



STATE OF HAWAII
DEPARTMENT OF EDUCATION

P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/09/2015
Time: 02:00 PM
Location: 309
Committee: House Education

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: HB 681 RELATING TO GOVERNMENT OPERATIONS

Purpose of Bill: Repeals sections of part VIII, Act 51, Session Laws of Hawaii 2004. Transfers rights and resources related to capital improvement programs, repair and maintenance functions, and operation of a central human resources system for DOE employees from DOE to DAGS and DHRD, respectively.

Department's Position:

The Department of Education (Department) respectfully opposes HB681.

The bill proposes to delete numerous sections of part VIII of Act 51, Session Laws of Hawaii 2004 (Act 51), which was enacted following an extended process of stakeholder input. Act 51 provided the structure and authority under which the Department transformed into a more self-sufficient, accountable and responsive entity. Among the reasons for the Department's transformation were the transfer of various functions to the Department from the State's centralized support services agencies including the Department of Accounting and General Services (DAGS) and the Department of Human Resources Development (DHRD). Act 51 established an Interagency Working Group of key stakeholders who dedicated their time, energy, and experience diligently discussing and analyzing the issues surrounding the law.

The Interagency Working Group's findings can be found at the following website:

<http://hidoereports.k12.hi.us/Legislative/Documents/B15-XferFunctionsToDOEAppendix.PDF>

In the time since key provisions in Act 51 were implemented, the transfer of the Department's operational functions has had the desired effect of increasing efficiencies, improving services to the schools and maximizing the flexibility of the use of Department resources. The proposed revisions in HB 681 would undo the reforms from Act 51. For these reasons, the Department respectfully opposes HB 681 and requests that the measure be held in committee.

DAVID Y. IGE
GOVERNOR



JAMES K. NISHIMOTO
DIRECTOR

RANDY BALDEMOR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

February 6, 2015

Written Testimony Only

TESTIMONY TO THE
HOUSE COMMITTEE ON EDUCATION
For Hearing on Monday, February 9, 2015
2:00 p.m., Conference Room 309

By

JAMES K. NISHIMOTO
DIRECTOR
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

**House Bill No. 681
Relating to Government Operations**

CHAIRPERSON ROY TAKUMI, VICE CHAIR OHNO AND MEMBERS OF THE HOUSE
COMMITTEE ON EDUCATION:

Thank you for the opportunity to provide testimony for House Bill No 681 (H.B.
No. 681).

H.B. No. 681 amends sections of part VIII of Act 51, Session Laws of Hawaii
2004 to transfer certain functions of the Department of Education to the Department of
Accounting and General Services and the Department of Human Resources
Development.

The Department of Human Resources Development (DHRD) **has significant
concerns** regarding this bill.

Specifically with regard to DHRD, H.B. No. 681 provides that:

“All the rights, powers, functions, duties, and resources of the department of
education relating to the:

- (1) Operation of a centralized human resources system that encompasses the
classes of work performed by department of education employees, and
that integrates payroll, records, transactions, leaves, and reports; and

- (2) Recruitment, certification, examination, management, classification, and compensation of department of education employees, including labor relations;

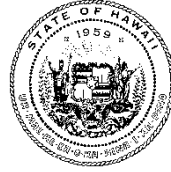
are transferred to the department of human resources development effective July 1, 2015.”

The transfer would also involve the transfer of personnel and resources relating to these functions from the Department of Education (DOE) to DHRD.

Act 51, which has been referred to as the “Reinventing Education Act of 2004.” was predicated upon the belief that transfer of the HR functions from DHRD to DOE would reduce bureaucracy and “improve the responsiveness and service delivery” of the DOE. The purpose was thus to increase efficiencies and give the DOE more control over its own operations. The transfer of functions was a lengthy and complicated process, and involved the efforts of individuals from several departments convened in an interagency working group.

Since the enactment of Act 51, the DOE has developed its own personnel system, which encompasses, among other areas, recruitment, classification, labor relations and transactions. Reducing the DOE’s autonomy, as proposed in the bill, appears inconsistent with Act 51’s intent of empowering the DOE in order to support their efforts to improve the public education system. Thus, as an initial step, an extensive review of the implementation of Act 51 may be warranted to assess the Act’s progress in meeting legislative intent and to determine the appropriateness of the proposed changes, including whether additional resources may be helpful to DOE in meeting the Act’s intent.

Thank you for the opportunity to testify on this important measure.



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
DOUGLAS MURDOCK, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
EDUCATION
ON
FEBRUARY 9, 2015

H.B 681

RELATING TO GOVERNMENT OPERATIONS

Chair Takumi and members of the Committee, thank you for the opportunity to testify on H.B. 681. The Department of Accounting and General Services (DAGS) does not support H.B. 681.

The magnitude of the changes relating to responsibilities and resources proposed in this measure from the Department of Education to DAGS are significant. Before these changes are made, we believe that an analysis of the outcomes of the transfers of resources that have been made as a result of Act 51, Session Laws of Hawaii 2004, (the Act) be completed to determine if the results achieved are in line with the intent and expectations of the Act.

As a result, DAGS would support the reconvening of the “interagency working group” identified in the Act to evaluate the outcomes of the transfers of resources that have occurred, address issues that currently exist, and develop solutions to resolve these issues.

Thank you for the opportunity to testify on this matter.

HB 681

I strongly support this "Bill for an Act". I am currently a Department of Education Behavioral Health Specialist, served as a Transformation Internship Participant, possess some competency in Industrial and Organizational Psychology, and am reporting as a private citizen. With the current state of the DOE imperil, the ratio on Return of Investment (ROI) because of these duplication of services is 4:1. This means for every \$4 in tax dollars the return is = to \$1 in tax dollar as it stands. The operations of DHRD, OIMT, and DAGs should not be a function of the DOE because this department cannot even focus on its simple mission of providing education at a high caliber. This is evident from the reports of the Huffington Post where Hawaii ranks 34th in STEM and 35th overall in the Union, which equates to a production, level of around 30% of \$2,500,000,000 dollars.

Harold Ames, Public Servant



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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The Twenty-Eighth Legislature, State of Hawaii
House of Representatives
Committee on Education

LATE

Testimony by
Hawaii Government Employees Association
February 9, 2015

H.B. 681 – RELATING TO GOVERNMENT OPERATIONS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO has reservations about and offers the following comments regarding H.B. 681, which repeals and amends Part VIII of Act 51 (2004), by transferring certain functions of the Department of Education (DOE) to the Department of Accounting and General Services (DAGS) and the Department of Human Resources Development (DHRD).

Sections 2 and 3 of this bill moves AGS 807 (the school repair and maintenance function for the neighbor island districts) from the DOE to DAGS by deleting the reference to EDN 400 (school support). While these sections make reference to R&M for the neighbor island districts, this bill does not appear to make reference to R&M on the island of Oahu. This inconsistency needs clarification.

Sections 6 through 13 of this bill repeals or amends Sections 44 through 49 of Act 51, which transferred all the rights, powers, functions, duties, resources and personnel pertaining to school physical plant operations and maintenance, R&M, and capital improvement programs from the DAGS to the DOE. It does not appear to be consistent with Sections 2 and 3 of this bill, which refer only to neighbor island school districts.

Sections 14 and 15 of this bill transfers the rights, powers, functions, duties and resources of the DOE's centralized human resources system to DHRD without sufficient explanation or justification. The certificated employees of the DOE in particular should remain within the purview of the DOE, not DHRD.

Thank you for the opportunity to testify regarding H.B. 681.

Respectfully submitted,

Randy Perreira
Executive Director