



STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/19/2026
Time: 02:00 PM
Location: 309 VIA VIDEOCONFERENCE
Committee: EDN

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Title of Bill: SB896, SD2, RELATING TO EDUCATION.

Purpose of Bill: Requires the Department of Education to submit annual reports to the Legislature outlining certain information concerning capital improvement projects and facilities. Requires the reports to be posted on DOE's website annually in a searchable format. Provides that any CIP funds encumbered for more than five years without commencement of construction shall be specifically identified and justified, or shall be subject to legislative review for reversion or reassignment. Establishes a five-year pilot program authorizing the Superintendent of Education to redesignate funded, vacant positions in the Office of Facilities and Operations as positions exempt from Hawaii's Civil Service Laws for the purpose of hiring qualified professionals. (SD2)

Department's Position:

The Hawaii State Department of Education (Department) appreciates the opportunity to offer comments on SB 896, SD 2.

The Department recognizes the Legislature's concern regarding the execution of capital improvement projects (CIP), transparency, and technical capacity. The Department shares with the Legislature the goals of strengthening accountability and improving internal expertise to ensure the timely delivery of school facilities projects.

Fiscal data is maintained in the Aukahi Financial Management System (AFMS), while project status data is maintained in the Capital Projects Tracker (CPT). The Department is assessing and evaluating how these systems can be better aligned to strengthen consolidated reporting.

The Department respectfully recommends that subsection (b) allow flexibility in reporting structure rather than prescribing each data element in statute, to allow continued system modernization while maintaining transparency. The Department also respectfully requests clarification that reporting requirements apply only to Department-administered projects and do not include attached agencies, such as the Hawaii School Facilities Authority, State Public Charter School Commission, or the Hawaii State Public Library System, which have separate governance structures

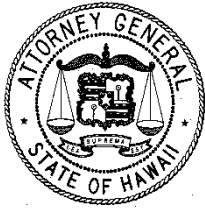
and reporting responsibilities.

The Department can identify projects with funds encumbered for more than five years. However, clarification is recommended to ensure that projects in active planning, design, procurement, environmental review, or phased construction are not deemed inactive solely due to elapsed time. Complex school projects often span multiple fiscal years and appropriations before construction begins.

The Department supports the goal of improving recruitment and retention of qualified technical professionals. Allowing up to twenty vacant positions in the Office of Facilities and Operations to be converted to positions exempt from Chapter 76, Hawaii Revised Statutes (civil service), with compensation set at prevailing market rates, may improve hiring flexibility. However, limiting flexibility only to newly converted exempt positions may create compensation disparities with similarly situated civil service employees. Also, requiring identification of a specific digital project management system before the appointment may delay hiring if procurement processes are still underway.

The Department supports the Legislature's objective of enhanced transparency and improved technical capacity. Many reporting elements can be produced using existing systems. Certain consolidated and highly detailed elements will require additional manual effort and system integration. With reasonable flexibility in reporting structure and clarification regarding scope and attached agencies, the Department can continue to improve accountability while maintaining focus on timely project delivery.

Thank you for the opportunity to provide comments on SB 896, SD 2.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2026**

ON THE FOLLOWING MEASURE:

S.B. NO. 896, S.D. 2, RELATING TO EDUCATION.

BEFORE THE:

HOUSE COMMITTEE ON EDUCATION

DATE: Thursday, March 19, 2026

TIME: 2:00 p.m.

LOCATION: State Capitol, Room 309

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Anne T. Horiuchi or Randall M. Wat, Deputy Attorneys General

Chair Woodson and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments.

The bill: (1) requires the Department of Education (DOE) to submit annual reports to the Legislature outlining certain information concerning capital improvement projects (CIP) and facilities; (2) requires the reports to be posted on the DOE's website annually in a searchable format; (3) provides that any CIP funds encumbered for more than five years without commencement of construction shall be specifically identified and justified, or shall be subject to legislative review for reversion or reassignment; and (4) establishes a five-year pilot program authorizing the Superintendent of Education to redesignate funded, vacant positions in the Office of Facilities and Operations (OFO) as positions exempt from Hawaii's Civil Service Laws for the purpose of hiring qualified professionals.

Section 3 of the bill (starting on page 5, line 8) adds a new section to chapter 302A, Hawaii Revised Statutes (HRS), creating a pilot program within the DOE's OFO authorizing the Superintendent to redesignate funded, vacant positions as positions exempt from chapter 76, HRS. In section 3, new section 302A- (b), HRS, provides that the Superintendent "may fix the compensation for positions redesignated and converted to positions exempt from chapter 76 under this section at rates comparable to prevailing market rates." (Page 7, lines 3-6.) The Department notes that pursuant to

section 89-9, HRS, wages are a mandatory subject of bargaining for employees included in bargaining units under section 89-6, HRS. Changing a position to "exempt" does not change its bargaining unit inclusion/exclusion status. To address this concern, the Department recommends revising the new section 302A- (b) in section 3 of the bill, on page 7, lines 3-6, as follows:

(b) **[The] Notwithstanding any law to the contrary and if negotiated pursuant to section 89-9, for those employees within appropriate bargaining units under section 89-6, the** superintendent may fix the compensation for positions redesignated and converted to positions exempt from chapter 76 under this section at rates comparable to prevailing market rates.

(Suggested changes Ramseyered against the existing text of the bill and in bold.)

Thank you for the opportunity to provide comments on this bill.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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

Testimony by
Hawaii Government Employees Association

March 19, 2026

S.B. 896, S.D. 2 — RELATING TO EDUCATION

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes S.B. 896, S.D. 2, **specifically Section 3**, which establishes a five-year pilot program authorizing the Superintendent of Education to redesignate funded, vacant positions in the Office of Facilities and Operations as positions exempt from Hawai'i's Civil Service Laws for the purpose of hiring qualified professionals.

We strongly oppose granting the Superintendent unilateral authority to exempt vacant positions within the Office of Facilities and Operations. Exempt employees do not have the same rights as 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 patronage hires and favoritism.

Over these past few years, we have seen a troubling increase in the use of exempt positions. This trend is not driven by necessity, but by systemic failures not being addressed – namely, a lethargic civil service hiring process, the refusal to offer competitive civil service pay, and in some cases, management seeking greater unilateral control by stripping employees of job protections. This proposal does not address the root issues and is rather a band-aid fix.

This bill also raises serious pay equity concerns. Exempt employees are often compensated at higher rates than their civil service counterparts, even when performing the same duties. This inequity is inherently demoralizing and unfair, particularly to incumbent civil service employees who have followed the rules, competed through merit-based processes, and remained committed to public service.

We are deeply concerned that this bill constitutes union busting because it undermines the integrity of the civil service system and sets a dangerous precedent that allows departments to circumvent civil service laws and collective bargaining by simply redesignating positions. This is not workforce reform – it is the systematic dismantling of worker protections.

Thank you for the opportunity to provide testimony in opposition to S.B. 896, S.D. 2.

Respectfully submitted,


Randy Perreira
Executive Director