
A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 103D-110, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§103D-110 Education and training. (a) The department of
4 human resources development, either alone or in cooperation with
5 any governmental body, including the department of labor and
6 industrial relations, or in cooperation with other states, the
7 federal government, or other persons may:

8 (1) Conduct or participate in procurement education and
9 training for persons not employed by the State; and

10 (2) Sponsor a purchasing certification program conducted
11 by a voluntary organization of procurement
12 professionals.

13 (b) The state procurement office, in cooperation with the
14 department of human resources development, shall develop and
15 maintain a procurement practices training and development
16 program for procurement officers of [~~the State and the several~~
17 ~~counties,~~] any governmental body, to ensure that an agency's
18 procurement practices are in compliance with the procurement



1 code and that proper procurement decisions are made consistent
2 with this chapter. The program shall include a mandatory
3 fundamental training and development session that each
4 procurement officer shall attend prior to participating in or
5 authorizing any procurement and follow-up training and
6 development sessions [-] that the procurement workforce of any
7 governmental body shall attend, as determined by the state
8 procurement office; provided that the state procurement office
9 shall conduct mandatory follow-up training and development
10 sessions under this subsection at regular intervals of at least
11 once every twelve months.

12 ~~[(c) Each state procurement officer of a department of the~~
13 ~~executive branch shall attend a mandatory fundamental training~~
14 ~~and development session within sixty days of being appointed or~~
15 ~~named to the position of procurement officer.~~

16 ~~(d)]~~ (c) Each state procurement officer of a department of
17 the executive branch whom the state procurement office
18 determines is in need of further training and development based
19 upon:



1 (1) The history of procurement compliance to this chapter
2 by the agency to which the particular procurement
3 officer is attached; or

4 (2) Any other need for training and development,
5 shall attend follow-up training and development sessions~~[-]~~ in
6 addition to any follow-up training and development session
7 required under subsection (b).

8 ~~[-e-]~~ (d) Attendance by state and county procurement
9 officers at the follow-up training and development sessions~~[-,~~
10 ~~other than as required under subsection (d), and by county~~
11 ~~procurement officials at the fundamental and follow up training~~
12 ~~and development sessions is optional, though encouraged.] shall~~
13 be mandatory. A procurement officer who is unable to attend a
14 follow-up or development session shall first receive, in
15 writing, permission from the state procurement office to be
16 excused from the session.

17 (e) By December 31 of each year, the chief procurement
18 officer, or the officer's designee, of each jurisdiction shall
19 submit, in the form and manner prescribed by the state
20 procurement office, a list of the jurisdiction's procurement
21 officers and which procurement officers, if any, have failed to



1 comply with this section; provided that a procurement officer
2 who fails to submit the officer's name and evidence of training
3 compliance to the state procurement office shall no longer have
4 the authority to procure."

5 SECTION 2. There is appropriated out of the general
6 revenues of the State of Hawaii the sum of \$ or so
7 much thereof as may be necessary for fiscal year 2016-2017 to
8 implement training for the procurement workforce of the State.

9 The sum appropriated shall be expended by the state
10 procurement office for the purposes of this Act.

11 SECTION 3. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 4. This Act shall take effect upon its approval;
14 provided that section 2 shall take effect on July 1, 2016.

15



Report Title:

Procurement Officers; Education and Training; Appropriation

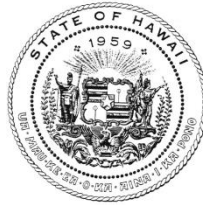
Description:

Requires every government procurement officer to attend initial training by the state procurement office and the procurement workforce of any governmental body to attend follow-up training as determined by the state procurement office. Requires the chief procurement officer to submit a list of the jurisdiction's procurement officers and which procurement officers, if any, have failed to comply with training requirements; provided that a procurement officer who fails to submit the officer's name and evidence of training compliance to the State Procurement Office shall no longer have the authority to procure. Appropriates funds to the state procurement office. (SD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



DAVID Y. IGE
GOVERNOR



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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
ECONOMIC DEVELOPMENT & BUSINESS

MARCH 15, 2016; 9:00 AM

SB2495 SD2
RELATING TO PROCUREMENT
(PROCUREMENT OFFICERS; EDUCATION AND TRAINING)

Chair Keith-Agaran, Vice-Chair Shimabukuro, and members of the committee, thank you for the opportunity to submit testimony on SB2495.

The State Procurement Office's (SPO) **STRONGLY SUPPORTS** the intent of the bill to ensure procurement officers receive regular training and offers the following recommendations:

SPO recognizes that a robust training and certification program for Procurement Professionals across the State is VITAL for the upliftment of procurement knowledge and skills to enable better, more effective, more efficient, successful procurements. SPO published the White Paper: *Acquisition Academy and Center for Excellence - Building Procurement Capacity* for the State of Hawaii in December 2014. This paper explains the procurement landscape and details why training is the cornerstone to improving procurement across the State. In addition, SPO published a report in response to Legislative Session 2015, HCR204, which details information about the Procurement Workforce across the State and the recommendations to improve organizational and training issues. SPO is currently researching options for the development of a robust certification and training program that will engage Procurement Professionals at all levels and roles.

In order for to know whether a Procurement Professional needs refresher training, the SPO must have access to a robust training database, termed as a "Learning Management System" or "LMS". Hawaii has neither a LMS nor positions dedicated exclusively to procurement training. Our current training attendance database reflects over 8,000 individuals who have taken SPO training since 2006. SPO has no way of knowing who is active or has conducted procurement and estimates that currently at least 2,000 staff participate in or conduct procurement activities across the state. A statewide procurement training and certification learning management system (LMS) is a vital tool to ensuring the State of Hawaii develops a proficient workforce of procurement professionals who expend public funds in a manner that is compliant with applicable statutes, rules, and policies.

"Certification" is the process by which an individual demonstrates meeting specific qualifications (eligibility requirements) and an established level of knowledge (examination) necessary to competently perform a specific job. Certifications reflect established standards and competencies for those engaged in government procurement, and attest to the designee's ability to obtain maximum value for the taxpayer's dollar. The LMS will allow state and county procurement personnel to register online, take relevant procurement courses on-demand, and receive certification by passing exams.

The LMS will further improve SPO's training program by:

- Offering a centralized source of learning,
- Automating data-keeping and reporting procedures ,
- Bolstering knowledge retention with evaluation capabilities, and
- Simplifying the learning process.

Considering SPO has no designated resources for State-wide training, SPO purchasing and compliance resources are drained by the day to day administrative work it takes to keep up a manual system. At best, this manual system offers a PowerPoint training, but alas, it does not track, automate, simplify or have the ability to produce certified tests for learning. A LMS would drastically reduce the burden our SPO members have taken on to manage the manual process, allowing them to conduct much needed compliance and purchasing actions and the time to work on much needed training gaps such as contract management and cost and pricing analysis.

Market research reveals that the average LMS costs with authoring software are \$25,600, and one Training Specialist position costs \$71,500. In addition, each new training costs on average \$25,000, with the intent to develop two training classes a year at \$50,000. These are annual, recurring costs. Thus the SPO is requesting funding of \$150,000 per annum to implement the FULL SPO Training Program, or \$25,600 per annum to implement the LMS only.

References.

1. *Acquisition Academy and Center for Excellence - Building Procurement Capacity for the State of Hawaii, December 2014*
2. *HCR204 - The Procurement Workforce, Legislative Session 2015*

Thank you.

DAVID Y. IGE
GOVERNOR



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DIRECTOR

CINDY S. INOUE
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
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March 14, 2016

TESTIMONY TO THE
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS

For Hearing on Tuesday, March 15, 2016
9:00 a.m., Conference Room 312

By
JAMES K. NISHIMOTO, DIRECTOR

**Senate Bill No. 2495, SD2
Relating to Procurement**

CHAIRPERSON KAWAKAMI, VICE CHAIR KONG AND MEMBERS OF THE HOUSE
COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS:

The Department of Human Resources Development (DHRD) appreciates the
intent of Senate Bill No. 2495 SD2 and offers the following **comments** for consideration.

Given that Senate Bill No. 2495 SD2 proposes revisions to §103D-110, Hawaii
Revised Statutes, relating to the Hawaii Public Procurement Code, DHRD requests:

- (1) The proposed language in §103D-110(a) would have DHRD, either alone
or in cooperation with any governmental body, conduct or participate in
procurement education and training *for persons not employed by the
State*. Such procurement education and training would not be consistent
with DHRD's scope of authority/responsibility, which by statute is limited to
State employees.
- (2) The proposed language in §103D-110(b) requiring DHRD to cooperate
with the State Procurement Office to develop and maintain a procurement
practices training and development program would potentially create
confusion, as the State Procurement Office is the recognized procurement
subject matter expert with statutory authority/responsibility for
administration of the State's procurement program, and already
administers a training program on procurement issues.

Based on the foregoing it is requested that consideration be given to deleting
reference to DHRD in the context of revisions to §103D-110, as was done in the 2015
legislative session in connection with similar legislation (HB 1127, HD1, SD1).

Thank you for the opportunity to testify on this measure.



LATE

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/15/2016

Time: 09:00 AM

Location: 312

Committee: House Economic Development &
Business

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 2495, SD2 RELATING TO PROCUREMENT.

Purpose of Bill: Requires every government procurement officer to attend initial training by the state procurement office and the procurement workforce of any governmental body to attend follow-up training as determined by the state procurement office. Requires the chief procurement officer to submit a list of the jurisdiction's procurement officers and which procurement officers, if any, have failed to comply with training requirements; provided that a procurement officer who fails to submit the officer's name and evidence of training compliance to the State Procurement Office shall no longer have the authority to procure. Appropriates funds to the state procurement office. (SD2)

Department's Position:

The Department of Education (DOE) supports the intent of SB 2495, SD2 and acknowledges the overall concept that every government procurement officer would need to attend initial training prior to participating in or authorizing any procurement and the procurement workforce of any governmental body would need to attend follow-up training, however we are concerned about the possible operational implications generated by this proposal.

The measure does not specify the required number of trainings, the time commitment needed for an attendee to complete the trainings, and how readily available and in what format the trainings would be offered. If a procurement officer must complete the mandatory fundamental training and development session before participating in or authorizing any procurement and this training is offered sporadically, this would prevent procurement officers from being able to perform an integral part of their duties and responsibilities until training is offered by the State Procurement Office and completed. The DOE would interpret this law to include school Principals, Complex Area Superintendents, Assistant Superintendents and the Superintendent as procurement officers, although with different levels of authority. Daily operational decisions related to procurement would need to be escalated to an authority that is further removed from

the school and this could have a crippling effect on being able to provide DOE schools and offices the goods and services needed, when needed.

The measure also requires each jurisdiction to submit a list of the jurisdiction's procurement officers and evidence of training compliance to the State Procurement Office. If the State Procurement Office will administer the training, the State Procurement Office would already have access to this information but this would probably be a manual, labor intensive process. Additionally, as drafted, the measure is unclear as to whether the failure to comply with Section 1 (e) would result in the chief procurement officer no longer having the authority to procure or if the specific procurement officer whose name and evidence of training compliance was not submitted would no longer have the authority to procure. The DOE is also concerned with the intent of Section 1 (e) that would forever prevent a procurement officer from having the authority to procure.

Thank you for the opportunity to submit testimony on this measure.