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Statement of
BRENNA H. HASHIMOTO
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Before the
SENATE COMMITTEE ON LABOR AND TECHNOLOGY
Friday, January 31, 2025
3:00PM
State Capitol, Conference Room 224

In consideration of
SB 1567, Relating to the Classification and Compensation Systems

Chair Aquino, Vice Chair Lee, and the members of the committee.

The Department of Human Resources Development (HRD) is in **support** of SB 1567.

The purpose of SB 1567 is to:

1. Require HRD to expeditiously conduct a comprehensive review of the classification and compensation systems for the State's executive agencies;
2. Require HRD to submit a report of findings and recommendations as well as proposed legislation to the legislature; and
3. Appropriate funds to complete a comprehensive review of the classification and compensation systems for the State's executive agencies, including contracting with a third party to assist in completing the review.

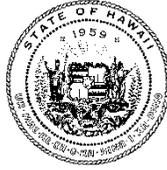
HRD strongly supports this bill to conduct a comprehensive classification and compensation study. This measure will help HRD to effectively address antiquated class specifications, class titles, and minimum qualification requirements, and identify and develop recommendations to ensure wages are competitive and that pay programs address changes in the market.

We believe that reviewing and updating the classification and compensation systems to be more modern and dynamic will support the State Executive Branch's objectives of reducing statewide vacancies; being an employer of choice in the State of Hawai'i;

recruiting and retaining the best and the brightest employees so that State government can deliver efficient and effective services to the public; remaining competitive with other comparable government entities and private employers in the State of Hawai'i; and clearly outlining career growth and advancement opportunities.

HRD respectfully requests that the bill clarify that the review will be limited to the State executive branch positions administered by HRD. Human resources staff in executive branch departments and agencies not administered by HRD (e.g., Department of Education, Hawai'i Health Systems Corporation) would be more knowledgeable and better equipped to review their respective classification and compensation systems.

Thank you for the opportunity to provide testimony. We are available to answer any questions or provide further information as needed.



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TESTIMONY
OF
BONNIE KAHAKUI, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
LABOR AND TECHNOLOGY
FRIDAY, JANUARY 31, 2025, 3:00 PM

SENATE BILL 1567
RELATING TO THE CLASSIFICATION AND COMPENSATION SYSTEMS.

Chair Aquino, Vice Chair Lee, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 1567. The State Procurement Office (SPO) provides comments on this bill. While the SPO recognizes the urgency of reviewing and modernizing the classification and compensation systems for all positions in the Executive Branch as outlined in the bill, it objects to the procurement exemption for the program. SPO recommends that procurements for this program be competitively procured and suggests the procurement language under SECTION 2, page 2, lines 12 through 15, be revised as follows.

SECTION 2. (a) The department of human resources development may contract with a third-party, ~~without regard to~~ in compliance with chapter 103D, Hawaii Revised Statutes, to assist the department in the timely completion the review.

The SPO opposes omitting the requirement to adhere to the Hawaii Procurement Code. Given the project's broad scope, the SPO strongly recommends that the Department of Human Resources Development (DHRD) conduct a competitive procurement process to secure the contractor that is most qualified and best positioned to deliver optimal results for this critical initiative. This process upholds fairness by providing equal opportunities to all potential offerors and guarantees the best value for the State.

Chapter 103D, Hawaii Revised Statutes, Hawaii Public Procurement Code, is the State's single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure, and transparency in the procurement and contracting process vital to good government.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in awarding of contracts. To legislate that any one entity should be exempt from compliance with both Chapters 103D and 103F, HRS, conveys a sense of disproportionate equality in the law's application.

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.

Thank you for the opportunity to submit testimony on this measure.