

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
MARA SMITH
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state.procurement.office@hawaii.gov
<http://spo.hawaii.gov>
Twitter: [@hawaiispo](https://twitter.com/hawaiispo)

TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
FINANCE

Wednesday, March 28, 2018 4:00 p.m.

SENATE BILL 2913, SD1, HD1
RELATING TO PROCUREMENT

Chair Luke, and Vice Chair Cullen, and members of the committees, thank you for the opportunity to submit testimony on SB 2913, SD1, HD1. The State Procurement Office (SPO) strongly supports the intent of the bill to ensure delegated procurement officers and procurement contracting workforce receive training.

To be effective, procurement training must be provided to all personnel conducting or participating in procurement and the training must be targeted to their role. Most departments do not centralize their procurement function resulting in hundreds of personnel who conduct or participate in procurements each year.

In addition, the SPO supports that delegated procurement and contracting workforce be required to complete mandatory review training every three years to ensure that they are accustomed to any new procurement guidance's within the procurement code, and that all departments and governmental agencies needs to track each of their employee's trainings to prevent any lapsing of their procurement delegation.

The amendment to the existing statute is necessary, because the procurement workforce need much more training than a mandatory fundamental training and developmental session to be taken within sixty days of being named to the position of procurement officer. The field of procurement is varied and complex, and changes constantly, thus creating a need for a full Body of Knowledge to be studied rather than a merely attending a single session.

The SPO is working on developing a robust certification program to enhance and uplift procurement as a professional career field, and training is an integral part in advancement of the procurement workforce to enable successful contracts.

Thank you.

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 27, 2018

**TESTIMONY TO THE HOUSE COMMITTEE ON
FINANCE**

For Hearing on Wednesday, March 28, 2018
4:00 p.m., Conference Room 308

By

Ryker Wada
Interim Director

**Senate Bill No. 2913 SD1 HD1
Relating to Procurement**

(WRITTEN TESTIMONY ONLY)

CHAIRPERSON LUKE, VICE CHAIR CULLEN AND MEMBERS OF THE COMMITTEE ON FINANCE.

The Department of Human Resources Development (DHRD) thanks you for the opportunity to provide **comments with a proposed amendment to SB 2913 SD1 HD1.**

As the subject matter experts in the field of procurement, the State Procurement Office (SPO) currently creates, hosts and tracks procurement training. SPO, not DHRD, also currently conducts all procurement related trainings for both State employees and others not employed by the State as necessary. By contrast, DHRD is only responsible for the training of individuals employed by the State of Hawaii and does not monitor or have access to SPO's learning management system and the data contained therein.

In order to align with existing practices, DHRD proposes the following amendment to Section 103D-110, Hawaii Revised Statutes, as follows:

103D-110 Education and Training. (a) The [~~department of human resources development~~] state procurement office, either alone or in cooperation with any governmental body, including the department of labor and industrial relations, or in cooperation with other states, the federal government, or other persons may:

- 1) Conduct or participate in procurement education and training for persons not employed by the State; and
- 2) Sponsor a purchasing certification program conducted by a voluntary organization of procurement professionals.

(b) The state procurement office[~~, in cooperation with the department of human resources development,~~] shall develop and maintain a procurement practices training and development program for procurement officers...

Thank you for the opportunity to testify on this measure.



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

Date: 03/28/2018
Time: 04:00 PM
Location: 308
Committee: House Finance

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 2913, SD1, HD1 RELATING TO PROCUREMENT.

Purpose of Bill: Requires all government procurement officers to attend a training and development program prior to participating in or authorizing any procurement. Requires all government procurement officers to complete review training every three years. Requires all procurement officers, department heads, and their deputies, except for the administrator of the State Procurement Office, to attend mandatory procurement training within ninety days of appointment. Appropriates funds. (SB2913 HD1)

Department's Position:

The Department of Education (HIDOE) does not support SB 2913 SD1 HD1 and respectfully requests the committee to consider the implementation impact. This measure will impose additional burdens especially on our schools' scarce time and resources.

The proposed training and development program may be duplicative of required HIDOE training. Currently, the Department mandates administrators and certain support staff to successfully complete on-line training modules that are tailored to address procurement needs specific to HIDOE's schools and offices. These modules include but are not limited to training on topics such as the Procurement Code of Ethics, Small Purchase Procurement, Exempt Procurement, and Price and Vendor Lists. Attendance for completing these on-line, self-paced modules is tracked using the HIDOE's Professional Development Educate, Empower, Excel (PDE3) platform. Through FY2015, all administrators delegated procurement and contracting authority were required to complete this mandatory annual procurement training. Beginning FY2019, the HIDOE will implement a mandatory review training requirement for all administrators to retake the training module every three years. Time spent on general procurement training that is not focused or tailored to the HIDOE's needs takes away additional time from being able to support the students and teachers in our schools.

Unintended consequences on Principals and schools . As proposed, an administrator who does not complete the mandatory review training every three years would lose the authority to

procure. This would impede a school's ability to function for its students and staff.

Lack of flexibility for change and adjustments in school leadership . For example, an individual could move positions within the Department or external to the HIDOE, possibly shifting between a position that would require procurement authority to a position that would not require procurement authority and thus, not completing the mandatory review training. Should that individual decide to move back into a position that requires procurement authority, the current proposal would not allow that individual to have authority to procure. The consequence for not completing the mandatory review training every three years does not seem to support the effectiveness and efficiency of having delegated procurement authority.

In addition, the HIDOE would also like to request clarification on the term "contracting workforce" because as written, this term "shall include but not be limited to members of any committee or group responsible for evaluating requests for proposals."

It is possible for individuals not part of a governmental body to participate in evaluating requests for proposals and thus it is unclear if the mandatory training requirement and every three year review requirement would be applicable to individuals other than those belonging to a governmental body.

The following are voices of concern from Principals across Hawaii :

#1

As a school principal for 10 years, I have annually executed, administered, and implemented a financial as well as an academic plan to best meet the needs of my school, both operationally and academically focused on students and student achievement. At the school level, I am held accountable for all expenditures, and have taken part in the DOE's mandatory procurement training every three years. The DOE training is tailored to address procurement needs specific to HIDOE's schools and offices. - Honolulu Middle School Principal

#2

As a school principal for 16 years, in reading SB 2913 and 2914, it seems that government is overreaching into schools without an understanding of how this measure, if passed, will essentially be duplicative of what the DOE already has in place. As the required scheduling of training is unclear, this measure will complicate the abilities of a new Principal to a school or a Principal setting up a new school as the Principal may not have completed the mandated training. It is also unclear as to how a universal training will be tailored to school operations. Should trainings be conducted during school time, this will impede the Principals capacity to manage their schools. - Kauai High School Principal

#3

At a school, routine classroom purchases include research, reference, and educational materials like textbooks, workbooks, kits, and guides. As I understand SB 2913 and SB 2914, I would now have to report these purchases as goods and services that will fall into the proposed reporting requirement. The efficiency of the Procurement Code that allows for these types of exemptions to purchase goods such as educational materials for our students contributes to student learning at schools across all islands. I am unclear as to how this additional reporting requirement will contribute to improving government efficiency and accountability. - Windward

Elementary School Principal

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.