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TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
SENATE COMMITTEE
ON
JUDICIARY AND GOVERNMENT OPERATIONS

March 20, 2009

9:30 AM

HB 1470, HD 1

RELATING TO HAWAII PUBLIC PROCUREMENT CODE.

Chair Taniguchi, Vice-Chair Takamine and committee members, thank you for the opportunity to testify on HB 1470, HD 1.

The State Procurement Office (SPO) understands the intent of the bill is to allow state governmental agencies to contract with a Federal approved sole source vendor when expending federal funds or authorized matching state funds when the requirements of the procurement code are not applicable.

The SPO proposes the following amendment to §103D-102(b)(2) to add a new subsection for this purpose, to read as follows:

- (H) As loans, under loan programs administered by a governmental body; and
- (I) For contracts awarded in accordance with chapter 103F: and
- (J) For contracts to a contractor approved as a sole source contractor by the federal government, funded by federal funds with or without matching state funds; provided the approved contractor was responsible for obtaining the federal funding.

Thank you.



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The Twenty-Fifth Legislature, State of Hawaii
Hawaii State Senate
Committee on Judiciary and Government Operations

Testimony by
Hawaii Government Employees Association
March 20, 2009

H.B. 1470, HD. 1 – RELATING
TO PROCUREMENT

The Hawaii Government Employees Association supports the purpose and intent of H.B. 1470, H.D. 1. As amended, H.B. 1470, H.D. 1 exempts, from the state procurement code, contracts by government bodies to procure goods, services, or construction from a source approved as the sole source by the federal government under a grant from the federal government in any procurement funded by state and federal matching funds or by federal funds alone.

Given the state's economic difficulties, it is important to remove any impediments to the receipt of available federal funds that are needed to increase revenues and stimulate the local economy. However, we suggest an additional amendment that would exempt the Hawaii Employer Union Health Benefits Trust (EUTF) from the procurement code (Chapter 103D, HRS).

When the EUTF was established under Act 88, SLH 2001, it was exempt from Chapter 103D, HRS in contracting with a carrier to provide fully insured benefits or with a third party administrator to provide self-insured benefits. The EUTF was also exempt from Chapter 103D, HRS in retaining professional staff such as auditors, actuaries, investment firms, benefit consultants or other advisors to carry out its purposes.

The HGEA believes that these exemptions from Chapter 103D, HRS should be reinstated so that the EUTF Trustees can resolve the serious problem of providing affordable health insurance coverage with similar benefits to state and county employees. The projected premium increase for employees covered through the EUTF under the HMSA PPO plan is 29.4%, an amount that is unaffordable.

The current health insurance plans will expire on June 30, 2009 and it is of the utmost importance to provide viable alternatives before that date, if possible. We have attached the suggested amendments to Chapter 87A, HRS that would reinstate the exemption from Chapter 103D, HRS.

Hawaii State Senate
Committee on Judiciary and Government Operations
Re: Testimony Re: H.B. 1470, H.D. 1
March 20, 2009
Page 2

Thank you for the opportunity to testify in support of H.B. 1470, H.D. 1 with the suggested amendments.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "N.A. Nomura", with a long horizontal flourish extending to the right.

Nora A. Nomura
Deputy Executive Director

Attachment