



**SENATE COMMITTEE ON WAYS AND MEANS
Friday, March 30, 2007, 9:30 a.m.**

**TESTIMONY IN SUPPORT OF H.B. 1171 HD1
DAYTON M. NAKANELUA, STATE DIRECTOR, UNITED PUBLIC WORKERS**

The United Public Workers, AFSCME, Local 646, AFL-CIO, represents blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10 in the State of Hawaii, and the various counties.

The UPW supports current form of H.B. 1171 HD1. We opposed the original H.B. 1171 on the basis that it repeals Section 14 of Act 90, Session Laws of Hawaii 2001, because it re-authorizes privatization indefinitely contrary to the merit principles, and jeopardizes the interest of civil servants without justification.

As our Supreme Court determined in Konno v. County of Hawaii, 85 Hawai'i 61, privatization violates the constitutionally established merit principles under Article XVI, Section 1 of the Hawaii State Constitution. Where governmental services have "historically and customarily" been performed by civil servants privatization undermines the merit system, and eliminates the "openness, merit, and independence" in public administration which is promoted by the Constitution. (85 Hawai'i at 68).

When Act 90 was adopted by the legislature in 1991, Hawaii's economy was in a slump, and public officials believed that managed competition and privatization should not be ruled out as an option to addressing declining public revenues and improving government efficiency. Since 1991, we know of no instance in which management competition was actually utilized (even though Part III of Act 90 is a permanent part of our laws). Most public administrators also recognized that privatization did not serve as a practical means "to increase government efficiency."

For all of the foregoing reasons, UPW supports the current form of H.B. 1171 HD1.