



STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
HUMAN SERVICES
February 8, 2024, 9:45 a.m.

HOUSE BILL 2662
RELATING TO HUMAN SERVICES

Chair Marten, Vice Chair Amato, and members of the committee, thank you for the opportunity to submit testimony on House Bill 2662. The State Procurement Office (SPO) supports the intent of the bill, however, objects to the procurement exemption for the selection of a qualified provider in Section 1.(b), page 2, lines 1 through 2, set forth below.

(b) The Hawaii public housing authority may enter into contracts with nonprofit organizations, for-profit organizations, or foundations to implement the recreation and education upward mobility pilot program for youth tenants in public housing without regard to chapters 103D and 103F, Hawaii Revised Statutes.

The bill does not cite a justification why the two-year recreation and education upward mobility pilot program for youth tenants in public housing needs to be exempt from Hawaii Revised Statutes (HRS) chapter 103D, "Hawaii Public Procurement Code" (Code) and 103F, "Purchase of Health and Human Services."

The SPO recommends that the bill include compelling reasons for this exemption, otherwise, the agency should adhere to the Code as follows.

b) The Hawaii public housing authority may enter into contracts with nonprofit organizations, for-profit organizations, or foundations to implement the recreation and education upward mobility pilot program for youth tenants in public housing ~~without~~ regard to in compliance with chapters 103D and 103F, Hawaii Revised Statutes.

Exemptions to the Code mean that all procurements made with taxpayer monies will not have the same oversight, accountability and transparency requirements mandated by those procurements processes provided in the code. It means that there is no requirement for due diligence, proper planning, or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, Agencies can choose whether to compete any procurement or go directly to one contractor. As a result, leveraging economies of scale and cost savings efficiencies found in the consistent application of the procurement code are lost. It also means Agencies are not required to adhere to the code's procurement integrity laws.

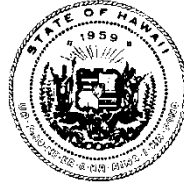
The National Association of State Procurement Officials states that "Businesses suffer when there is inconsistency in procurement laws and regulations. Complex, arcane procurement rules of numerous jurisdictions discourage competition by raising the costs to businesses to understand and comply with these different rules. Higher costs are recovered through the prices offered by a smaller pool of competitors, resulting in unnecessarily inflated costs to state and local governments."

When public bodies are removed from the Hawaii Public Procurement Code, it results in the harm described above. As these entities create their own procurement rules, businesses are forced to track their various practices.

Each year new procurement laws are applied to state agencies causing state agency contracts to become more complex and costly, while other public bodies, such as agencies with strong legislative influence, are exempted. Relieving some public bodies from some laws by exempting or excluding them from compliance with a common set of legal requirements creates an imbalance wherein the competitive environment becomes different among the various jurisdictions and the entire procurement process becomes less efficient and costlier for the state and vendors.

Thank you.

JOSH GREEN, M.D.
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

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EXECUTIVE ASSISTANT

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IN REPLY, PLEASE REFER TO:

Statement of
Hakim Ouansafi, Executive Director
Hawaii Public Housing Authority

Before the
HOUSE COMMITTEE ON HUMAN SERVICES

Thursday, February 8, 2024
9:45 AM – Room 329, Hawaii State Capitol

In consideration of
HB 2662
RELATING TO HUMAN SERVICES

Honorable Chair Marten, and members of the House Committee on Human Services, thank you for the opportunity to provide testimony on House Bill (HB) 2662, relating to human services.

The Hawaii Public Housing Authority (HPHA) supports HB 2662, which requires the HPHA to establish a two-year recreation and education upward mobility pilot program for youth tenants in public housing. Permits the HPHA to contract with outside parties to implement the program. Appropriates funds.

Please know that if this measure passes, the HPHA stands ready to assist the Legislature in this endeavor and looks at this measure as an opportunity to positively impact the lives of youth tenants in public housing.

The HPHA appreciates the opportunity to provide the Committee with the HPHA's testimony. We thank you very much for your dedicated support.

LATE

Aloha members of the Human Services Committee,

I am testifying in **strong** support of HB2662, which will create a two-year upward mobility pilot program for youth tenants in public housing. Most notably, this program will have an educational component that will teach financial literacy skills.

Hawaii leads the nation in high cost of living yet lags the nation in preparing students with the financial education needed to tackle the real world. Twenty-five states have already passed legislation to make financial literacy courses a high school graduation requirement. I have been trying to make this happen in Hawaii without avail. If we can't make this happen for students statewide, then the very least we can do is provide financial education to our most vulnerable populations such as youth tenants in housing.

"We would not allow a young person to get in the driver's seat of a car without requiring driver's education, and yet we allow our youth to enter the complex financial world without any related education. An uneducated individual armed with a credit card, a student loan, and access to a mortgage can be nearly as dangerous to themselves and their community as a person with no training behind the wheel of a car."

- Champlain College, Center for Financial Literacy

Warm regards,

Danson Honda