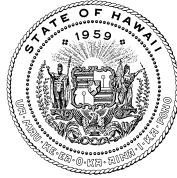


JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



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

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

STATE OF 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 FINANCE

APRIL 2, 2026, 2:00 P.M.
CONFERENCE ROOM 308 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 3069, S.D. 1, H.D. 1

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

Chair Todd, Vice Chair Takenouchi, and Members of the Committee, thank you
for the opportunity to submit testimony on S.B. 3069, S.D. 1, H.D. 1.

The Department of Accounting and General Services (DAGS) strongly **supports**
S.B. 3069, S.D. 1, H.D. 1, 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
recruiting specialized positions in 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 complex and

challenging projects like the New Aloha Stadium Entertainment District (NASED), relocation of O'ahu Community Correctional Center (OCCC), and other projects that use non-traditional delivery methods such as public-private partnerships. The state has traditionally outsourced external consultants with specialized expertise for these kinds of jobs. This initiative intends to bring the required skill sets in-house to reduce the state's reliance on external consultants. This initiative could potentially 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.

DAGS respectfully requests that the Committee amend the effective date of this measure to "upon approval." Providing an immediate effective date will ensure that the Department can implement the provisions of this bill without delay and begin addressing the operational needs.

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

Josh Green, M.D.
Governor

Sylvia Luke
Lt. Governor

James Kunane Tokioka
DBEDT Director

Dane K. Wicker
DBEDT Deputy Director

Walter Thoemmes
Stadium Authority Chair

Michael R. Yadao
Stadium Authority Executive Director



Statement of
MICHAEL R. YADAO
Stadium Authority
Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON FINANCE

Thursday, April 2, 2026
02:00 PM
State Capitol, Conference Room 308

In consideration of
S.B. 3069, SD1, HD1
**RELATING TO CIVIL SERVICE EXEMPT POSITIONS WITHIN THE DEPARTMENT
OF ACCOUNTING AND GENERAL SERVICES.**

Chair Todd, Vice Chair Takenouchi and members of the Committee.

The Stadium Authority **supports Senate Bill 3069, SD1, HD1** 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 is critical for the success of the New Aloha Stadium Entertainment District (NASED) project.

Key Benefits for NASED:

- **Specialized Expertise:** NASED is a complex project that requires high-level technical expertise in stadium construction and P3 (Public-Private Partnership) delivery that often falls outside standard civil service classifications.
- **Rigorous Project Oversight:** These positions provide the necessary project management leverage to ensure private contractors meet state standards, deadlines, and budgetary constraints.
- **Value Add:** By securing permanent exempt status, the State can attract and retain the specialized talent needed to oversee construction through completion,

ensuring the Stadium Authority has the professional support required for a project of this scale.

The Stadium Authority views Senate Bill 3069, SD1, HD1 as a critical step in protecting the State's investment and ensuring NASED is delivered efficiently.

Thank you for the opportunity to testify.



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
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association

April 2, 2026

S.B. 3069, S.D. 1, H.D. 1 — 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 S.B. 3069, S.D. 1, H.D. 1, which permanently exempts certain positions within the Public Works Division, Special Project Branch from state civil service and collective bargaining law.

The HGEA raises concerns about the need to exempt an entire branch of employees from civil service and collective bargaining. Exempt employees do not have the same rights as civil service employees because they are considered “at-will” by the employer. Furthermore, exempt employees do not undergo merit-based hiring, which opens the door to patronage hires and favoritism. We have consistently opposed the creation of additional exempt positions in government and have advocated that exempt employees who are included in a collective bargaining unit receive just-cause protections, just like civil service employees.

Over the past six years, we have seen a 25% increase in exempt positions in state government. This increase not only undermines the integrity of the civil service system but also points to an alarming trend: exempt positions in state government may one day outnumber civil service positions. Additionally, the vast majority of exempt employees are members of our union, and measures such as this create more members who have fewer rights. This impacts our ability to advocate on their behalf if they face disciplinary action. **We consider this union busting.**

This measure is another attempt by a department to work around DHRD’s hiring process, which further proves and legitimizes that DHRD is failing at effectively recruiting and retaining government employees. The civil service system and DHRD must become more flexible, competitive, and adaptive to current job market conditions and public demands. The state can implement various methods to streamline hiring while still keeping employees within civil service. The state should consider appropriately pricing these positions to reflect competitive salaries comparable to similar positions within the public and private sectors and the general labor market.

Thank you for the opportunity to provide testimony in opposition to S.B. 3069, S.D. 1, H.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director



**HAWAII COMMUNITY
DEVELOPMENT AUTHORITY**

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JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

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 FINANCE

Thursday, April 2, 2026
2:00 p.m.
State Capitol, Conference Room 308 & Videoconference

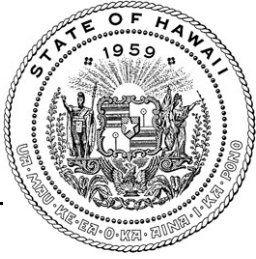
In consideration of
S.B. 3069, S.D.1, H.D.1
**RELATING TO CIVIL SERVICE EXEMPT POSITIONS WITHIN THE DEPARTMENT OF
ACCOUNTING AND GENERAL SERVICES**

Chairperson Todd, Vice Chairperson Takenouchi, and members of the Committee. The Hawai'i Community Development Authority (HCDA) **supports S.B. 3069, S.D.1, H.D.1**, 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 to enlist and retain the qualified individuals needed to successfully execute the NASED project.

Thank you for the opportunity to provide testimony.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKĀ'I

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

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DIRECTOR

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

Thursday, April 2, 2026
2:00 PM
State Capitol, Conference Room 308

In consideration of
SB3069, SD1, HD1, HD1
**RELATING TO CIVIL SERVICE EXEMPT POSITIONS WITHIN THE DEPARTMENT
OF ACCOUNTING AND GENERAL SERVICES.**

Chair Todd, Vice Chair Takenouchi, and Members of the Committee:

The Department **supports** SB3069, SD1, HD1, 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.

SB3069, SD1, HD1 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

SB3069, SD1, HD1, 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.

SB3069, SD1, HD1, 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.

DBEDT Testimony
SB3069, SD1, HD1
April 2, 2026
Page 3 of 3

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 SB3069, SD1, HD1.

Mahalo for the opportunity to provide testimony.