

Honolulu, Hawaii

MAR 18 2025

RE: H.B. No. 159
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committee on Labor and Technology, to which was referred
H.B. No. 159, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO QUALIFIED COMMUNITY
REHABILITATION PROGRAMS,"

begs leave to report as follows:

The purpose and intent of this measure is to clarify that the civil service exemption for personal service contracts for building, custodial, and grounds maintenance services with qualified community rehabilitation programs shall not cost more than \$850,000 in the aggregate per private person or entity, regardless of the number of contracts or qualified community rehabilitation programs utilized for the personal service.

Your Committee received testimony in support of this measure from the United Public Workers AFSCME Local 646, AFL-CIO; Hawaii Government Employees Association AFSCME Local 152, AFL-CIO; and Hawaii State AFL-CIO.

Your Committee finds that when the civil service exemption for personal service contracts for certain grounds maintenance services with qualified community rehabilitation programs was established, the Legislature intended to preserve the limited existing contracts of this nature. However, the number and scope of similar contracts has greatly expanded, signaling the



exemption's abuse as a loophole to avoid civil service hiring. This excessive privatization is exemplified in the County of Maui, which in fiscal year 2024 spent over \$1.76 million on contracts with one qualified community rehabilitation program rather than hiring civil service employees to perform janitorial and groundskeeping services for county parks. This measure restores balance to the exemption, protecting public sector jobs while maintaining employment opportunities for individuals with disabilities, by clarifying that the \$850,000 price cap applies in the aggregate, regardless of the number of contracts or programs utilized.

Your Committee has amended this measure by:

- (1) Deleting the amount of \$850,000 and inserting a blank amount for the exemption's yearly cost limit; and
- (2) Inserting an effective date of July 1, 2050, to encourage further discussion;

As affirmed by the record of votes of the members of your Committee on Labor and Technology that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 159, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 159, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Labor and
Technology,


HENRY J. C. AQUINO Chair



Record of Votes
Committee on Labor and Technology
LBT

*Only one measure per Record of Votes