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Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON FINANCE

Thursday, February 22, 2018
1:30 PM - Room 308, Hawaii State Capitol

In consideration of
HB 2368, HD1
RELATING TO SERVICES PERFORMED BY CIVIL SERVICE EMPLOYEES

Honorable Chair Luke, and Members of the House Committee on Finance, thank you for the opportunity to provide testimony for House Bill (HB) 2368, HD1, relating to services performed by civil service employees.

The Hawaii Public Housing Authority (HPHA) **supports** the enactment of HB 2368, HD1, **with amendments**. HB 2368, HD1 authorizes the establishment of permanent civil service positions for the Hawaii Public Housing Authority to provide services historically and customarily performed by civil service employees in connection with refuse collection.

The HPHA would like to humbly request to amend the effective date to July 1, 2020 so that the HPHA may have the time needed to establish the positions, hire for those positions, procure all of the equipment, and construct a base yard to store all of the equipment. Please know that the HPHA stands ready to implement a refuse collection program if the Legislature so chooses.

The HPHA appreciates the opportunity to provide the House Committee on Finance with the HPHA's testimony regarding HB 2368, HD1. We thank you very much for your dedicated support.

DAVID Y. IGE
GOVERNOR



RYKER WADA
INTERIM DIRECTOR

JASON MINAMI
DEPUTY DIRECTOR

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

February 21, 2018

TESTIMONY TO THE
HOUSE COMMITTEE ON FINANCE
For Hearing on Thursday, February 22, 2018
1:30 P.m., Conference Room 308

By

RYKER WADA
INTERIM DIRECTOR

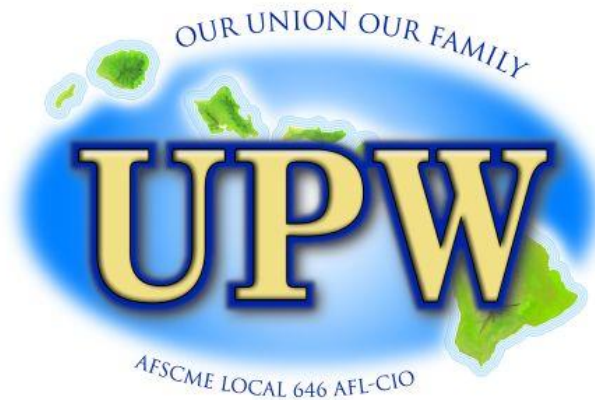
House Bill No. 2368
Relating to Services Performed by Civil Service Employees

CHAIRPERSON LUKE, VICE CHAIR CULLEN AND MEMBERS OF THE COMMITTEE:

H.B. No. 2368 proposes to authorize the establishment of permanent civil service positions for the Hawai'i Public Housing Authority (HPHA) to provide services historically and customarily performed by civil service employees in relation to refuse collection.

The Department of Human Resources Development **strongly supports** H.B. 2368, as the requested twenty-seven (27) permanent civil service positions and associated equipment and vehicles will enable the HPHA to facilitate and provide refuse collection services for the agency. While funding is being requested for the equipment and vehicles, it is our understanding, according to the HPHA, that appropriation of partial funding is being requested for the positions.

Thank you for the opportunity to testify on this measure.



THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Twenty-Ninth Legislature
Regular Session of 2018

COMMITTEE ON FINANCE

Representative Sylvia J. Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

DATE OF HEARING: Thursday, February 22, 2018
TIME OF HEARING: 1:30 p.m.
PLACE OF HEARING: State Capitol
415 South Beretania Street
Conference Room 308

**TESTIMONY ON HOUSE BILL 2368 HD1 RELATING TO SERVICES PERFORMED BY CIVIL
SERVICE EMPLOYEES**

By DAYTON M. NAKANELUA,
State Director of the United Public Workers (UPW),
AFSCME Local 646, AFL-CIO

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO. The UPW is the exclusive bargaining representative for approximately 12,000 public employees, which include blue collar non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

HB2368 HD1 authorizes the establishment of 27 permanent positions, automotive equipment and funding for the Hawaii Public Housing Authority (HPHA) refuse collection on various public housing sites. This will allow the HPHA to more effectively provide refuse collection services for the health and safety of State public housing tenants and visitors. The UPW strongly supports this bill.

Thank you for the opportunity to submit this testimony.



February 22, 2018

1:30 PM

Conference Room 308

To: House Committee on Finance

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair

From: Grassroot Institute of Hawaii

Vice President of Research, Joe Kent

RE: HB2368 – RELATING TO SERVICES PERFORMED BY CIVIL SERVICE EMPLOYEES

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on HB2368, which would authorize the establishment of permanent civil service positions for the Hawaii Public Housing Authority to provide service in connection with refuse collection.

While this bill repeatedly references the *Konno* decision in justifying more permanent civil service positions, the Grassroot Institute is concerned that the legislature is moving too quickly to create protected civil service jobs without fully weighing the benefits of continuing to employ private contractors.

Judicious use of private contractors can allow the government to save money and operate more efficiency. However, creation of new civil service positions (the bill speaks of 27 positions in particular but contemplates adding 598 permanent positions in the future) carries substantial costs – not only in terms of salaries and equipment, but also in terms of the generous benefits provided to public employees.

A previous version bill estimates that in addition to nearly half a million dollars in salaries, creating these 27 positions would require an additional \$5.7 million for equipment. Both versions also state that adding a full 598 employees will add \$75.5 million to the state budget for salaries and equipment. Before committing to such significant expenditures, the legislature should fully consider whether creating civil service positions is the most cost effective and fiscally responsible option available when compared to the costs of private contracting.

Considering the long-term obligations involved, we should be cautious in exchanging private contractors for more civil service employees. Rather, the state’s focus should be on spending less while getting more for the taxpayers’ money. And it is indisputable that one of the best ways to achieve that is to privatize government services.

According to the *2017 Economic Freedom of North America*¹ report — which ranked Hawaii a low 44 among the U.S. states in terms of economic freedom — privatization is a significant measure in helping communities prosper.

Instead of “governmentizing” services now being provided by the private sector, Hawaii should move the other way — toward greater privatization, with the goal of more efficient and less costly delivery of public services. This would create more private sector job opportunities and ease the burden on Hawaii’s beleaguered taxpayers.

Thank you for the opportunity to submit our testimony.

Sincerely,
Joe Kent
Vice President of Research

¹ Available at <http://www.grassrootinstitute.org/2017/12/aloha-economic-freedom/>.