

Honolulu, Hawaii

**FEB 12 2025**

RE: S.B. No. 425  
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  
S.B. No. 425 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 Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; Hawaii State AFL-CIO; and United Public Workers, AFSCME Local 646, AFL-CIO.

Your Committee finds that the intent behind establishing a limited exemption allowing private contracts for certain services originally intended as civil service with qualified community rehabilitation programs has been abused. Rather than applying the \$850,000 price cap in the aggregate, as was intended, state departments are applying the cap per contract or program, facilitating the excessive privatization and outsourcing of these



services. In addition to taking jobs that should go to state or county employees, this overreliance on outsourcing also disincentivizes state departments from adequately staffing the civil workforce. To restore the balance between employment opportunities for individuals with disabilities and those for civil servants, this measure clarifies that the price cap must be applied in the aggregate for the personal service being contracted.

Your Committee has amended this measure by:

- (1) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

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 S.B. No. 425, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 425, 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



The Senate  
Thirty-Third Legislature  
State of Hawai'i

Record of Votes  
Committee on Labor and Technology  
LBT

Bill / Resolution No.:* <b>HB425</b>	Committee Referral: <b>LBT, WAM</b>	Date: <b>2/5/25</b>										
<div><input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____</div>												
<div>The Recommendation is:</div> <div style="display: flex; justify-content: space-between;"><div><input type="checkbox"/> Pass, unamended 2312</div><div><input checked="" type="checkbox"/> Pass, with amendments 2311</div><div><input type="checkbox"/> Hold 2310</div><div><input type="checkbox"/> Recommit 2313</div></div>												
Members	Aye	Aye (WR)	Nay	Excused								
AQUINO, Henry J.C. (C)	✓											
LEE, Chris (VC)	✓											
IHARA, Jr., Les	✓											
MORIWAKI, Sharon Y.	✓											
FEVELLA, Kurt	✓											
<b>TOTAL</b>	<b>5</b>											
<div>Recommendation:</div> <div style="display: flex; justify-content: space-around;"><div><input checked="" type="checkbox"/> Adopted</div><div><input type="checkbox"/> Not Adopted</div></div>												
Chair's or Designee's Signature: <div style="text-align: center; margin-top: 10px;"></div>												
<div>Distribution:</div> <table style="width: 100%;"><tr><td style="width: 25%;">Original</td><td style="width: 25%;">Yellow</td><td style="width: 25%;">Pink</td><td style="width: 25%;">Goldenrod</td></tr><tr><td>File with Committee Report</td><td>Clerk's Office</td><td>Drafting Agency</td><td>Committee File Copy</td></tr></table>					Original	Yellow	Pink	Goldenrod	File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy
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\*Only one measure per Record of Votes