



Hawai'i Primary Care Association

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Senate Committee on Labor

The Hon. Dwight Y. Takamine, Chair
The Hon. Brian T. Taniguchi, Vice Chair

Senate Committee on Judiciary & Government Relations

The Hon. Brian T. Taniguchi, Chair
The Hon. Dwight Y. Takamine, Vice Chair

Testimony in Opposition to Senate Bill 2384 **Relating to Wages & Hours of Employees on Service Contracts** **Submitted by Beth Giesting, Chief Executive Officer** **February 5, 2010 9:30 a.m. Agenda, Room 016**

The Hawai'i Primary Care Association is strongly opposed to this measure to the extent that it is applicable to 501(c)(3) charitable nonprofit organizations. Many nonprofits, including the Hawai'i Primary Care Association and all fourteen of the community health centers across the state, have State contracts to provide services. Under this proposed measure, we would be likely to either forego state contracts or be unable to meet the expected service volumes because the new requirements would both hamper our flexibility to provide services during nontraditional work hours and our costs to provide weekly payments and reports would exceed the amount available. Additionally, neither the nonprofit organizations, which probably do not pay their employees on a weekly basis, nor the State agencies with which they would contract are prepared to comply with the reporting requirements under this proposed rule.

In my sector, community health centers are already regulated by both federal and state employment and reporting provisions and, because of the nature of our businesses, tend to pay competitive salaries. However, it is also necessary to ensure that our employees can work flexible work hours to meet the needs of our communities and the terms of our contracts.

Please be aware that we, and other charitable nonprofits, are struggling during these economic times to fulfill our missions to the growing numbers of people in need. State contracts usually help us to do so but never cover all the costs of service. We believe the affect of this measure would be to put an end to many, if not most, State contracts with nonprofit services, which would be accompanied by a deep decline in services to our most vulnerable residents.

We respectfully ask that the Committees hold this measure or amend it to exempt charitable nonprofit entities recognized by the IRS under section 501(c)(3).

Thank you for this opportunity to testify in opposition to this bill.