

**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
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A HO'OMĀKA'IKA'I

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON LABOR

Thursday, February 5, 2026
9:30 AM
State Capitol, Conference Room 309

In consideration of
HB2249

**RELATING TO CIVIL SERVICE EXEMPT POSITIONS WITHIN THE DEPARTMENT
OF ACCOUNTING AND GENERAL SERVICES.**

Chair Sayama, Vice Chair Lee, and Members of the Committee,

The Department supports HB2249, which authorizes the Department of Accounting and General Services (DAGS) to permanently exempt certain positions within the Public Works Division, Special Project Branch, and the Comptroller's Office from state civil service law.

This measure represents an important modernization of how the State recruits and retains the specialized expertise needed to deliver complex, large-scale public works and enterprise modernization projects.

Hawai'i, like much of the nation, is facing a short bench of highly specialized technical and project delivery talent. Major capital and transformation initiatives now require:

- Mega-project delivery experience
- Alternative procurement expertise (P3s, design-build, CMAR)
- Advanced engineering and construction management
- Digital systems modernization and enterprise transformation skills
- Risk management, cost controls, and performance oversight expertise

These are not traditional civil service career paths. These skill sets are highly mobile, private-sector competitive, and often project-based in nature. Relying solely on

traditional civil service recruitment timelines and classification structures makes it extremely difficult for the State to compete for this talent.

HB2249 directly addresses this gap by allowing DAGS to hire for these unique, specialized functions under an exempt structure while still providing state employee benefits and retirement system participation.

Public infrastructure delivery has changed. The State is now responsible for overseeing:

- Large-scale public works projects
- Public-private partnership structures
- Major district-scale developments
- Statewide enterprise system modernization

These projects operate on private-sector timelines, risk frameworks, and delivery models. If government staffing systems cannot match that pace, projects are delayed, costs increase, and oversight risks grow.

Modern public sector HR best practices increasingly include:

- Targeted exempt authorities for hard-to-fill technical roles
- Project-based staffing models for major capital initiatives
- Direct recruitment of industry specialists with niche expertise
- Flexible classification structures aligned with modern disciplines
- Faster hiring cycles to compete with private sector offers

HB2249 aligns Hawai'i with these widely adopted practices.

Not having the right expertise inside government increases risk. When agencies cannot hire individuals with deep project delivery and modernization experience:

- Contract oversight weakens
- Change orders and delays rise
- Lifecycle costs increase
- Institutional knowledge remains external

Providing DAGS the flexibility to bring this expertise in-house strengthens accountability, improves project governance, and protects public funds.

HB2249 is not a departure from good governance, it is an adaptation to modern reality. The State cannot deliver 21st-century infrastructure and enterprise systems with 20th-century hiring tools.

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This measure provides a responsible, targeted, and necessary approach to ensure Hawai‘i can attract the talent required to manage complex public works projects and statewide modernization efforts effectively.

For these reasons, the Department strongly supports HB2249.

Mahalo for the opportunity to provide testimony.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ
MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
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WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON LABOR

FEBRUARY 5, 2026, 9:30 A.M.
CONFERENCE ROOM 309 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 2249

RELATING TO CIVIL SERVICE EXEMPT POSITIONS WITHIN THE DEPARTMENT
OF ACCOUNTING AND GENERAL SERVICES.

Chair Sayama, Vice Chair Lee, and Members of the Committee, thank you for
the opportunity to submit testimony on H.B. 2249.

The Department of Accounting and General Services (DAGS) strongly **supports**
H.B. 2249 which permanently exempts certain positions within the DAGS Public Works
Division, Special Project Branch, and the Comptroller's Office from state civil service
law. This measure allows DAGS to be more competitive with the marketplace in
recruitment of specialized positions within the Special Project Branch and the
Comptroller's Office.

DAGS manages over 400 projects with an estimated value of more than

\$1 Billion. The recruitment of unique and specialized positions would be for more complex and challenging projects like the New Aloha Stadium Entertainment District (NASED), relocation of the Oahu Community Correctional Center (O.C.C.C.) and other projects utilizing non-traditional delivery methods such as public private partnerships. The services to be provided by these positions have been traditionally outsourced by the state to external consultants with specialized expertise but this initiative intends to bring the required skillsets in-house within the state with the goal of reducing the state's reliance on external consultants. This initiative has the potential to reduce project costs including but not limited to consultant fees.

In addition, this measure would enable the Comptroller's office to hire specialized positions in communications, change management, and business process improvement to support the State's information technology modernization efforts.

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



HAWAII COMMUNITY DEVELOPMENT AUTHORITY

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STERLING HIGA
CHAIRPERSON

CRAIG K. NAKAMOTO
EXECUTIVE DIRECTOR

Statement of
CRAIG K. NAKAMOTO
Executive Director

Hawai'i Community Development Authority
before the
HOUSE COMMITTEE ON LABOR

Thursday, February 5, 2026
9:30 a.m.

State Capitol, Conference Room 309 & Videoconference

In consideration of
HB 2249

RELATING TO CIVIL SERVICE EXEMPT POSITIONS WITHIN THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

Chair Sayama, Vice Chair Lee, and members of the Committee. The Hawai'i Community Development Authority (HCDA) **supports HB 2249**, which proposes to permanently exempt certain positions within the Public Works Division, Special Project Branch, and the Comptroller's Office within the Department of Accounting and General Services (DAGS) from the State Civil Service Law.

HCDA's experience with exempt positions demonstrates that this employment structure can function effectively while supporting the agency's ability to recruit qualified professionals and meet programmatic needs.

This measure supports the timely development of the New Aloha Stadium Entertainment District (NASED) and other complex state projects. Complex development projects, such as the NASED project, require positions to be filled with individuals with specialized areas of expertise. The NASED project is especially important in boosting Hawaii's economy as it will simultaneously increase the state's labor, housing, hospitality, retail commercial, and entertainment industries. With Hawaii's limited workforce, this permanent amendment will ensure that the Public Works Division, Special Project Branch and the Comptroller's Office within DAGS can continue

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to enlist and retain the qualified individuals needed to successfully execute the NASED project.

Thank you for the opportunity to provide testimony.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Third Legislature, State of Hawaii
The House of Representatives
Committee on Labor

Testimony by
Hawaii Government Employees Association

February 5, 2026

H.B. 2249 — RELATING TO CIVIL SERVICE EXEMPT POSITIONS WITHIN THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

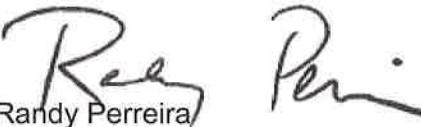
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes H.B. 2249, which permanently exempts certain positions within the Public Works Division, Special Project Branch, and the Comptroller's Office within the Department of Accounting and General Services from state civil service law.

The HGEA raises concerns for the need to exempt a whole branch and employees within the comptroller's office from civil service. Exempt employees do not have the same rights compared to civil service employees as they are considered "at-will" by the employer. Furthermore, exempt employees do not go through any merit-based hiring which opens the door for managers to hire unqualified individuals. We have consistently opposed the creation of more exempt positions in government and have advocated that exempt employees that are included within a collective bargaining unit receive just-cause protections, just like civil service employees. Over these past few years, we have seen an increase in the use of exempt positions, which in large part, is due to our lethargic civil service hiring process, our state's refusal to increase civil service pay to a competitive rate, and frankly, some managers just looking to assert more control over their employees by making them 'at-will'.

This proposal is part of a larger issue which is that the civil service system and DHRD must become more flexible, competitive, and adaptive to the current job market and public demands. There are methods the state can implement to streamline its hiring and recruiting while keeping employees within civil service. The state should look to adequately price these positions to appropriately reflect a competitive salary, comparable to similar positions within the public and private sector, and in general, the market rate. The state should also look to reform its civil service hiring process to create a more efficient and effective system, so prospective employees are not waiting to hear back from a job they applied to months ago. Given to what we are witnessing with the current federal administration, where they have been mass firings and controversial appointments to positions without regard to proper process, and seeing how that has emboldened other employers to think the same, we find this proposal even more concerning.

Thank you for the opportunity to provide testimony in opposition to H.B. 2249.

Respectfully submitted,


Randy Perreira
Executive Director