate of compensation for the Executive Directors/CEOs of non-profits (and for profit businesses) including the scope of responsibilities, size of the operation and number of staff and professional qualifications and experience. It is the responsibility of the Board of Directors of a non-profit organization to weigh all of these factors in setting the rate of compensation for responsible officers (ED, CEO).

If the intent of this resolution is to ensure the most cost-efficient use of State funds to provide services and accomplish projects by limiting officer and employee compensation for any private entity utilizing State funds, it needs to be expanded to include all organizations and businesses, non-profit and for-profit that receive State funding to provide any kind of services. For example, every construction contract issued by the State to private contractors factors in compensation to officers and employees in determining the overall contract price and excessive compensation to the officers/employees of these contractors “divert resources from the purpose and mission” of

the contracted work. To accomplish the intent of this resolution fairly and equitably it would need to be expanded to include ALL entities (non-profit and for-profit) that receive State funds to provide services.

In summary, the proposed Resolution is a direct affront to all non-profit homeless service providers in Hawaii that are diligently working with the State to help address homelessness in our communities. By unduly singling out homeless services when there is absolutely no evidence indicating that excessive compensation is a common problem among homeless service providers compared to the rest of the non-profit community, this Resolution does a great disservice to all of the dedicated individuals working the front lines in the battle against homelessness in Hawaii. If a problem with excessive compensation exists in any particular provider agency, it can and should be addressed administratively by the State agency responsible for managing the funding program. Please table the proposed Resolution with a recommendation that the State pursue other, non-legislative means of monitoring and controlling the use of State funding to non-profit organizations.



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Aloha,

I was just reading your resolution H.C.R. No 73 and I'm not quite sure if I understand it correctly. If you could answer a few questions it may clear it up for me.

1. According to this resolution a non-profit organization that has a state grant, which may only represent say 10% of all of their combined grants (state, federal, county and corporate), would have to compensate their employees and officers according to a formula related to the salary of one state employee and one grant which represents only 10% of their budget, correct?
2. Will this new formula then pay for the same benefit and retirement package as the DHS employee? Even if the organization does not have a retirement package?
3. How was this one state employee chosen for the formula? What were the criteria for comparing their job description to those of non-profit employees? Wouldn't formulating the salary and benefits of an executive director to that of the governor be more appropriate?
4. Why is this limited to only non-profits businesses? Will this apply to all contracts and grants including for-profits companies that do business with the State?
5. Is this formula and persons salary used by all other agencies of the state government such as Transportation, DOH, University of Hawaii, etc.? If not what state employee are they basing their formulas on?
6. If we really want to save the taxpayers money and have more money for the homeless wouldn't it make much more sense if we based all state employees and government officials' salaries, benefits and retirement packages on that of the average non-profit employee?

For example our average salary is \$36,700 overall compare that with the average salary of Hawaii Office of the Auditor at 74,600 or Hawaii Ethics Commission of \$70,019. In fact there are five staff employees in the legislature whose salaries average over \$106,000 and we are still not talking benefits.

Mahalo,

3/20/13

Steve Hire  
Executive Director

**kobayashi1-Joni**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 20, 2013 12:45 PM  
**To:** HUS testimony  
**Cc:** rezentesc@aol.com  
**Subject:** Submitted testimony for HCR73 on Mar 21, 2013 10:30AM

**Categories:** Orange Category

**HCR73**

Submitted on: 3/20/2013

Testimony for HUS/HLT on Mar 21, 2013 10:30AM in Conference Room 329

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Cynthia K.L. Rezendes	Individual	Oppose	No

Comments: Aloha Chairs Cabanilla and Au Bellati: I would encourage that this measure be HELD. While it is commendable that the State is attempting to make sure that monies intended to address the homeless/houseless concerns within the State, it appears that the State now wishes to have a say in a business' internal operations by attempting to regulate employees' salaries in a business that is not part of the State purview. It is not an inexpensive business to provide services to help the homeless/houseless to learn to become independent within society and it is part of the business proposal for each nonprofit to determine how best to employ the right people to do the work to move this concern forward. If there is a desire to more closely manage the monies allocated for helping the homeless/houseless and have each nonprofit be more accountable, the Legislature should look at determining what they may require of the State Homeless Programs Office within the Department of Human Services rather than attempt to manage a nonprofit's separate business endeavor. Again, I urge that this resolution be HELD. Mahalo, Cynthia K.L. Rezendes

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## kobayashi1-Joni

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 20, 2013 2:09 PM  
**To:** HUS testimony  
**Cc:** thelma.kealoha.1@gmail.com  
**Subject:** Submitted testimony for HCR73 on Mar 21, 2013 10:30AM

**Categories:** Post Hearing Testimony

### HCR73

Submitted on: 3/20/2013

Testimony for HUS/HLT on Mar 21, 2013 10:30AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Thelma Akita-Kealoha	Individual	Oppose	No

Comments: I do not support cutting salaries of people in programs that assist the homeless population. If we cut all these salaries we wouldn't have programs and people working in non-profits. Then the State would have to create programs and put personnel in there, they would be paid more with higher benefits and retirement benefits costing more than what we pay folks who work in the non-profit sector. Wouldn't this create a bigger population of folks relying on public resources as an end result?

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