



STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

February 29, 2016

TO: The Honorable Representative Sylvia Luke, Chair  
House Committee on Finance

FROM: Rachael Wong, DrPH, Director

SUBJECT: **HB 2348 HD2 – RELATING TO PERMANENT EXEMPT POSITIONS IN THE  
DEPARTMENT OF HUMAN SERVICES**

Hearing: Tuesday, March 1, 2016; 11:02 a.m.  
Conference Room 308, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) supports this administration request.

**PURPOSE:** Restores the second deputy director position for the Department of Human Services, establishes the community/project development director, the policy director, and provides appropriations for that second deputy director position, a private secretary for that deputy director, the community/project development director, and the policy director.

The Department of Human Services has the largest operating budget of any state department, approximately \$3,100,000,000, which represents 73% of the State's federal operating funds. The Department also has the fifth largest staff of any department, with over 2,000 employees staffing its four divisions and three administratively-attached agencies in 88 offices throughout the state. The Department is transforming its practices to a whole-family, multi-generational approach, 'Ohana Nui, that ties together health, education, early childhood development, and supporting self-sufficiency of Hawaii's families. Because DHS serves 1 in 4 Hawaii residents, investing in DHS is investing in a healthier Hawaii and the future of our families.

Currently, the Department has only one deputy director. Act 223, Session Laws of Hawaii 1994, deleted the second deputy director position, which was prompted by the State's poor economy at that time.

The Department proposes to establish the community/project development director and policy director positions within the office of the Director. These positions will assist with managing the numerous projects assigned to the department, including addressing homelessness; the individual and family functions of the State-based Marketplace using the Federal Platform (SBM-FP, previously under the Hawaii Health Connector); ensuring continued access to health coverage for State residents from the Compact of Free Association nations; and building a collaborative and integrated multi-generational service model for children and families. New mandates and initiatives increased demands on the Director's office as they require changes to the operations of multiple divisions, as well as coordination with and participation of other state and federal agencies, community agencies, and key stakeholders.

However, DHS understands per discussion with Hawaii Government Employees Association (HGEA) representatives and by testimony (updated below after subsequent conversation) submitted in reference to HB 2348 and HB2348 HD1, that HGEA agrees to the creation and permanent exemption of the Second Deputy, secretary, community/project development director, and policy director positions.

As is reflected in the original draft of the measure and the Committee Report from the House Committee on Human Services, we respectfully ask the committee to consider that DHS requires general fund appropriation of \$371,364 for the proposed positions: Deputy Director (\$125,700), secretary for the Deputy Director (\$60,000), community/project development director (\$105,648), and policy director (\$80,016).

Thank you for the opportunity to testify on this bill.



## HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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The Twenty-Eighth Legislature, State of Hawaii  
House of Representatives  
Committee on Finance

Testimony by  
Hawaii Government Employees Association

March 1, 2016

H.B. 2348, H.D. 2 – RELATING TO  
PERMANENT EXEMPT POSITIONS IN THE  
DEPARTMENT OF HUMAN SERVICES

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO has no objections to the creation of a second deputy director position or two exempt positions within the Office of the Director. We appreciate the amendments made by the Committee on Labor and Public Employment, which removed the provisions that converted six identified positions in the Med-QUEST Division to temporary exempt status.

The expansion of exempt positions in state government is direct conflict with Article XVI, Section 1 of the Hawaii State Constitution and Chapter 76, Hawaii Revised Statutes, which establishes a merit-based civil service system free from coercive political influences. The use of exempt employees, which are considered “at will” by the state, is completely contrary to the principles of civil service. Exempt employees do not have the same rights and benefits as those in civil service.

We maintain that the civil service system must undergo significant reform by becoming more flexible, responsive and competitive. By doing so, we can eliminate the need to create more exempt positions, which currently represent more than 18% of the positions under the jurisdiction of the Department of Human Resources Development and even higher percentage in Bargaining Unit 13.

Thank you for the opportunity to testify on H.B. 2348, H.D. 2.

Respectfully submitted,

Randy Perreira  
Executive Director