

JOSH GREEN, M.D.
GOVERNOR
KE KIA'AINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON WAYS AND MEANS

FEBRUARY 25, 2026, 10:55 A.M.
CONFERENCE ROOM 211 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 2543, S.D. 1

RELATING TO STATE CONSTRUCTION PROJECTS

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee, thank you for the opportunity to submit testimony on S.B. 2543, S.D. 1.

The Department of Accounting and General Services (DAGS) provides **comments** on S.B. 2543, S.D. 1 which establishes within the Office of the Comptroller a five-year Office of the Construction Manager pilot program headed by a full-time State Construction Manager, to provide guidance and recommendations on the design of state construction projects administered by DAGS and the Department of Education (DOE). This measure requires the establishment of a design review special fund. In addition, this measure requires the Comptroller, in consultation with the State Construction Manager, to adopt rules to implement this measure no later than

December 31, 2027. The Comptroller must also submit an annual report to the Governor and Legislature before the regular sessions of 2027 to 2031. Lastly, this measure requires the dissolution of the Office of the State Construction Manager on June 30, 2031.

The Office of the Construction Manager Pilot program would require \$10.55 M in FY 2027 funding to implement in the initial year. This amount would cover recurring funding of base salaries for 90 authorized positions comprising architectural, engineering, construction inspection, and clerical positions including supervisory positions.

It also would cover recurring funding for annual rent of private leased space as there is no known state-owned facility available to accommodate 90 new positions and related space needs.

Lastly, it would need non-recurring funding to provide required furnishings and equipment for the 90 authorized positions as well as support spaces such as conference rooms, storage areas, and similar non-position spaces. We would caution that the creation of an operation of this size would require significant diversion of limited resources within the department in order to establish, recruit, and fill the necessary positions. The need for office space would cause the department to seek private space to house the operation. Additionally, given the dissolution of the office on 5-years, this begs the question of who would take on these roles knowing that the intent is to dissolve the positions and the office in such a short amount of time. This will cause significant difficulty in recruiting, attracting, and keeping skilled and capable staff to properly manage the newly created office.

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



DISABILITY AND COMMUNICATION ACCESS BOARD

Ka 'Oihana Ho'oka'a'ike no ka Po'e Kīnānā

1010 Richards Street, Rm. 118 • Honolulu, Hawai'i 96813
Ph. (808) 586-8121 (V) • Fax (808) 586-8129 • (808) 204-2466 (VP)

February 25, 2026

TESTIMONY TO THE SENATE COMMITTEE ON WAYS AND MEANS

Senate Bill 2543 Senate Draft 1 – Relating to State Construction Projects

The Disability and Communication Access Board (DCAB) supports the intent of Senate Bill 2543 Senate Draft 1 – Relating to State Construction Projects. This bill establishes within the Office of the Comptroller a five-year Office of the State Construction Manager Pilot Program headed by a full-time State Construction Manager, to provide guidance and recommendations on the design review of state construction projects administered by the Department of Accounting and General Services and Department of Education. It requires the Office to assign employees to the Department of Planning and Permitting of the City and County of Honolulu to review and approve permit applications submitted for state construction projects administered by DAGS and DOE. It establishes the Design Review Special Fund. It establishes positions. It appropriates funds. And it is effective 7/1/2525 and sunsets on 6/30/2031.

For construction of buildings or facilities of the state and county governments, Hawaii Revised Statutes §103-50, "Building design to consider needs of persons with disabilities; review fees. (a) Notwithstanding any other law to the contrary, all plans and specifications for the construction of public buildings, facilities, and sites shall be prepared so that the buildings, facilities, and sites are accessible to and usable by persons with disabilities. The buildings, facilities, and sites shall conform to the Americans with Disabilities Act Accessibility Guidelines, Title 36 Code of Federal Regulations Part 1191, and the requirements of the Federal Fair Housing Amendments Act of 1988, as established in Title 24 Code of Federal Regulations Part 100, Subpart D, as adopted and amended by the disability and communication access board under chapter 348F.

(b) All state and county agencies subject to this section shall seek advice and recommendations from the disability and communication access board on any construction plans prior to commencing with construction."

We respectfully request amending the bill to read:

Under Section 1:

The office of the state construction manager shall:

(e) The office of the state construction manager shall provide guidance and recommendations on the design review of state construction projects administered by the department of accounting and general services and the department of education.

- (1) Review all plans, drawings, specifications, and any other documents necessary for state construction projects;
 - (a) Ensure the final plans, drawings, specifications, and any other documents reviewed are submitted to the disability and communication access board for review to ensure compliance with any applicable accessibility laws as required under Hawaii Revised Statutes 103-50. Any changes to the final plans, drawings, specifications, or any other documents will require resubmittal to the disability and communication access board for review.

Thank you for the opportunity to provide testimony.

Respectfully submitted,



KRISTINE PAGANO
Acting Executive Director



February 23, 2026

Honorable, Donovan M. Dela Cruz, Senate Committee on Ways and Means, Chair
Honorable, Sharon Y. Moriwaki, Senate Committee on Ways and Means, Vice Chair
Honorable Members of the Senate Committee on Ways and Means

RE: SB2543 SD1- RELATING TO STATE CONSTRUCTION PROJECTS.

Aloha Chair and Members of the Committee,

My name is Ana Tuiasosopo, and I am a Trustee and District Representative for the International Union of Operating Engineers (IUOE) Local 3, representing heavy equipment operators, mechanics, surveyors, and other skilled tradespeople in Hawai'i's construction industry. I submit our STRONG SUPPORT for SB2543 SD1.

This measure establishes a five-year Office of the State Construction Manager Pilot Program within the Office of the Comptroller to provide centralized design review and construction oversight for projects administered by the Department of Accounting and General Services (DAGS) and the Hawaii Department of Education (DOE). This is a practical, accountability-focused reform that directly addresses long-standing challenges in state construction delivery — including inconsistent design review, permit delays, cost overruns, and fragmented oversight.

State construction projects, particularly school and public facility improvements, are often delayed by overlapping reviews, inconsistent interpretations, and limited coordination between agencies and county permitting authorities. By centralizing design review expertise under a qualified, licensed construction professional and assigning dedicated staff to the Department of Planning and Permitting for state projects, SB 2543 creates a clearer line of responsibility and accountability. This structure promotes consistency, improves communication, and reduces unnecessary delays all while preserving professional standards.

Importantly, the bill requires the State Construction Manager to be a licensed professional under chapter 464 and prohibits outside private practice. This ensures independence, technical competence, and avoidance of conflicts of interest. The establishment of a Design Review Special Fund also provides a transparent and sustainable funding mechanism tied directly to services rendered.

For the construction industry, this pilot program means:

- More predictable project timelines
- Earlier identification of design deficiencies
- Reduced change orders and rework
- Stronger coordination between design, permitting, and construction phases
- Improved fiscal accountability for taxpayer-funded projects

For schools and public facilities, it means projects are delivered more efficiently, safely, and with better quality control. For taxpayers, it means better value and reduced exposure to costly project delays. This five-year pilot provides the Legislature with measurable outcomes, annual reporting, and a sunset date, ensuring transparency and the opportunity for refinement before permanent adoption. It is a thoughtful, performance-based reform rather than a permanent structural change without oversight.



Hawai'i's public construction system manages billions of dollars in capital improvement projects. Strengthening centralized technical oversight is not an expansion of bureaucracy — it is an investment in coordination, quality control, and long-term cost containment.

For these reasons, I respectfully urge the Committee to pass SB 2543, SD1.

Sincerely,

Ana Tuiasosopo
District Representative, Trustee



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 Senate
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association

February 25, 2026

S.B. 2543 S.D.1– RELATING TO STATE CONSTRUCTION
PROJECTS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes **S.B. 2543 S.D.1, specifically page 3 lines 4 through 7**, which allows the state construction manager to employ or contract with qualified architect and engineers without regard to Hawaii Revised Statutes Chapter 76.

While we have no objections to the creation of the Office of the State Construction Manager, we do have concerns about the need to grant the State Construction Manager the authority to unilaterally hire architects and engineers without regard to civil service law – effectively opening the door to create exempt positions within this proposed office, and generally, more exempt positions within state government. 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 states inability 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’.

Across of all jurisdictions, architects’ and engineers’ duties have been historically provided by civil serve employees. 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 to door for managers to hire unqualified individuals. 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 embolden other employers to think the same, we find this proposal even more concerning.

Thank you for the opportunity to testify and to oppose S.B. 2543 S.D.1.

Respectfully submitted,

Randy Perreira
Executive Director

OCG LLC

Onipa'a Consulting Group 3535 Maluhia Street * Honolulu, Hawaii 96816 * Phone (808) 808*381*9529

February 24, 2026

Chair Donovan Dela Cruz
Vice Chair Sharon Moriwaki
Senate Committee on Ways and Means

RE: SB 2543 SD1 Relating to State Construction Projects

Aloha Chair Dela Cruz, Vice Chair Moriwaki and members of the Ways and Means Committee.

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Worker's Stabilization Fund in **Support** of SB 2543 SD1. In summary, the bill is intended to centralize State construction projects under the responsibility of the State Construction Manager to promote efficiency, consistency, transparency and fiscal accountability.

Currently many state projects are developed and managed in silos throughout many individual State Departments which often lack the expertise to properly develop and manage complex projects. Departments may have expertise in engineering and design, however, lack project management and fiscal oversight or vice versa leading to project time delays and cost overruns.

We have reviewed the comments from the Department of Accounting and General Services and have worked with them to address their concerns. We feel this bill is a move in the right direction to address costly project overruns and delays. The bill will provide fiscal accountability, and any resulting savings can be used to develop other programs to provide relief for our local working families.

For these reasons we strongly urge this committee to pass SB 2543 SD1.

Mahalo,



Gary T. Kurokawa

February 23, 2026

Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair
Members of the Senate Committee on Ways & Means
Thirty-Third Legislature, Regular Session of 2026

RE: **STRONG SUPPORT** for SB 2543, SD1 – Relating to State Construction Projects

Hearing Date: February 25, 2026, at 10:55 AM

Aloha Chair Dela Cruz, Vice Chair Moriwaki and Members of the Committees,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Worker’s Stabilization Fund in **STRONG SUPPORT** of SB 2543, SD1. This bill is an important step toward improving the efficiency and fiscal discipline of state construction projects by establishing a centralized State Construction Manager.

From the perspective of construction workers who build state projects every day, one of the largest sources of public waste is not labor or materials — it is budgeting overruns, inconsistent oversight, and avoidable project delays. Too often, state construction projects move forward without clear accountability for schedules, sequencing, constructability, or coordination among agencies, designers, and contractors. When no single entity is responsible for managing the construction process holistically, inefficiencies compound and costs escalate.

SB 2543, SD1 directly addresses this problem by creating a State Construction Manager whose role is focused on managing projects from a construction standpoint, not just on paper. A dedicated construction manager brings practical, real-world understanding of how projects are built — ensuring that timelines are realistic, scopes are coordinated, and construction issues are identified early on.

Centralized construction management reduces waste by minimizing change orders, work stoppages, and rework caused by miscommunication or poor sequencing. When construction is properly managed, labor and materials are used efficiently, and projects are far less likely to experience costly delays that burden taxpayers. This approach promotes smarter use of public funds without sacrificing quality or safety.

The bill’s emphasis on reporting and transparency further strengthens accountability. By requiring regular reporting on project performance, SB 2543, SD1 allows policymakers to better understand where delays and cost overruns occur and how future projects can be

improved. This level of oversight helps ensure that state construction dollars are spent as intended and that systemic problems are corrected rather than repeated.

For construction workers, effective project management means safer job sites, clearer direction, and more predictable work schedules. For the public, it means schools, hospitals, and infrastructure projects that are delivered on time and within budget. SB 2543, SD1 aligns these interests by focusing on construction management as a tool to prevent waste before it happens, rather than reacting after costs have already ballooned.

For these reasons, we strongly urge this committee to pass SB 2543, SD1 in support of Hawai'i's working men and women.

Mahalo,

A handwritten signature in black ink, appearing to read "Michael L. Iosua". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael L. Iosua

SB-2543-SD-1

Submitted on: 2/23/2026 9:06:47 PM

Testimony for WAM on 2/25/2026 10:55:00 AM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, Support w/comment

2543 SB RELATING TO STATE CONSTRUCTION PROJECTS.

NOT COST OVER RUN AND PROJECT COMPLETE ON TIME AND ON BUDGET! 2
POSITION TO CITY & COUNTY DPP



Iron Workers Stabilization Fund

T. George Paris
Managing Director

February 23, 2026

Chair Donovan M. Dela Cruz
Vice Chair Sharon Moriwaki
Senate Committee on Ways & Means
Thirty-Third Legislature, Regular Session of 2026

RE: **STRONG SUPPORT** for SB 2543 – RELATING TO STATE CONSTRUCTION PROJECTS

Hearing Date: February 25, 2026 at 10:55 AM

Aloha Chair Dela Cruz, Vice Chair Moriwaki and Members of the Committees,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Workers Stabilization Fund in **STRONG SUPPORT** of SB 2543 – RELATING TO STATE CONSTRUCTION PROJECTS. This legislation would establish a state construction manager tasked with organizing, managing, and overseeing all state construction projects. This bill represents a commonsense reform that will improve state project delivery and reduce waste on taxpayer-funded construction work.

Hawaii's public construction projects have consistently experienced delays, cost overruns, and change orders resulting from fragmented oversight. Mistakes in design and insufficient manpower for continued review of projects in the process often result in wasted time, materials, disputes, and contested claims that ultimately increase costs — sometimes dramatically — at the expense of Hawaii's residents and businesses. A unified oversight framework, led by a central state construction manager with professional experience, will help prevent inefficiencies before and during construction and prevent continuous change orders.

By centralizing design oversight, SB 2543 will promote:

- **Consistency and Quality Control** – A state construction manager with expertise in planning, supervising projects and construction budgets will ensure that all state projects meet consistent standards and compliance with bidding.



Iron Workers Stabilization Fund

- **Transparency and Accountability** – The state construction manager will assist in ensuring one central point of communication between architects, engineers and workers to ensure accountability. The annual report required by the bill will provide the Legislature and the public with insight into how state projects are performing, helping to inform better budgeting and planning.
- **Better Use of Skilled Labor** – When state projects are well designed and coordinated, union craftworkers can work efficiently and safely, maximizing productivity and minimizing idle time caused by design conflicts or changes.

Hawaii's taxpayers deserve assurance that state construction dollars are spent wisely. SB 2543's establishment of a professional state construction manager is a proactive step toward reducing waste on public projects and ensuring that the final product reflects thoughtful planning and stewardship of public funds. At the same time, this reform supports quality workmanship and good union jobs by decreasing unnecessary disruptions and improving project predictability.

For these reasons, we respectfully ask the committee to pass SB 2543. Mahalo for the opportunity to testify.

Sincerely,

T. George Paris
Managing Director

SB-2543-SD-1

Submitted on: 2/24/2026 4:28:36 PM

Testimony for WAM on 2/25/2026 10:55:00 AM

Submitted By	Organization	Testifier Position	Testify
Mel Kahele	Individual	Support	Written Testimony Only

Comments:

February 24, 2026

Chair Donovan M. Dela Cruz
Moriwaki

Vice Chair Sharon
Senate Committee on Ways & Means

STRONG SUPPORT for SB 2543 SD1 – RELATING TO STATE CONSTRUCTION PROJECTS

Aloha,

Hawaii’s taxpayers deserve assurance that state construction dollars are spent wisely. SB 2543 SD1 will establish a professional state construction manager. A step toward reducing waste on public projects and ensuring that the final product reflects thoughtful planning and stewardship of public funds. At the same time, this reform supports quality workmanship and good union jobs by decreasing unnecessary disruptions and improving project predictability. Enough cost overruns, delays, change orders, wasted time, disputes etc. all at the expense of the tax payers.

I STRONGLY SUPPORT SB2543 SD1.

Fraternally,

Mel Kahele

Dear Committee Members

Written testimony by Milton Nitta in opposition to SB 2543 S.D. 1.

I oppose the establishment of the Office of the State Construction Manager.

The duty of the Construction Manager is a partial duplication of the duties being done by the Public Works Division (PWD), Department of Accounting and General Services (DAGS). The PWD project flow chart shows: Project Management Branch Initiation Phase; Schematic Design Phase; Preliminary Design Phase; Design Phase; Prefinal Design Phase; Final Design Phase; Bid Phase; Bid Phase – Evaluation and Award; Construction Phase; and finally Post Construction Phase. In this vast project flow chart, the Construction Manager will only participate in the “Pre-Final Submittal Review by: User Agency; End User; Consultant; DAGS; Others”. If you look at the entire flow chart, this is only one step in the chain of events that must occur to execute a construction project. I see very little value added to having one more eye doing this design review.

Having the Construction Manager’s Inspector observe the construction work does nothing to improve the construction process. DAGS PWD Construction Management Branch (CMB) already has inspectors on each jobsite. The CMB Inspector’s job is to ensure that the work is done according to the contract requirements. CMB issues deficiency reports to the Contractor when deviations to the contract are detected and partial payments are withheld until the deficiencies are corrected.

I oppose having a State workforce assigned to the County Department of Planning and Permitting (DPP). Recommend that all state construction projects be submitted to the County DPP for building permits. This step is in the PWD flow chart in the block labeled “Building Permit Application Submitted”.

Having a 5 year Pilot program will not achieve any of the “more efficient” construction project goals. I submit that DAGS and the Department of Education (DOE) will maintain the status quo and only report to the Construction Manager on their status of their design review. Thereby making the Construction Manager just Clerk receiving and organizing information. The Construction Manager is just an additional layer of unneeded bureaucracy. Wasted costs.

The Bill does not state this, but I agree with the testimony of the trade unions that the construction should be on schedule, on budget, and as per the contract requirements. Most of the project problems arise between the bid award and the final acceptance inspection. This period of the project is the responsibility of the CMB. My opinion is that the CMB engineers were not capable of managing construction contracts. More than 10 years ago I worked in the CMB for over 5 years. I observed many errors committed by the Engineers. My assessment is that the Engineers were poorly trained and lacked good managerial guidance. I worked as a Construction Inspector II, SR-19, if you looked at the organization chart for the CMB I would be at the bottom. However, I had more experience and training than any other person in the CMB including the EM-07 CMB Manager.

I recommend that instead of creating a useless bureaucratic layer in the DAGS org chart, the Committee should spend the money on training the existing Engineers, Inspectors and Managers to become more proficient in the duties that they are already doing, that is, managing the construction project.

The Committee and DAGS should also consider ISO 9001 certification. This is like having a supercharged Operating Procedure. The goal of an ISO 9001 certification is to have a consistently good product no matter who produces the product. It should standardize the experience of the worker, the training received or needed, the procedures to accomplish all of the required tasks, and the resources needed by the worker. These are examples of the requirements needed to produce a good and consistent product. Getting an ISO 9001 certification is not an easy task, I participated in a successful ISO 9001 certification for the US Army Public Works at Wheeler Airfield, and it took a lot of effort to accomplish the certification.

Thank you for allowing me to testify,

Milton Nitta, Mechanical/Construction Engineer
Captain, US Army Engineers
Project Engineer, Hawaiian Dredging and Construction Company
Construction Manager, US Army Corps of Engineers
Project Manager, US Army Medical Command
Construction Inspector II, Hawaii State, DAGS, PWD, CMB