

SB 2515

SD-2

**RELATING TO
STATE
EMPLOYMENT**

A BILL FOR AN ACT

RELATING TO STATE EMPLOYMENT.

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

1 SECTION 1. Section 76-11.6, Hawaii Revised Statutes, is
2 repealed.

3 ["~~§76-11.6~~ ~~Special, research, or demonstration project~~
4 ~~positions.~~ ~~Notwithstanding any law to the contrary, with the~~
5 ~~approval of the governor, the head of a department may establish~~
6 ~~and abolish any subordinate position for an employee engaged in~~
7 ~~a special, research, or demonstration project that is approved~~
8 ~~by the governor, subject to the limitations of available~~
9 ~~appropriations.~~"]

10 SECTION 2. Statutory material to be repealed is bracketed
11 and stricken.

12 SECTION 3. This Act shall take effect on July 1, 2018.



Report Title:

State Employment; Authority to Establish Positions

Description:

Repeals the authority for department heads to establish positions for special, research, and demonstration projects approved by the governor. (SD2)

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



SB 2515

SD-2

TESTIMONY



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

Testimony of **Ford Fuchigami**
Administrative Director, Office of the Governor

Before the
House Committee on Labor & Public Employment
March 20, 2018
10:00 a.m., Conference Room 309

In consideration of
Senate Bill No. 2515, SD2
RELATING TO STATE EMPLOYMENT

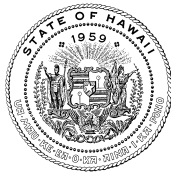
Chair Johanson, Vice Chair Holt, and committee members:

Thank you for the opportunity to provide comments in **Strong Opposition to Senate Bill 2515, SD2, Relating to State Employment**, which repeals the authority of department heads to establish positions for special, research, and demonstration projects approved by the Governor.

We defer specific comments to testimony submitted separately by the Department of Budget and Finance and other departments negatively impacted by this measure.

Thank you for the opportunity to submit testimony.

DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
DIRECTOR

KEN N. KITAMURA
ACTING DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
ON
SENATE BILL NO. 2515, S.D. 2

March 20, 2018
10:00 a.m.
Room 309

RELATING TO STATE EMPLOYMENT

Senate Bill No. 2515, S.D. 2, repeals the statutory authority to establish and abolish any subordinate position engaged in a special, research, or demonstration project that is approved by the Governor, subject to the limitations of available appropriations.

The Department of Budget and Finance (DB&F) strongly opposes this bill. Section 76-11.6, HRS, was adopted, upon advice of the Attorney General's office, primarily to authorize the establishment of temporary positions using federal awards and grants and to offer program services in response to urgent needs that may not be otherwise fulfilled with permanent positions. The elimination of this provision will severely hamper the Executive's ability to operationalize programs that are federally funded or respond quickly to emergency situations.

Currently, there are approximately 450 full-time equivalent (FTE) positions which are exempt. Under Section 76-16(b)(12), HRS; of these positions, some were established under Section 76-11.6, HRS. The attached tables provide information on

these special project positions. (NOTE: All position counts mentioned in this testimony are FTE.)

Attachment 1 provides a breakdown of the positions by department and by whether the positions are budgeted or unbudgeted. (NOTE: This information comes from the Department of Human Resources Development's Human Resources Management System (HRMS) and reflects what has been entered by the departments.) As can be seen, 148.49 positions, or 33 percent, are budgeted and 298.51 positions, or 67 percent, are unbudgeted.

Attachment 2 provides a breakdown of the positions by department and by means of financing. As can be seen, 204.83 positions, or 46 percent are general funded; 198.47 positions, or 44 percent are federally funded (includes both N and P funded positions) and the balance is funded by various other sources.

Attachment 3 provides a breakdown of the positions by department, by whether the positions are budgeted and by project. As can be seen, the largest project is the Department of Health's (DOH) Behavioral Health Initiative with 142.00 positions, followed by the Hawaii Air National Guard's Chief Financial Officer's Act and Real Property Inventory Requirement with 31.00 positions, DOH's Public Health Emergency Preparedness Cooperative Agreement with 22.00, DOH's Epidemiology and Laboratory Capacity for Infectious Diseases with 20.00, Department of Defense's (DOD) Disaster Preparedness Act with 18.00, Department of Human Services' (DHS) Medicaid Healthcare Transformation with 16.00, DOD's U.S. Army Environmental Program Requirements with 13.00, Department of Transportation's Harbors Modernization Plan Special Projects Office with 12.00, DOH's Strategies to Prevent Obesity, Diabetes, and

Heart Diseases and Stroke Among Adults in Hawaii with 10.00, and DHS' Information Technology Modernization Project with 10.00.

DB&F strongly urges the Legislature to consider the assessments of the respective departments on how the proposed prohibition on creating temporary and exempt positions would adversely impact their operations, and possible program curtailments that could result.

Thank you for your consideration of our comments.

Attachments

Human Resources Management System (HRMS)
 Budgeted and Total FTE Position Counts for Special Projects by Department
 (Special Projects Pursuant to Section 76-16(b)(12), HRS)

	Budgeted Exempt FTE Positions (Per Dept)	Total Exempt FTE Positions	Unbudgeted Exempt FTE Positions (Difference)
Row Labels	Sum of Authrz FTE	Sum of distr totalFTE	FTE
AGR	3.00	4.00	1.00
AGS	-	2.00	2.00
ATG	4.00	4.00	-
BED	11.49	12.00	0.51
BUF	1.00	1.00	-
DEF	83.00	113.00	30.00
HMS	32.00	47.00	15.00
HTH	4.00	234.00	230.00
LBR	3.00	3.00	-
LNR	1.00	2.00	1.00
PSD	1.00	3.00	2.00
TRN	2.00	8.00	6.00
TRN-AIR	2.00	2.00	-
TRN-HRB	1.00	12.00	11.00
Grand Total	148.49	447.00	298.51

NOTE: Position data extracted from HRMS on 2/1/2018. DHRD's Act 300 report to the 2018 Legislature, which reflected 450.00 FTE positions for special projects, was extracted on 11/1/2018. Difference of 3.00 FTE due to adjustments made by DOH.

Because the HRMS data did not include budget information, departments were instructed to check with their budget office to determine if a position was budgeted. Departments were to reflect a position as budgeted if it was included in their budget details (BJ/BT Tables) and enter the authorized FTE.

Human Resources Management System (HRMS)
 Total FTE Position Counts for Special Projects by Department and Means of Financing
 (Special Projects Pursuant to Section 76-16(b)(12), HRS)

Dept	Means of Financing							
Row Labels	A (General)	B (Special)	C (GOB)	N (Federal)	P (Other Fed)	T (Trust)	U (Interdept)	Grand Total
AGR	2.00	2.00	-	-	-	-	-	4.00
AGS	-	-	-	-	2.00	-	-	2.00
ATG	2.00	-	-	2.00	-	-	-	4.00
BED	3.00	4.00	-	5.00	-	-	-	12.00
BUF	-	-	-	1.00	-	-	-	1.00
DEF	38.50	-	-	20.50	49.00	2.00	3.00	113.00
HMS	25.78	0.25	-	20.97	-	-	-	47.00
HTH	130.05	9.95	-	37.00	56.00	-	1.00	234.00
LBR	-	-	-	3.00	-	-	-	3.00
LNR	-	-	-	-	2.00	-	-	2.00
PSD	3.00	-	-	-	-	-	-	3.00
TRN	0.50	7.50	-	-	-	-	-	8.00
TRN-AIR	-	2.00	-	-	-	-	-	2.00
TRN-HRB	-	-	12.00	-	-	-	-	12.00
Grand Total	204.83	25.70	12.00	89.47	109.00	2.00	4.00	447.00

NOTE: Position data extracted from HRMS on 2/1/2018. DHRD's Act 300 report to the 2018 Legislature, which reflected 450.00 FTE positions for special projects, was extracted on 11/1/2018. Difference of 3.00 FTE due to adjustments made by DOH.

Because the HRMS data did not include budget information, departments were instructed to check with their budget office to determine if a position was budgeted. Departments were to reflect a position as budgeted if it was included in their budget details (BJ/BT Tables) and enter the authorized FTE.

Human Resources Management System (HRMS) Special Projects by Department		
Special Projects Pursuant to Section 76-16(b)(12), HRS, by Department	Budgeted Exempt FTE Positions (Per Dept)	Total Exempt FTE Positions
Row Labels	Sum of Authrz FTE	Sum of distr totalFTE
AGR	3.00	4.00
Agricultural Food Safety Certification Project	1.00	1.00
Agricultural Water Resources Assessment Project	1.00	1.00
Farm to School Project	-	1.00
Industrial Hemp Pilot Program	1.00	1.00
AGS	-	2.00
Hawaii Health Data Center	-	2.00
ATG	4.00	4.00
Major Litigation Unit Special Project	2.00	2.00
National Criminal History Improvement Program (NCHIP)	1.00	1.00
National Instant Background Check System (NICS) Act Records Improvement (NARIP) Plan	1.00	1.00
BED	11.49	12.00
Coastal Zone Management Section 309 Strategy (2016-2020)	5.49	6.00
Coordinating Hawaii's Sustainability Goals	1.00	1.00
Hawaii Broadband Initiative	1.00	1.00
Hawaii State Energy Office - Energy Systems & Transportation	2.00	2.00
Hawaii State Energy Office - Renewable Energy	1.00	1.00
Special Action Team on Affordable Rental Housing	1.00	1.00
BUF	1.00	1.00
Community Outreach Court	1.00	1.00
DEF	83.00	113.00
Anti-Terrorism/Homeland Security	5.00	8.00
blank	1.00	1.00
Complex Coordinated Terrorist Attack	-	2.00
Disaster Emergency Preparedness Act (DEPA)	17.00	18.00
Hawaii National Guard Youth Education and Health Project	-	5.00
HIARNG Chief Financial Officer's Act (CFOA) and Real Property Inventory Requirement (RPIR)	29.00	31.00
Kiholo Bay Earthquake (October 2006, FEMA-1664 DR-HI)	6.00	9.00
KOA Program	2.00	2.00
March 2006 Flood, FEMA-1640 DR-HI	1.00	6.00
November 2000 Flood Recovery	-	2.00
October 2004 Flood, FEMA-1575 DR-HI	1.00	4.00
Outdoor Warning Siren Modernization - Statewide	-	1.00
Pacific Disaster Center Project Coordination	1.00	1.00
Pu'u O'o Lava Flow, FEMA-4201-DR-HI	6.00	7.00
Real Property Development Plan	-	1.00
Tropical Storm (TS) Iselle, FEMA-4194-DR-HI	2.00	2.00
U.S. Army Environmental Program Requirements	12.00	13.00
HMS	32.00	47.00
Administrative Appeals Project	-	5.00
Child Care and Development Fund State Plan Implementation Project	1.00	1.00
Departmental Program and Policy Integration Project	1.00	2.00
Governor's Coordinator on Homelessness Project	5.00	5.00
Hawaii QUEST Demonstration Project	6.00	6.00
Information Technology Modernization Project	9.00	10.00
Limited English Proficiency Project	-	1.00
Medicaid Healthcare Transformation	10.00	16.00
Title IV-E Waiver Demonstration	-	1.00
HTH	4.00	234.00
BEHAVIORAL HEALTH INITIATIVE	1.00	142.00
Breastfeeding Peer Counselor Project (BFPCP) Project	-	3.00

Human Resources Management System (HRMS) Special Projects by Department		
Special Projects Pursuant to Section 76-16(b)(12), HRS, by Department	Budgeted Exempt FTE Positions (Per Dept)	Total Exempt FTE Positions
Row Labels	Sum of Authrz FTE	Sum of distr totalFTE
Cutting HIV Transmission in Hawaii	-	4.00
EOA SPECIAL PROJECT FOR LONG TERM CARE SYSTEMS CHANGE	-	1.00
Epidemiology & Laboratory Capacity for Infectious Diseases (ELC)	-	20.00
FDA-11-TOBACCO	-	2.00
Hawaii Screening Brief Intervention and Referral to Treatment (HI-SBIRT)	-	2.00
Hawaii State Oral Disease Prevention Program	-	2.00
Maternal Infant Early Childhood Home Visitation (MIECHV) (Continuation & Competitive grants)	-	5.00
No Wrong Door System for All Populations and All Payers	-	3.00
ONLINE PERMITTING AND REPORTING PROJECT	-	2.00
Personal Responsibility Education Program (PREP)	-	1.00
PUBLIC HEALTH EMERGENCY PREPAREDNESS (PHEP) COOPERATIVE AGREEMENT	-	22.00
Strategic Prevention Framework - Partnerships for Success (SPF-PFS)	-	2.00
Strategies to Prevent Obesity, Diabetes, and Heart Disease and Stroke Among Adults in Hawaii	2.00	10.00
TOBACCO SETTLEMENT PROJECT HEALTHY HAWAII INITIATIVE (TSP/HII)	-	2.00
Vector Control-Dengue Fever Outbreak	-	3.00
Wraparound Program for Youth in or At-Risk of Mainland Placement	1.00	8.00
LBR	3.00	3.00
blank	3.00	3.00
LNR	1.00	2.00
Co-Mgmt Papaha Marine Nat Monument	-	1.00
Hawaiian islands Humpback Whale National Marine Sanctuary	1.00	1.00
PSD	1.00	3.00
Audit & Compliance Correctional Practices Statewide Project	-	1.00
CALEA Accreditation Project	-	1.00
Sex Offender Treatment Program	1.00	1.00
TRN	2.00	8.00
DOT Homeless Coordinator Project	-	1.00
DOT Security and Law Enforcement Project	-	3.00
DOT Streamlining/Consolidation Project	-	1.00
New Day Work Projects	1.00	2.00
TRAFFIC CONGESTION ALLEVIATION PROJECTS	1.00	1.00
TRN-AIR	2.00	2.00
Airport Improvement Project	1.00	1.00
AIRPORT REVITALIZATION PROJECT	1.00	1.00
TRN-HRB	1.00	12.00
Special Projects Office, Harbors Modernization Plan	1.00	12.00
Grand Total	148.49	447.00
NOTE: Position data extracted from HRMS on 2/1/2018. DHRD's Act 300 report to the 2018 Legislature, which reflected 450.00 FTE special project positions, was extracted on 11/1/2018. Difference of 3.00 FTE due to adjustments made by DOH.		
Because the HRMS data did not include budget information, departments were instructed to check with their budget office to determine if a position was budgeted. Departments were to reflect a position as budgeted if it was included in their budget details (BJ/BT Tables) and enter the authorized FTE.		



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
Tuesday, March 20, 2018
9:00 AM
State Capitol, Conference Room 309

in consideration of
SB2515, SD2
RELATING TO STATE EMPLOYMENT.

Chair Johanson, Vice Chair Holt, and Members of the Committee.

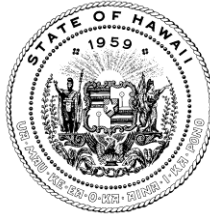
The Department of Business, Economic Development, and Tourism (DBEDT) **opposes** SB2515, SD2, which repeals the authority for department heads to establish positions for special, research, and demonstration projects approved by the Governor.

SB2515, SD2 affects all State executive departments. While DBEDT does not use this provision very often, we have found section 76-11.6 to be helpful when there has been a need to establish Special Project exempt positions for either short-term projects or needs that arose between Sessions.

DBEDT appreciates the Legislature's wisdom in passing SB 1361(2015), enacted as Act 160(15), which recognized that the increasingly rapid pace of change in today's world sometimes requires faster solutions to unanticipated needs than the State's budgeting process allows.

Thank you for the opportunity to provide comments on this measure.

DAVID Y. IGE
GOVERNOR OF
HAWAII



SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

Testimony of
SUZANNE D. CASE
Chairperson

Before the House Committee on
LABOR & PUBLIC EMPLOYMENT

Tuesday, March 20, 2018
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
SENATE BILL NO. 2515, SENATE DRAFT 2
RELATING TO STATE EMPLOYMENT

Senate Bill 2515, Senate Draft 2 proposes to repeal the statutory authority to establish and abolish any subordinate position engaged in a special, research, or demonstration project that is approved by the Governor, subject to the limitations of available appropriations. **The Department of Land and Natural Resources (Department) strongly opposes this measure.**

This provision provides departments with the operational flexibility necessary to address emerging situations and unique hiring needs and its elimination will severely hamper the Executive's ability to respond to these situations effectively and efficiently.

While the Department currently is not utilizing the authority granted within Section 76-11.6, Hawaii Revised Statutes, the Department has done so in the past for special projects receiving federal funding such as the Papahānaumokuākea Marine National Monument and the Hawaiian Islands Humpback Whale National Marine Sanctuary. Of the nine (9) positions originally federally funded for these two (2) special projects, six (6) positions have been converted to civil service, two (2) are pending conversion to civil services, one (1) position was abolished.

The Department strongly urges the Legislature to consider the assessments of the respective departments on how the proposed prohibition on creating temporary and exempt positions would adversely impact their operations, and possible program curtailments that could result.

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE
Governor

DOUGLAS S. CHIN
Lt. Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
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Phone: (808) 973-9600 FAX: (808) 973-9613

SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER
Deputy to the Chairperson

**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEE ON LABOR

**MARCH 20, 2018
10:00 A.M.
CONFERENCE ROOM 309**

**SENATE BILL NO. 2515 SD2
RELATING TO STATE EMPLOYMENT**

Chairperson Johanson and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2515 SD2. This bill repeals the authority for department heads to establish positions for special, research, and demonstration projects approved by the Governor. The Department opposes this bill.

The DOA relies on the authority in Section 76-11.6 to establish positions, with Governor's approval, to facilitate the implementation of short-term and/or time sensitive special projects. Repeal of this authority to establish positions for this purpose will hinder the DOA's ability to timely create positions which will subsequently delay the hiring of human resources needed to carry out these required legislative and administrative special project initiatives and mandates.

Thank you for the opportunity to testify on this measure.



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

March 19, 2018

TESTIMONY TO THE
HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

For Hearing on Tuesday, March 20, 2018
10:00 a.m., Conference Room 309

BY

RYKER WADA
INTERIM DIRECTOR

Senate Bill No. 2515, S.D. 2
Relating to State Employment

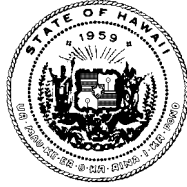
CHAIRPERSON JOHANSON, VICE CHAIR HOLT AND MEMBERS OF THE
COMMITTEE

S.B. No. 2515, S.D.2 proposes to repeal the authority for department heads to establish positions for special, research, and demonstration projects approved by the governor.

The Department of Human Resources Development (“DHRD”) **strongly opposes** S.B. No. 2515, S.D.2, as this proposal will compromise the State’s ability to respond and address the pressing and emergent needs by restricting the authority of department heads to establish exempt and temporary positions. While we defer to the individual department:s regarding the impact of this proposal on their projects and positions, DHRD takes the position that the State needs to have the continued authority and discretion to staff projects that address critical issues.

Thank you for the opportunity to testify on S.B. No. 2515, S.D.2.

DAVID Y. IGE
GOVERNOR



PANKAJ BHANOT
DIRECTOR

CATHY BETTS
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

March 19, 2018

TO: The Honorable Representative Aaron Ling Johanson, Chair
House Committee on Labor & Public Employment

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 2515 SD2 – RELATING TO STATE EMPLOYMENT**

Hearing: Tuesday, March 20, 2018, 10:00 a.m.
Conference Room 211, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) opposes this measure.

PURPOSE: The purpose of the bill is to repeal the authority for department heads to establish positions for special, research, and demonstration projects approved by the governor.

Per Act 160, the 2015 legislature added section 76-11.6, Hawaii Revised Statutes, with the intent "to allow the Governor the flexibility to react quickly to pressing needs of the State by establishing civil service exempt positions in certain circumstances." See CONFERENCE COMMITTEE REP. NO. 76, S.B. No. 1361 S.D. 2 H.D. 1 C.D. 1 (2015).

The Executive branch and the Governor, now more than ever, continue to require flexibility to respond quickly to rapidly developing policy and program changes from the federal government, judicial opinion, or reinterpretation of a previous practice or program. The need for change often arises rapidly, and a response cannot necessarily wait until the legislature is in session.

In recent years, particularly in health and human services with many technical advancements, particularly in areas of information technology and investment in our aging

legacy infrastructure, and national movements toward integration, data sharing, and analytics, we are finding current civil service position descriptions require significant modification or re-description.

Additionally, there are many fast-changing factors affecting health and human services, such as the aging population, tax reform, and other major policy changes impacting public benefits programs that DHS administers and those we serve. DHS, like our counterparts across the country, has to be able to be in a position to move quickly and deliver desired outcomes. We require special projects, and or are reliant on contracting consultants to implement necessary change.

The department's forty-seven (47) special project positions range from policy, administrative hearing officers, limited English proficiency coordinator, IT modernization, QUEST Integration, and healthcare transformation. Quest Integration and healthcare modernization related positions are predominantly funded by federal (N) funds. Our preliminary analyses of fiscal impact of SB 2515 is that removal or reduction of these special project positions may adversely impact the operations of the State's \$2.2 billion Medicaid program and health care benefits for 360,000 plus Hawaii residents. Additionally, ten (10) special project positions related to IT modernization do not have comparable civil service positions and salaries. The scarce IT human resources are needed to transform thirty (30) year old legacy systems to a modern platform. DHS IT modernization is predominantly funded through federal (N) funds ranging from 50%-90% of the project costs.

DHS respectfully requests the effective date be deferred; a July 1, 2018 effective date will have immediate and detrimental effects on DHS operations and will impact on-going federally funded programs and projects.

Thank you for the opportunity to provide comments on this measure.

DAVID Y. IGE
GOVERNOR

DOUBLAS S. CHIN
LIEUTENANT GOVERNOR



LEONARD HOSHIJO
DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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March 19, 2018

To: The Honorable Aaron Ling Johanson, Chair,
The Honorable Daniel Holt, Vice Chair, and
Members of the House Committee on Labor and Public Employment

Date: Tuesday, March 20, 2018
Time: 10:00 a.m.
Place: Conference Room 309, State Capitol

From: Leonard Hoshijo, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. No. 2515 SD2 RELATING TO STATE EMPLOYMENT

SB2515SD2 repeals the statutory authority to establish and abolish any subordinate position engaged in a special, research, or demonstration project that is approved by the Governor, subject to the limitations of available appropriations.

DLIR opposes this measure. DLIR has used this provision to help transition the Hawaii Health Connector to the State when it took on the function of the Small Business Health Options Program before obtaining a State Innovation Waiver under the Affordable Care Act.

DLIR is also largely federally funded and often obtains supplemental grant moneys to undertake projects and meet funding requirements. DLIR would prefer to have the flexibility to use this provision if necessary for relatively short-term projects.

Thank you for the opportunity to provide testimony on this matter.



STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY

919 Ala Moana Boulevard, 4th Floor
Honolulu, Hawaii 96814

NOLAN P. ESPINDA
DIRECTOR

Cathy Ross
Deputy Director
Administration

Jodie F. Maesaka-Hirata
Deputy Director
Corrections

Renee R. Sonobe Hong
Deputy Director
Law Enforcement

No. _____

TESTIMONY ON SENATE BILL 2515, SENATE DRAFT 2
RELATING TO STATE EMPLOYMENT.

by

Nolan P. Espinda, Director
Department of Public Safety

House Committee on Labor and Public Employment
Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice Chair

Tuesday, March 20, 2018; 9:00 a.m.
State Capitol, Conference Room 309

Chair Johanson, Vice Chair Holt, and Members of the Committee:

The Department of Public Safety (PSD) joins all Executive Branch departments and offices in **opposition** to the passage of Senate Bill (SB) 2515, Senate Draft (SD) 2, as it would hamper the PSD's ability to meet its objectives in a timely and flexible manner by restricting the creation of federally-funded positions and temporary, project-based positions required to meet the increasing needs of the communities we serve.

State government is routinely portrayed as being unresponsive to emergent problems and issues. This bill would further that stereotype, hamstringing departments and offices in their efforts to address matters in a timely manner and restricting the implementation of solution-based alternatives to a biennium-based timeframe.

Consequently, this restriction would dramatically reduce the amount of federal funds brought into the state as rapid approvals to establish and fill grant-funded positions are essential to securing and expending federal funds, which are often awarded when the Legislature is not in session.

As drafted, this bill presents an all-or-nothing solution that clearly could be compromised to address Legislative concerns of abuse while reasonably maintaining the ability of Departments to nimbly and effectively address emergent issues. In lieu of absolutely abolishing the authority of the Executive Branch in this area, PSD would suggest that a reasonable limit be considered instead, requiring the Administration to prioritize its exercise of this authority.

Thank you for the opportunity to present this testimony.

STATE OF HAWAII
DEPARTMENT OF DEFENSE

TESTIMONY ON SENATE BILL 2515 SD2
RELATING TO STATE EMPLOYMENT

PRESENTATION TO
THE
COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

BY
MAJOR GENERAL ARTHUR J. LOGAN
ADJUTANT GENERAL
19 March 2018

Chair Johanson, Vice-Chair Holt and Members of the Committee.

I am Major General Arthur J. Logan, State Adjutant General and the Director of the Hawaii Emergency Management Agency. I am testifying in **OPPOSITION** of SB2515 SD2, which repeals the authority for department heads to establish positions for special, research, and demonstration projects approved by the Governor.

The Department of Defense is authorized 467 full time equivalent positions. Of which, 205 positions are temporary. Of that 25% or 113 positions within the department of Defense would be affected by SB2515. In addition, 79% of the ACT 160 positions are 100% federally funded. Repealing the authority would have a severe impact on the department's ability to establish positions and execute federal funding in the year of federal funding execution. Those federal monies would be lost revenue to the state.

Thank you for allowing me to testify in **OPPOSITION** of SB2515 SD2.

DAVID Y. IGE
GOVERNOR



TODD NACAPUY
CHIEF INFORMATION
OFFICER

STATE OF HAWAII
OFFICE OF ENTERPRISE TECHNOLOGY SERVICES

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Testimony of
TODD NACAPUY
Chief Information Officer, State of Hawai'i

Before the

HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
TUESDAY, MARCH 20, 2018
10:00 a.m.
State Capitol, Conference Room 309

SENATE BILL NO. 2515 SD2
RELATING TO STATE EMPLOYMENT

Dear Chair Johanson, Vice Chair Holt, and Members of the Committee:

I am Todd Nacapuy, State Chief Information Officer (CIO) and head of the Office of Enterprise Technology Services (ETS), offering testimony in **opposition** with **comments** of on Senate Bill 2515 HD2, Relating to State Employment that proposes to repeal provisions which authorizes department heads to establish positions for special, research, and demonstration projects approved by the Governor:

"[§76-11.6] Special, research, or demonstration project positions. Notwithstanding any law to the contrary, with the approval of the governor, the head of a department may establish and abolish any subordinate position for an employee engaged in a special, research, or demonstration project that is approved by the governor, subject to the limitations of available appropriations."

While we do not use this provision often, there are times when ETS must undertake pilots or start-up programs to demonstrate the merit of certain technologies or larger planned projects that arise with either short implementation lead times or have limited duration. In several instances, the success of the pilot programs in which we created special projects and filled positions have resulted in the support of the legislature that has established and funded positions and activities as permanent on-going programs in subsequent years.

Further, our experience has shown that creating special projects to hire short- and limited-term staff to execute technology pilots have been much more cost-effective than hiring consultants.

We ask the committee to hold the bill.

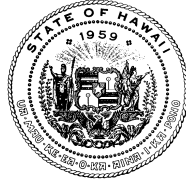
Thank you for allowing me to testify on this measure.

SB 2515

SD-2

LATE

TESTIMONY



STATE OF HAWAII
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LATE

**Testimony in OPPOSITION to SB2515 SD2
RELATING TO STATE EMPLOYMENT.**

REP. AARON LING JOHANSON, CHAIR
HOUSE COMMITTEE ON LABOR

Hearing Date: March 20, 2018

Room Number: 309

1 **Fiscal Implications:** Approximately 230 department employees may be jeopardized if the legal
2 authority for their employment is repealed in this measure.

3 **Department Testimony:** The Department of Health (DOH) **strongly opposes** SB2515 SD2,
4 which repeals the statutory authority for department heads to establish and abolish any
5 subordinate position engaged in a special, research, or demonstration project that is approved by
6 the Governor. We respectfully request the House Committee on Labor hold this measure. Act
7 160 SLH 2015 already provides a balance between administrative simplification and limitations
8 on personnel management.

9 The Department of Health relies on special projects to establish programs and services to
10 operationalize programs that requires a quick and immediate response to public health
11 emergency situations (such as the rat lungworm disease, dengue fever outbreak), which the
12 existing civil service system is unable to address in a timely manner. DOH also uses the special
13 project designation to establish organizational structures and positions to implement federal grant
14 initiatives that generally have a limited lifespan, which again would not be feasible within the
15 civil service system. Without the ability to establish these types of structures and positions via
16 the special project designation would jeopardize the Department's ability to competitively apply
17 for and efficiently operationalize federal grant initiatives to address emerging and unanticipated
18 public health issues. It is also important to note that to convert exempt positions into civil
19 service positions, agencies may need to re-organize to formally establish these positions due to
20 changes in their functions as well as line of authority/supervision.

1 Currently the DOH has approximately 237 full-time equivalent (FTE) positions using this
2 exemption. Our largest project is the Behavioral Health Initiative (BHI) with 142 state funded
3 positions, followed by the Public Health Emergency Preparedness Cooperative Agreement with
4 22 federal funded positions and the Epidemiology and Laboratory Capacity for infectious
5 Disease Initiative with 20 federally funded positions.

6 It is important to note that in 2012 the DOH had approximately 500 exempt position authorized
7 by the special project delegation and over the past six years have worked diligently in
8 completing necessary re-organizations and converting these exempt positions into appropriate
9 civil service positions to support on-going permanent functions and services. As of March, of
10 2018 we have reduced the number of exempt positions using the project designation by
11 approximately 270 positions. The department acknowledges that the personnel management
12 discipline that the civil service system emphasizes, but believes that existing policies offer
13 sufficient checks and balances. For example, Act 160 SLH 2015 requires that special projects be
14 time-limited and may not be extended.

15 Because of the unnecessary jeopardy that will be created, and the ongoing good-faith efforts of
16 the Department of Health such as reorganizations and conversions, as well as recently enacted
17 checks and balances, we respectfully request the House Committee on Labor hold this measure.

18 **Offered Amendments:** Should this measure progress in the House, at a minimum, the
19 Department of Health respectfully recommends amendments that, in order of preference:

- 20 • Preserve the status of all existing positions authorized by special projects, regardless of
21 means of finance, pursuant to section 76-11.6, Hawaii Revised Statutes.
- 22 ○ These positions are still subject to the special project re-authorization limit set
23 forth by Act 160 SLH 2015, after which they must be converted to permanent
24 budgeted positions authorized by the Legislature, or terminated.
 - 25 ○ Employment continuity of the existing 230 special project employees is DOH's
26 highest priority. The department continues to work through civil service

1 conversions and reorganizations in good faith, and has about half as many special
2 project positions compared to the 2013 baseline.

- 3 • Set an effective date of July 1, 2023 (five years is the maximum authorization period for
4 a special project) to allow agencies to determine the disposition of special projects, e.g.
5 conversion
- 6 • Permit future special projects with director-approved positions that are federally funded,
7 to assure the continuity and competitiveness for federal funding.
- 8 • Require reporting to the Legislature from agencies with special projects, to include
9 project status, count of budgeted and unbudgeted positions, and progress towards the goal
10 of the special project, in lieu of an Auditor's Report.