



**TESTIMONY OF MARION M. HIGA, STATE AUDITOR, ON THE PROPOSED BUDGET FOR
FISCAL YEAR 2009-10 FOR THE OFFICE OF THE AUDITOR**

**Senate Committee on Ways and Means and
House Committee on Finance**

January 6, 2009

Chair Kim, Chair Oshiro, and Members of the Committees:

Thank you for this opportunity to brief you on our proposed budget for FY 2009-10.

Our proposed budget is notable for the 10 percent reduction from our current budget, or down to \$2,619,684, in response to the state and the nation's economic downturn. We have applied the reduction in this manner: \$91,000 from our staff salary budget and \$200,000 from our contract services budget. The impact of the reduction to our staff salary budget is a freeze on hiring staff replacements, which in turn may impact the volume of audit work we will be able to undertake. We had several promising applicants to whom we had hoped to make an offer or two, but are suspending further recruitment for the moment. However, I can assure you that there will be no "warm body" effect on our on-board staff. The impact on our contract services budget, from \$412,000 to \$212,000, will result in one or two fewer agreed-upon procedures audits or some inability to hire technical help for audits. Recent audits we have funded from this budget include the selected issues review of the Hawaii Health Systems Corporation, the in-process procurement audit of the Department of Education, and the in-process management audit of information technology governance.

The situation is slightly different with our Audit Revolving Fund request. There, we are seeking a 5 percent increase, to a total of \$2,550,828 to cover the probable higher cost of the next cycle of financial statement audit contracts. For the first time, in Spring 2010 my office instead of DAGS will be procuring all 29 three-year financial statement audit contracts. The Legislature made this possible by establishing the Audit Revolving Fund through Act 4, Special Session Laws of Hawai'i 2003, thus enabling us to better carry out our constitutional and statutory mandate to conduct postaudits of all accounts and programs. The Audit Revolving Fund and your appropriation of its funds to my office make possible an

arm's length relationship between agencies being audited and the procuring and management of audit contracts. The remaining exceptions are the financial statement audits of the University of Hawai'i and the Hawaii Health Systems Corporation. Act 4 monies simply represent shifts of appropriations from the executive branch to my office and do not represent a duplication of spending.

Also, relating to the Audit Revolving Fund, we would like to request an amendment to the current expenditure ceiling for FY08-09 in Act 1, Session Laws of Hawai'i 2008, by \$699,562 to \$6,300,000 to accommodate the delays in contract execution we encountered for a few FY2007-08 financial statement audits. The delays were caused by various glitches in the executive branch agencies. The raising of the expenditure ceiling in the Audit Revolving Fund will not require additional funding—the spending of already-appropriated funds will occur this year instead of last.

Exhibit 1 presents our proposed budget by program and Exhibit 2 presents that budget by objects of expenditure. Exhibit 3 presents our budget and estimated expenditures for the current fiscal year. The last line of Exhibit 3 illustrates the need for the requested increase in the Audit Revolving Fund expenditure ceiling.

Again this past year, the financial statements for my office, the Legislative Reference Bureau, the Ombudsman, and the Ethics Commission (which is administratively attached to my office) have been given clean opinions by a contracted CPA firm.

And I am pleased to report to you that we have once again won an Impact Award from the National Legislative Program Evaluation Society (NLPES), a staff section of the National Conference of State Legislatures (NCSL). This award was for our management audit of student housing services at the University of Hawai'i-Mānoa and was presented at the NCSL Annual Meeting in New Orleans.

We have continued to contribute to the advancement of program auditing and evaluation. Deputy Auditor/General Counsel Jan Yamane is now the chair of the NLPES Executive Committee and a member of the NCSL Legislative Staff Coordinating Committee. She also serves on the Steering Committee of the Legislative Education Staff Network, an NCSL-affiliated organization that enhances the ability of legislative staff to serve their legislatures' education committees.

Both Jan and I have served as speakers at our major training conference, hosted this past September by the Wisconsin Legislative Audit Bureau. It is this annual NLPES conference that we will be bringing to

Honolulu this October 12-14 at the Sheraton Waikiki. We will go back-to-back with the biennial Pacific Emerging Issues Conference sponsored by the Hawaii chapters of the Association of Government Accountants (AGA) and the American Society of Military Comptrollers. We will overlap our conferences on the Wednesday of that week and hope to bring in some major speakers. We have a tentative commitment from at least one such speaker—the Rhode Island Auditor General who is now the national chair of the American Institute of Certified Public Accountants (AICPA), the first government official to head this important professional organization. We know Auditor General Ernie Almonte is a compelling speaker; having him address a smaller government technology conference here this past August was very successful. Of course, attracting attendees to our conference will be an even greater challenge than usual, so we are targeting our national acquaintances as well as focusing on spurring local interest. We hope our sister agencies in the counties as well as various legislative offices will share our vision that this should be a great training opportunity at relatively low cost.

Other professional activities include continuing my membership on the U.S. Comptroller General's Advisory Council on Auditing Standards even as we await the appointment of a new comptroller general after the resignation of Comptroller General David Walker. I am also one of three national co-chairs of the technical committee for this year's AGA Professional Development Conference. I represent state and local interests in constructing the program for this conference of approximately 1800 government auditing and accountability officials in New Orleans.

All of this professional involvement enhances, rather than detracts from, our ability to carry out our primary mission, to conduct post audits and other work. We have brought to our peers the issues of access to documents, use of email as audit evidence, and alternative approaches to peer review in quality control programs. Our workload has been typically heavy this year. Exhibit 4 presents our work to date in chronological order and what is due the 2009 Legislature, and Exhibit 5 presents the same information by categories of work. Our website and our annual reports provide you with further details. The 2008 Annual Report is projected for issuance in March. Also, we are working on a new assignment that the 2008 Legislature gave us, a follow up report on prior recommendations that indicates which recommendations remain open one or more years after an audit was issued.

In the next three weeks, many of you may be affected by one of our tasks, proposed fund reviews, that is noted in Exhibits 4 and 5. We are required by statute to analyze those bills that propose to create new special, trust, or revolving funds. My staff will be contacting you for information on any bills you introduce that propose to create such funds. Our practice is to complete those analyses well before our

statutory deadline so that all committees of referral will have a chance to see them. I thank you in advance for responding to our questions as expeditiously as possible.

So to say we all look forward to a challenging year would be an understatement. I would like to thank the Legislature in advance for the opportunity to carry out our constitutional and statutory responsibilities and ask for your favorable consideration of this budget request. I am available for your questions.

OFFICE OF THE AUDITOR
Budget for FY2009-10
(With Comparative Amounts for FY2008-09)

Exhibit 1

AUDIT	2009-10		2008-09	
Personal services				
Staff	1,030,160	(18)	1,071,929	(18)
Contract	133,592		259,592	
Other expenses	74,617		74,617	
Total audit	1,238,369		1,406,138	
 PROGRAM EVALUATION AND SPECIAL STUDIES				
Personal services				
Staff	457,849	(8)	476,413	(8)
Contract	78,459		152,459	
Other expenses	30,369		30,369	
Total program evaluation and special studies	566,677		659,241	
 LEGISLATIVE SERVICES				
Personal services - staff	251,368	(4)	261,560	(4)
Other expenses	19,920		19,920	
Total legislative services	271,288		281,480	
 SUNSET EVALUATIONS AND SUNRISE ANALYSES				
Personal services - staff	67,331	(1)	70,061	(1)
Other expenses	9,960		9,960	
Total sunset evaluation and sunrise analyses	77,291		80,021	
 FOLLOW-UP				
Personal services - staff	195,259	(3)	203,176	(3)
Other expenses	9,960		9,960	
Total follow-up	205,219		213,136	
 GENERAL SUPPORT				
Personal services - staff	242,391	(3)	252,219	(3)
Other expenses	18,450		18,450	
Total general support	260,841		270,669	
 TOTAL OPERATING BUDGET				
	2,619,684	(37)	2,910,684	(37)
 AUDIT REVOLVING FUND				
	2,550,828		2,429,360	

OFFICE OF THE AUDITOR
Statement Showing Budget for Office Operations
By Object of Expenditure for FY2009-10

Exhibit 2

Personal services:

Staff salaries	\$2,244,358
Contractual services	<u>\$212,050</u>
Total personal services	<u>\$2,456,408</u>

Other expenses:

Office Expenses	39,195
Intrastate transportation and travel	15,075
Out-of-state travel	37,500
Training	26,130
Printing	13,065
Rental and maintenance of equipment	15,226
Books	2,010
Equipment	<u>15,075</u>
Total other expenses	<u>163,276</u>

Total operating budget \$2,619,684

Audit Revolving Fund	<u>\$2,550,828</u>
<i>Expenditure Ceiling</i>	<u><u>\$6,300,000</u></u>

OFFICE OF THE AUDITOR
Statement Showing Budget and Estimated Expenditures
By Object of Expenditure for FY2008-09

Exhibit 3

	Budget	Estimated	Variance
Personal services:			
Staff salaries	\$ 2,335,358	\$ 2,021,500	\$ 313,858
Contractual services	412,050	412,050	-
Total personal services	\$ 2,747,408	\$ 2,433,550	\$ 313,858
Other expenses:			
Office expenses	39,195	39,195	-
Intrastate transportation and travel	15,075	15,075	-
Out-of-state travel	37,500	37,500	-
Training	26,130	26,130	-
Printing	13,065	13,065	-
Rental and maintenance of equipment	15,226	15,226	-
Books	2,010	2,010	-
Equipment	15,075	15,075	-
Total other expenses	\$ 163,276	\$ 163,276	\$ -
TOTAL	\$ 2,910,684	\$ 2,596,826	\$ 313,858
Special Studies Appropriation (Act 1, SLH 2008)	\$ 150,000	\$ 150,000	\$ -
Audit Revolving Fund Appropriation (Act 1, SLH 2008)	\$ 5,600,438	\$ 6,300,000	\$ (699,562)

Office of the Auditor
Reports Submitted to Date to 2008 Legislature and Work to the 2009 Legislature
In Chronological Order

- 08-01: Sunrise Analysis: Destination Clubs
- 08-02: Management Audit of the Department of Education's Hawaiian Studies Program
- 08-03: Financial and Management Audit of the Moloka'i Irrigation System
- 08-04: Sunrise Analysis: Debt-Management Service Providers
- 08-05: Study of the Social and Financial Impacts of Mandatory Health Insurance Coverage for Use of Intelligent Medical Vigilance Services in Acute Care Hospitals
- 08-06: Sunset Evaluation: Mental Health Counselors
- 08-07: Sunrise Report: Condominium Commission
- 08-08: Financial Review of the Hawaii Health Systems Corporation
- 08-09: Performance Audit on the State Administration's Actions Exempting Certain Harbor Improvements to Facilitate Large Capacity Ferry Vessels from the Requirements of the Hawai'i Environmental Impact Statements Law: Phase I
- : 2007 Annual Report
- : Letters to Senate President and House Speaker Regarding HCR 62, HD1, SD1 (Medical Surveillance Systems)
- : Letters to Senate President and House Speaker Regarding HCR 125, HD1 (Condominium Leasehold Expirations)
- : Letters to Senate President and House Speaker Regarding Act 127 (Hawai'i Disabilities Rights Center)
- 08-10: Sunrise Analysis of the Industrial Hygiene, Safety, and Health Physics Professions
- 08-11: Performance Audit on the State Administration's Actions Exempting Certain Harbor Improvements to Facilitate Large Capacity Ferry Vessels from the Requirements of the Hawai'i Environmental Impact Statements Law: Phase II

- 09-__ : Review of Revolving Funds, Trust Funds, and Trust Accounts for the Departments of Accounting and General Services, Agriculture, Budget and Finance, and Land and Natural Resources
- 09-__ : Management and Financial Audit of Hawai'i Tourism Authority's Major Contracts
- 09-__ : Financial and Investment Portfolio Review of the Office of Hawaiian Affairs
- 09-__ : Management Audit of Information Technology Within the Office of Hawaiian Affairs
- 09-__ : Audit of the Status of the Information Technology Governance Within the State of Hawai'i
- 09-__ : Report of Audit Recommendations More Than A Year Old That Have Not Been Implemented
- 09-__ : Study on the Appropriate Accountability Structure for the Hawai'i Teacher Standards Board
- 09-__ : Program, Performance, and Financial Audit of the Natural Energy Laboratory of Hawai'i Authority
- 09-__ : Investigation of the Procurement and Expenditure Practices of the Department of Business, Economic Development and Tourism and Selected Attached Agencies
- 09-__ : Investigation of the Department of Business, Economic Development and Tourism
- 09-__ : Procurement Audit of the Department of Education
- 09-__ : Management Audit of Student Housing Services at the University of Hawai'i at Mānoa: Part 2
- 09-__ : Audit of the Deposit Beverage Container Program (FY2005-06)
- : 2008 Annual Report
- 09-__ : Audit of the Deposit Beverage Container Program (FY2007-08)

Pending Work

- Analysis of the Effects of Allowing Small Insurance Companies to Deny Policies to Clients Who Refuse to Purchase Two or More Classes of Coverage From the Same Company (Act 227, SLH 2008)
- Make Separate Findings and Recommendations to the 2010 Legislature for the Hawai'i State Teachers Association Voluntary Employees' Beneficiary Association (VEBA) Trust (Act 5, SSLH 2008)

- Assess the Social and Financial Impacts of Requiring Health Insurers to Provide Coverage for the Diagnosis and Treatment of Autism Spectrum Disorders (SCR196)
- Financial and Management Audit of the Department of Human Services' Medicaid-sponsored Programs (SCR124)
- Audit of the Aloha Tower Development Corporation (HCR245)
- Study on the Impact of Act 226 (SLH 2007) on Nurse Aides Who Are Employed in State-certified or State-licensed Health Care Settings (HCR164)
- Financial and Management Audit of the Hawai'i Centers for Independent Living (SCR200)

Act 4 Financial Statement Audits—FY2007

- State of Hawaii, Comprehensive Annual Financial Report-Deloitte & Touche LLP
- Department of Education, Financial Statements and Single Audit Report-Grant Thornton LLP
- Department of Health, Financial and Compliance Audit Report, Water Pollution Control Revolving Fund Financial Statements, and Drinking Water Treatment Revolving Loan Fund Financial Statements-Accuity LLP
- Department of Human Services, Financial Statements and Single Audit Report-N&K CPAs, Inc.
- Department of Transportation Administration, Financial and Compliance Audit Report-Egami & Ichikawa, CPA's Inc.
- Department of Transportation Airports, Financial Statements, Single Audit Report, and Passenger Facility Charge Report-KPMG LLP
- Department of Transportation Harbors, Financial Statements and Government Auditing Standards Report-Ernst & Young LLP
- Department of Transportation Highways, Financial Statements and Single Audit Report-KMH LLP
- Oahu Metropolitan Planning Office, Financial Statements and Single Audit Report-Akamine, Oyadomari & Kosaki CPAs, Inc.

Other Reports

- Hawai'i Broadband Task Force Final Report, December 2008 (unnumbered report)

Proposed Funds Review

- We expect to perform up to 90 reviews of proposed special and revolving funds during the 2009 legislative session.

Office of the Auditor

Work to the 2008 and 2009 Legislatures

By Categories of Work

Performance Audits and Special Studies

- Sunrise Analysis: Destination Clubs (Report No. 08-01)
- Management Audit of the Department of Education's Hawaiian Studies Program (Report No. 08-02)
- Financial and Management Audit of the Moloka'i Irrigation System (Report No. 08-03)
- Sunrise Analysis: Debt-Management Service Providers (Report No. 08-04)
- Study of the Social and Financial Impacts of Mandatory Health Insurance Coverage for Use of Intelligent Medical Vigilance Services in Acute Care Hospitals (Report No. 08-05)
- Sunset Evaluation: Mental Health Counselors (Report No. 08-06)
- Sunrise Report: Condominium Commission (Report No. 08-07)
- Performance Audit on the State Administration's Actions Exempting Certain Harbor Improvements to Facilitate Large Capacity Ferry Vessels from the Requirements of the Hawai'i Environmental Impact Statements Law: Phase I (Report No. 08-09)
- Letters to Senate President and House Speaker Regarding HCR 62, HD1, SD1 (Medical Surveillance Systems) (unnumbered letter)
- Letters to Senate President and House Speaker Regarding HCR 125, HD1 (Condominium Leasehold Expirations) (unnumbered letter)
- Letters to Senate President and House Speaker Regarding Act 127 (Hawai'i Disabilities Rights Center) (unnumbered letter)
- Sunrise Analysis of the Industrial Hygiene, Safety, and Health Physics Professions (Report No. 08-10)
- Performance Audit on the State Administration's Actions Exempting Certain Harbor Improvements to Facilitate Large Capacity Ferry Vessels from the Requirements of the Hawai'i Environmental Impact Statements Law: Phase II (Report No. 08-11)
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- Investigation of the Department of Business, Economic Development and Tourism
- Management Audit of Student Housing Services at the University of Hawai'i at Mānoa Part 2

- Audit of the Deposit Beverage Container Program (FY2005-06)

Financial Audits

- Financial Review of the Hawaii Health Systems Corporation (Report No. 08-08)
- Procurement Audit of the Department of Education

Existing Fund Reviews

- Review of Revolving Funds, Trust Funds, and Trust Accounts for the Departments of Accounting and General Services, Agriculture, Budget and Finance, and Land and Natural Resources

Act 4 Financial Statement Audits

- State of Hawaii, Comprehensive Annual Financial Report-Deloitte & Touche LLP
- Department of Accounting and General Services –Akamine, Oyadomari & Kosaki CPAs, Inc.
 - Stadium Authority-KPMG LLP
 - State Parking Control/State Motor Pool Revolving Funds-Egami & Ichikawa CPAs, Inc.
- Department of Agriculture-Accuity LLP
- Department of the Attorney General-G. Ushijima CPA LLC
- Department of Budget & Finance/Hawai'i Employer Union Health Benefits Trust Fund-Grant Thornton LLP
- Department of Business, Economic Development, & Tourism-N&K CPAs, Inc.
 - Hawai'i Housing, Finance, & Development Corporation-KMH LLP
 - Kekuilani Gardens-Endo & Company
 - Hawai'i Community Development Authority-Darrell Lim & Company, Inc.
 - Hawai'i Tourism Authority & Hawai'i Convention Center-KPMG LLP
- Department of Defense-Choo Osada & Lee, CPAs, Inc.
- Department of Education-Grant Thornton LLP
- Department of Hawaiian Home Lands-Accuity LLP
- Department of Health, Financial and Compliance Audit Report, Water Pollution Control Revolving Fund Financial Statements, and Drinking Water Treatment Revolving Loan Fund Financial Statements, Accuity LLP
- Department of Human Services-N&K CPAs, Inc.
 - Hawai'i Public Housing Authority-KMH LLP
- Department of Labor & Industrial Relations-KPMG LLP
 - Workers' Compensation Special Compensation Fund Financial Statements & Forecast-Ohata Chun & Yuen LLP
- Department of Land & Natural Resources-Ohata Chun & Yuen LLP
- Department of Public Safety-KMH LLP

- Department of Transportation Administration-Egami & Ichikawa, CPA's Inc.
- Department of Transportation Airports, Financial Statements, Single Audit Report, and Passenger Facility Charge Report, KPMG LLP
- Department of Transportation Harbors-Ernst & Young LLP
- Department of Transportation Highways-KMH LLP
- Oahu Metropolitan Planning Office-Akamine, Oyadomari & Kosaki CPAs, Inc.

Other Reports

- Hawai'i Broadband Task Force Final Report, December 2008 (unnumbered report)

Proposed Funds Review

- We expect to perform up to 90 reviews of proposed special and revolving funds during the 2009 legislative session.



**HAWAII
STATE
ETHICS
COMMISSION**

State of Hawaii • Bishop Square, 1001 Bishop Street, ASB Tower 970 • Honolulu, Hawaii 96813

JAN - 2 2009

JAN - 2 2009

**JOINT INFORMATIONAL BRIEFING FOR
HAWAII STATE ETHICS COMMISSION
BUDGET REQUEST FOR FY 2009-2010**

TO: The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice-Chair
House Committee on Finance

The Honorable Donna Mercado Kim, Chair
The Honorable Shan S. Tsutsui, Vice-Chair
Senate Committee on Ways and Means

FROM: Hawaii State Ethics Commission

TESTIFYING: Jerrold A. Fuller, Vice-Chairperson
Hawaii State Ethics Commission

EXHIBITS: Nos. 1 - 5

VIA: Ms. Marion Higa, Legislative Auditor

DATE: Tuesday, January 6, 2009

TIME: 1:30 p.m.

ROOM: Legislature Auditorium

The Honorable Marcus R. Oshiro, Chair, the Honorable Marilyn B. Lee, Vice-Chair, and Honorable Members of the House Committee on Finance:

The Honorable Donna Mercado Kim, Chair, the Honorable Shan S. Tsutsui, Vice-Chair, and Honorable Members of the Senate Committee on Ways and Means:

Thank you for this opportunity to present the Hawaii State Ethics Commission's Budget Request for Fiscal Year 2009-10.

The Hawaii State Ethics Commission is comprised of five commission members. The current members of the Hawaii State Ethics Commission are: Maria J. Sullivan (Chairperson), Jerrold A. Fuller (Vice-Chairperson), Mark E. Brasher, Ph.D., David J. Randell, M.D., and Kathleen M. Pahinui. The State Ethics Commission's staff consists of ten full-time employees: Five attorneys (including the executive and associate directors), and five support staff comprised of a computer specialist, three secretaries, and a clerk-typist.

The Honorable Marcus R. Oshiro
The Honorable Marilyn B. Lee
January 6, 2009

The Honorable Donna Mercado Kim
The Honorable Shan S. Tsutsui
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DUTIES OF THE HAWAII STATE ETHICS COMMISSION

The Hawaii State Ethics Commission was the first "state" ethics commission created in the United States. The people of the State of Hawaii can rightfully be proud of Hawaii's role in being part of the initial efforts in our country to establish and enforce high ethical standards for state officials and state employees.

The Legislature created the Hawaii State Ethics Commission in 1967 (H.B. 6; Act 263), to begin its operations on January 1, 1968. Later in 1968, the Code of Ethics was established by Article XIV, Section 5, of the Constitution of the State of Hawaii. The Hawaii State Ethics Commission itself was established as a constitutional entity in 1978 by **Article XIV of the Constitution of the State of Hawaii**. Article XIV of the Constitution of the State of Hawaii mandates the establishment of a state ethics commission for state officials and employees, as well as a separate ethics commission for each of the four counties in Hawaii, for county officials and employees. Article XIV also mandates that the state Legislature and county councils adopt laws covering governmental ethics and lobbying for their respective jurisdictions, to be administered by the various ethics commissions.

The Hawaii State Ethics Commission is by law responsible for the **administration and enforcement** of Chapters 84 and 97 of the Hawaii Revised Statutes. Chapter 84, HRS, contains (1) the "State Ethics Code" -- a code of governmental ethics laws for state officials and employees; (2) a financial interests disclosure law for state officials, state employees, and candidates for state elective office; and (3) a gifts disclosure law for state officials and employees. Chapter 97 is the State's "Lobbyists" law, which requires lobbyists to register with the Hawaii State Ethics Commission, and requires lobbyists and their clients to file three reports each year disclosing their lobbying expenditures. Chapter 97 pertains to those who lobby at the State level.

The number of individuals subject to the jurisdiction of the Hawaii State Ethics Commission is approximately **70,000**, which includes state officials and state employees, state board and commission members, and lobbyists and their clients. This number also includes former state officials, employees, and board members subject to the post-employment laws found in the State Ethics Code.

The State Ethics Code, which the Hawaii State Ethics Commission administers and enforces, is a code of conduct for state officials, state employees, and state board and commission members. The State Ethics Code contains restrictions pertaining to gifts, confidential information, conflicts of interests, misuse of official position, supplemental compensation, misuse of state resources, representation of clients before state and county agencies, restrictions regarding state contracts, and post-employment restrictions.

The Honorable Marcus R. Oshiro
The Honorable Marilyn B. Lee
January 6, 2009

The Honorable Donna Mercado Kim
The Honorable Shan S. Tsutsui
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With respect to both Chapters 84 and 97, the Hawaii State Ethics Commission is responsible for issuing advisory opinions and informal advice in order to assist individuals in understanding and abiding by these laws. The Commission received approximately **1,271** requests for advice during the prior fiscal year. Many of these requests can be handled in a short amount of time, while others may take days, weeks, or months of researching factual and legal issues.

The Hawaii State Ethics Commission is also responsible for enforcing Chapters 84 and 97. In enforcing Chapters 84 and 97, the Hawaii State Ethics Commission initiates investigations, issues charges, receives charges from the public, issues subpoenas, and holds formal, contested-case hearings in accordance with Chapter 91, HRS, Hawaii's Administrative Procedure Act. The Commission received approximately **168** complaints during the prior fiscal year.

The Hawaii State Ethics Commission also received approximately **1,962** financial interests disclosure statements during the prior fiscal year. Approximately **300** lobbyists, representing approximately **328** clients, were registered with the Hawaii State Ethics Commission during the prior fiscal year. Lobbyists must file a lobbyist's registration statement with the Hawaii State Ethics Commission. On odd-numbered years, lobbyists are required to renew their lobbyist's registration statements. The Hawaii State Ethics Commission received approximately **2,065** lobbying expenditures reports from lobbyists and their clients in the prior fiscal year. The Hawaii State Ethics Commission also received in the prior fiscal year approximately **137** gifts disclosure statements and **161** candidates financial interests disclosure statements. Thus, the Hawaii State Ethics Commission in the prior fiscal year received approximately **5,094** filings for review, in addition to its other duties of rendering legal advice, issuing advisory opinions, initiating enforcement actions, and conducting numerous educational presentations on ethics and lobbying. The last exhibit attached to this testimony gives more specific statistical data relating to the Commission's workload during the prior fiscal year. **During the current fiscal year, which is half over, the workload of the Commission continues to increase.**

BUDGET PROPOSAL FOR FY 2009-10

Our budget approved by the Legislature for the current fiscal year is \$885,292. Because of the very difficult financial situation that currently exists for the State of Hawaii, for the next fiscal year, FY 2009-10, we are requesting no increase in our budget, and are thus asking for a budget of \$885,292 for FY 2009-10, which is the same amount as our current budget for the current fiscal year.

The Honorable Marcus R. Oshiro
The Honorable Marilyn B. Lee
January 6, 2009

The Honorable Donna Mercado Kim
The Honorable Shan S. Tsutsui
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While we are not seeking an increase in our budget, we do have unavoidable increases in our budget, which we must absorb. These include salary increases for all staff already mandated by the Legislature, as well as rent increases for our private sector office space.

To offset these increases, we have, for example, eliminated all out-of-state travel expenses to attend an annual ethics conference hosted by the Council on Governmental Ethics Laws ("COGEL"). We have also trimmed other areas, and believe that we can function adequately during the next fiscal year with a budget of \$885,292.

We would like to sincerely thank the House Committee on Finance and the Senate Committee on Ways and Means for your support in the past, and for this opportunity to present our budget requirements for the upcoming fiscal year. We would be happy at this time to respond to any questions Committee Members may have.

DJM/af

HAWAII STATE ETHICS COMMISSION BUDGET FOR FY 2008-09
Statement Showing Budget and Estimated Expenditures
By Object of Expenditure for FY 2008-09

	<u>Budget</u>	<u>Estimated Expenditures</u>	<u>Variance</u>
PERSONAL SERVICES:			
Staff salaries	\$697,300.00	\$697,300.00	\$0.00
Contractual services	6,800.00	6,800.00	0.00
Total Personal Services	704,100.00	704,100.00	0.00
OTHER EXPENSES:			
Office expenses	18,914.00	18,914.00	0.00
Out-of-state travel	15,654.00	15,654.00	0.00
Intrastate travel	5,000.00	5,000.00	0.00
Printing	9,700.00	9,700.00	0.00
Equipment rental and maintenance	11,443.00	11,443.00	0.00
Dues, registrations, Books and subscriptions	15,381.00	15,381.00	0.00
Newspaper advertisements	1,600.00	1,600.00	0.00
Commission meetings and hearings	28,500.00	22,720.00	-5,780.00
Office furniture and equipment	5,000.00	5,000.00	0.00
Office rent	70,000.00	75,780.00	5,780.00
	<hr/>	<hr/>	<hr/>
Total Other Expenses	181,192.00	181,192.00	0.00
 GRAND TOTAL	 <u>\$885,292.00</u>	 <u>\$885,292.00</u>	 <u>\$0.00</u>

HAWAII STATE ETHICS COMMISSION BUDGET REQUEST FOR FY 2009-10
Statement Showing Budget and Estimated Expenditures
By Object of Expenditure for FY 2009-10

Personal Services:	
Staff salary	\$714,900.00
Contractual services	6,800.00
	<hr/>
Total Personal Services	721,700.00
Other Expenses:	
Office expenses	21,109.00
Intrastate transportation and travel	5,000.00
Printing	9,700.00
Rental and maintenance of equipment	13,128.00
Dues, subscriptions, training	9,555.00
Newspaper advertisements	1,600.00
Commission meetings and hearings	14,500.00
Office furniture and equipment	5,000.00
Office rent	84,000.00
	<hr/>
Total Other Expenses	163,592.00
TOTAL	\$885,292.00

Hawaii State Ethics Commission Major Functions

I STATE'S ETHICS LAW	II STATE'S LOBBYISTS LAW	III FINANCIAL DISCLOSURE LAW	IV GIFTS DISCLOSURE LAW	V CANDIDATES FINANCIAL DISCLOSURE LAW	VI EDUCATION RE: LAWS	VII LEGISLATION	VIII WEBSITE
Duties: • Administration • Legal Opinions • Enforcement • Rules	Duties: • Administration • Legal Opinions • Enforcement • Filings Per Year • Auditing • Rules	Duties: • Administration • Legal Opinions • Enforcement • Filings Per Year • Auditing • Rules	Duties: • Administration • Legal Opinions • Enforcement • Filings Per Year • Auditing • Rules	Duties: • Administration • Legal Opinions • Enforcement • Filings Per Election • Auditing • Rules	Duties: • Mandatory Sessions • Sessions Developed by Office • Publications	Duties: • State Ethics Code • State Lobbying Law • Financial Disclosure Law • Gifts Disclosure Law • Candidates Financial Disclosure Law	Duties: • Development • Updating • Maintenance • Technology

IX DISCLOSURE FILINGS	Disclosure Filing Date	Approximate Number of Disclosures
Annual Financial Interests Disclosures Statements	May 31	1,800
Candidates Financial Interests Disclosures Statements	20 days before primary*	200
Gifts Disclosure Statements	June 30	100
Lobbyist Registration Statements	January**	250
Lobbying Organizations Expenditure Reports	March 31	250
Lobbying Organizations Expenditure Reports	May 31	250
Lobbying Organizations Expenditure Reports	January 31	250
Lobbyists Expenditure Reports	March 31	250
Lobbyists Expenditure Reports	May 31	250
Lobbyists Expenditure Reports	January 31	250
Other Filings	January 1 - December 31	50

X ADMINISTRATION
Duties: • Management • Supervision • Fiscal • Personnel • Procurement • Technology • Planning

Note: State's Ethics Laws: Chapter 84, Hawaii Revised Statutes
State's Lobbyists Law: Chapter 97, Hawaii Revised Statutes

ANNUAL TOTAL (even-numbered years) 4,000
ANNUAL TOTAL (odd-numbered years) 3,700***

* Filed every even-numbered year only. OHA candidates file 20 days before the general election.
** Renewed every odd-numbered year for registered lobbyists.
*** Candidate's Financial Interests Disclosure Statements not filed in odd-numbered years.

FULL-TIME STAFF: 10 Individuals

HAWAII STATE ETHICS COMMISSION DUTIES

A. PRINCIPAL DUTIES

1. Administration and Enforcement of State Ethics Laws (Chapter 84, Hawaii Revised Statutes)
2. Administration and Enforcement of Financial Interests Disclosure Law (Chapter 84, Hawaii Revised Statutes)
3. Administration and Enforcement of Gifts Disclosure Law (Chapter 84, Hawaii Revised Statutes)
4. Administration and Enforcement of the Lobbyists Law (Chapter 97, Hawaii Revised Statutes)
5. Issuance of Advisory Opinions Pursuant to HRS §11-192.5
6. Mandatory Ethics Training (Act 198, SLH 2004)
7. Other Educational Programs With Respect to Laws Administered and Enforced
8. Office Administration

B. SPECIFIC DUTIES REGARDING PERFORMANCE OF PRINCIPAL DUTIES

1. Legal Advisory Duties

- (1.1) Attorney oral legal advice (no written office memorandum)
- (1.2) Attorney oral legal advice (written office memorandum)
- (1.3) Attorney legal opinion letters
- (1.4) Confidential Commission advisory opinions
- (1.5) Public format Commission advisory opinions
- (1.6) Declaratory orders
- (1.7) Legal research

2. Legal Enforcement

- (2.1) Drafting resolutions
- (2.2) Drafting subpoenas
- (2.3) Interviews
- (2.4) Investigation
- (2.5) Writing letters requesting information
- (2.6) Involvement in informal hearings
- (2.7) Prosecutorial role in formal hearings
- (2.8) Counsel to the HSEC in formal hearings
- (2.9) Drafting charges
- (2.10) Reviewing charges filed with the HSEC
- (2.11) Review of requests to investigate
- (2.12) Handling court appeals
- (2.13) Review of information to determine if investigation is warranted
- (2.14) Writing decisions
- (2.15) Writing Findings of Fact and Conclusions of Law
- (2.16) Writing Commission Informal Advisory Opinions

- (2.17) Writing public formatted Commission Informal Advisory Opinions
- (2.18) Legal research

3. Education Program

- (3.1) Mandatory Ethics Training
- (3.2) New employee orientations
- (3.3) Post-employment law orientations
- (3.4) Ethics laws workshops
- (3.5) Ethics laws presentations
- (3.6) Presentations on the lobbying law
- (3.7) Presentations on the financial interests disclosure law
- (3.8) Writing educational brochures and flyers
- (3.9) Television and radio presentations
- (3.10) Advisory memoranda
- (3.11) Preparation of speeches
- (3.12) Preparation of educational materials
- (3.13) Board member orientation speech
- (3.14) Workshop flyers & registration
- (3.15) Parking permit requisition

4. Legislation

- (4.1) Proposing new legislation
- (4.2) Drafting proposed legislation
- (4.3) Amending current laws
- (4.4) Drafting testimony
- (4.5) Testifying at legislative hearings
- (4.6) Monitoring all bills for those affecting our laws
- (4.7) Legal research involving legislation
- (4.8) Bill tracking
- (4.9) Reviewing hearing agendas, standing committee reports, Senate and House journals, order of the day.

5. Commission Meeting Preparation

- (5.1) Preparation and organization of meeting folder
- (5.2) Drafting of "for actions"
- (5.3) Preparation of oral presentations at Commission Meetings

6. Contact With Commissioners

7. Audit/Review of Filings; Lobbyist List

- (7.1) Annual legislator and state employee disclosure of financial interests statements (1,800/yr.)
- (7.2) Lobbying expenditures reports (800/yr.)
- (7.3) Lobbyist registration (234 currently registered)
- (7.4) Preparation and dissemination of list of lobbyists and organizations they represent.

- (7.5) Candidates' disclosure of financial interests statements (300 every other year)
- (7.6) Signing lobbyists' registration cards
- (7.7) Acknowledgment letters for financial disclosure filers (state employees/candidates)
- (7.8) Reminder letters for financial disclosure filers (state employees/candidates)
- (7.9) Reminder letters to filers for lobbying expenditure reports

8. Forms Drafting and Revision

- (8.1) Financial interests disclosure form and instructions for state officials and candidates
- (8.2) Amendatory financial interests disclosure form for state officials and employees
- (8.3) Lobbyist registration form
- (8.4) Lobbying expenditures report form
- (8.5) Telcon form

9. Rules

- (9.1) Proposing new rules
- (9.2) Modifying existing rules
- (9.3) Repealing existing rules
- (9.4) Handling petitions for rule changes
- (9.5) Drafting rules
- (9.6) Legal research

10. Media

- (10.1) Media inquiries and interviews
- (10.2) Drafting press releases

11. Conferences

- (11.1) Conference attendance
- (11.2) Conference participation as speakers, panelists

12. Assisting Other Jurisdictions

- (12.1) Assistance by written correspondence
- (12.2) Assistance by oral consultations
- (12.3) Responding to requests for information

13. Purchasing

- (13.1) Summary Warrant Voucher form review and signature
- (13.2) Journal vouchers
- (13.3) Purchasing forms
- (13.4) Petty cash vouchers
- (13.5) Requisition and Purchase Order form review

14. Travel

- (14.1) Purchasing tickets
- (14.2) Setting itinerary
- (14.3) Statement of Completed Travel form review

15. Other Administrative Functions

- (15.1) Daily office management
- (15.2) Budget preparation
- (15.3) Budget testimony
- (15.4) Daily budget management
- (15.5) Payroll management
- (15.6) Personnel hiring (advertising, resume review, writing sample review, interviews, reference checks)
- (15.7) Personnel matters
- (15.8) Personnel evaluations
- (15.9) Short-term planning
- (15.10) Long-range planning
- (15.11) Vacation leave, sick leave, other leave approval
- (15.12) Office space and leasing matters
- (15.13) Compliance with directives from other state agencies
- (15.14) Compilation of statistics
- (15.15) Office Security
- (15.16) Office equipment acquisition
- (15.17) Office equipment integration into office work
- (15.18) Development of appropriate job descriptions
- (15.19) Dealing with lessor re office matters
- (15.20) Incoming mail review
- (15.21) Transfer of Property forms
- (15.22) Inventory forms
- (15.23) Writing letters of reference or recommendation
- (15.24) Payroll Change Schedule form review
- (15.25) Compliance with Procurement Laws
- (15.26) Disaster Recovery Plan
- (15.27) Building Floor Fire Marshall Duties

16. Supervising Functions

- (16.1) Supervision of work performed by staff
- (16.2) Delegation of work
- (16.3) Development of staff's knowledge of our laws and office procedures (staff training)

17. Elections

- (17.1) Campaign guidelines distribution

18. Publications

- (18.1) Preparing annual advisory opinion and decisions packet

19. Gifts Disclosure Law

- (19.1) Drafting of forms and instructions
- (19.2) Drafting of commonly asked questions
- (19.3) Mailing out gifts packets each year
- (19.4) Logging in filed gifts disclosure forms
- (19.5) Auditing gifts disclosure statements

20. Audits of Financial Interests Disclosure Forms

- (20.1) Selection of forms to audit
- (20.2) Audit of Financial Interests Disclosure Forms
- (20.3) Contact and Resolution with audited filer

21. Fines

- (21.1) Assessment of fines for late filers of candidates' financial disclosure statements
- (21.2) Assessment of fines for late filers of financial interests disclosure statements
- (21.3) Review of requests to waive fines
- (21.4) Development of procedures to collect fines
- (21.5) Development of form letters for collecting fines
- (21.6) Collecting fines
- (21.7) Deposit of fines into General Fund
- (21.8) Assessment of fines for violations of the Lobbyists Law
- (21.9) Collection of Lobbying fines

22. State contracts subject to HRS §84-15(a)

- (22.1) Receipt of notices of intent to award contract
- (22.2) Placing notices in public files
- (22.3) Acknowledging receipt of notices

23. Implementation of New Legislation

- (23.1) Re-typing handouts each year of amended chapters 84 and 97
- (23.2) Printing of handouts of amended chapters 84 and 97

24. Computers

- (24.1) Computer technology
- (24.2) Working with computer consultant
- (24.3) Enhancing office computers and technology
- (24.4) Internet
- (24.5) Website

- (24.6) E-mail
 - (24.7) Determining work to be done by computer
 - (24.8) Staff training with computers
 - (24.9) Keeping abreast of computer trends and issues
25. Coordination with State Procurement Officer
 26. Consideration of Claims of the Filing of False Charges
 27. Consideration of Claims of the Filing of Frivolous Charges
 28. Implementation of Court Decisions
 29. Reviewing and Signing Form Letters
 30. COGEL Projects
 31. Submission to Office of Elections Campaign Manual
 32. Clipping Relevant Newspaper, Magazine, TV Stories
 33. Editing and Proofing All Materials
 34. Newsletter
 35. Judicial Selection Commission Inquiries
 36. Preparation of Management's Discussion and Analysis (MD&A) For Yearly Audit
 37. Responding to Surveys
 38. New Commissioners Search
 39. Training Sessions Attendance
 40. Keeping Abreast of Trends in Ethics, Financial Disclosure, Lobbying Laws
 41. Records Disposal (Disclosures, Expenditures Reports)
 42. Honorary Resolutions
 43. Aloha United Way Campaign
 44. US Savings Bond Campaign
 45. COGEL Updates Questionnaire

46. Purchasing relevant books
47. Review of Publications
48. Mailings requesting and acknowledging filings
49. Annual Calendar
50. List of HSEC Duties

(185 items)
Rev: 12/05

Hawaii State Ethics Commission

Statistics for Fiscal Year 2007-2008

TABLE 1

HAWAII STATE ETHICS COMMISSION NUMBER OF REQUESTS FOR ADVICE AND COMPLAINTS RECEIVED BY ATTORNEYS IN FY 2007-2008		
MONTH	REQUESTS FOR ADVICE	COMPLAINTS
July 2007	96	10
August 2007	95	24
September 2007	84	15
October 2007	96	15
November 2007	121	11
December 2007	110	15
January 2008	118	17
February 2008	115	8
March 2008	100	10
April 2008	116	17
May 2008	122	14
June 2008	98	12
TOTAL	1,271	168
Total Number of Requests for Advice and Complaints Received in FY 2007-2008		1,439

TABLE 2

HAWAII STATE ETHICS COMMISSION NUMBER OF REQUESTS FOR ADVICE RECEIVED BY ATTORNEYS IN FY 2007-2008 CATEGORIZED BY METHOD USED TO SUBMIT REQUESTS FOR ADVICE					
Month	Telephone	Mail	Fax	E-mail	Visit/Meeting
July 2007	82	6	1	6	1
August 2007	77	3	1	14	
September 2007	66	2	2	11	3
October 2007	77	5	1	13	
November 2007	100	6		14	1
December 2007	90	2	1	13	4
January 2008	101	4		9	4
February 2008	96	3		13	3
March 2008	76	3	4	16	1
April 2008	94	10	2	8	2
May 2008	101	4	4	9	4
June 2008	87	3		7	1
Total:	1,047	51	16	133	24
Total Number of Requests for Advice Received in FY 2007-2008					1,271

TABLE 3

HAWAII STATE ETHICS COMMISSION NUMBER OF COMPLAINTS RECEIVED BY ATTORNEYS IN FY 2007-2008 CATEGORIZED BY METHOD USED TO SUBMIT COMPLAINTS					
Month	Telephone	Mail	Fax	E-mail	Visit/Meeting
July 2007	9	1			
August 2007	20	3		1	
September 2007	11	3		1	
October 2007	8	2		4	1
November 2007	6	4		1	
December 2007	7	3		5	
January 2008	10		1	5	1
February 2008	4			4	
March 2008	7	1		2	
April 2008	10	7			
May 2008	11	2		1	
June 2008	9	2		1	
Total:	112	28	1	25	2
Total Number of Complaints Received in FY 2007-2008					168

TABLE 4

HAWAII STATE ETHICS COMMISSION ATTORNEY OPINION LETTERS ISSUED IN FY 2007-2008	
MONTH	NUMBER OF LETTERS
July 2007	8
August 2007	5
September 2007	8
October 2007	4
November 2007	8
December 2007	10
January 2008	4
February 2008	6
March 2008	13
April 2008	20
May 2008	9
June 2008	5
TOTAL	100

TABLE 5

HAWAII STATE ETHICS COMMISSION FORMAL ETHICS CHARGES FILED IN FY 2008		
FILE NO.	SWORN CHARGES FILED BY INDIVIDUAL OR ORGANIZATION	CHARGES FILED BY HAWAII STATE ETHICS COMMISSION*
08-Cg-1	X	
08-Cg-2	X	
08-Cg-3	X	
08-Cg-4	X	
08-Cg-5	X	
08-Cg-6	X	
08-Cg-7	X	
08-Cg-8	X	
08-Cg-9	X	
08-Cg-10	X	
08-Cg-11	X	
TOTAL: 11		

* Charges filed by the Commission must be signed by a majority of the members of the Commission.

TABLE 6

HAWAII STATE ETHICS COMMISSION INCOMING TELEPHONE CALLS HANDLED BY ATTORNEYS AND CLERICAL STAFF IN FY 2007-2008	
MONTH	NUMBER OF TELEPHONE CALLS
July 2007	215
August 2007	234
September 2007	253
October 2007	243
November 2007	200
December 2007	208
January 2008	306
February 2008	212
March 2008	205
April 2008	216
May 2008	372
June 2008	292
TOTAL	2,956

TABLE 7

HAWAII STATE ETHICS COMMISSION FINANCIAL INTERESTS DISCLOSURE STATEMENTS FILED BY LEGISLATORS, EMPLOYEES, AND BOARD AND COMMISSION MEMBERS IN FY 2007-2008	
Month	NUMBER FILED
July 2007	48
August 2007	46
September 2007	83
October 2007	40
November 2007	19
December 2007	30
January 2008	407
February 2008	165
March 2008	152
April 2008	175
May 2008	564
June 2008	233
TOTAL	1,962

TABLE 8

HAWAII STATE ETHICS COMMISSION FINANCIAL INTERESTS DISCLOSURE STATEMENTS FILED BY CANDIDATES FOR STATE ELECTIVE OFFICE IN 2008	
FILING DEADLINE	NUMBER FILED
09/02/2008	152
10/15/2008 (OHA)	9
TOTAL	161

TABLE 9

HAWAII STATE ETHICS COMMISSION GIFTS DISCLOSURE STATEMENTS FILED IN 2008	
STATE POSITION	NUMBER FILED
Governor / Lt. Governor	2
Legislators	53
Employees	60
Board / Commission Members	22
TOTAL	137

TABLE 10

HAWAII STATE ETHICS COMMISSION TOTAL NUMBER OF REGISTERED LOBBYISTS IN 2008 AND NUMBER OF CLIENTS REPRESENTED*		
YEAR	NUMBER OF LOBBYISTS	NUMBER OF CLIENTS REPRESENTED
2008	300	328

* Some lobbyists represent more than one client. Lobbyists must file a separate registration form for each client represented.

TABLE 11

HAWAII STATE ETHICS COMMISSION LOBBYING EXPENDITURES AND CONTRIBUTIONS REPORTS FILED IN 2008			
FILERS	REPORTING PERIODS		
	05/01/07-12/31/07 (Jan. 31, 2008 Report)	01/01/08-02/29/08 (Mar. 31, 2008 Report)	03/01/08-04/30/08 (May 31, 2008 Report)
LOBBYISTS	305	327	325
LOBBYISTS' CLIENTS *	353	376	379
TOTAL REPORTS FILED	658	703	704
GRAND TOTAL	2,065		

* The number of lobbying reports filed by clients may be greater than the number of reports filed by lobbyists because lobbyists may report expenditures and contributions for multiple clients on a single report form.

TABLE 12

HAWAII STATE ETHICS COMMISSION TOTAL NUMBER OF DISCLOSURE FILINGS	
Financial Interests Disclosure Statements filed by Legislators, Employees, and Board and Commission Members (FY 2007-2008)	1,962
Financial Interests Disclosure Statements filed by Candidates for State Elective Office (2008)	161
Gifts Disclosure Statements (2008)	137
Lobbying Expenditures and Contributions Reports (2008)	2,065
Lobbyist Registrations (Two-year period 2007-2008)	755*
Notice of Intent to Award Contract Pursuant to HRS §84-15(a) (FY 2007-2008)	14
TOTAL	5,094

* Some lobbyists represent more than one client. A registration form must be filed for each separate client represented by the lobbyist.

TABLE 13

HAWAII STATE ETHICS COMMISSION MAILINGS OF FORMS, INSTRUCTIONS, AND REMINDERS TO FILERS FY 2008	
DESCRIPTION	AMOUNT
All Mailings For Financial Disclosure Filings	5,886
All Mailings for Candidates' Financial Disclosure Filings	483
All Mailings For Gifts Disclosure Filings	2,198
All Mailings For Lobbying Expenditure Filings	2,058
TOTAL NUMBER OF MAILINGS	10,625

TABLE 14

HAWAII STATE ETHICS COMMISSION 2008 EDUCATION PROGRAM (Ethics Workshops and Presentations)		
DATE	PRESENTATIONS	NO. OF PARTICIPANTS
01/11/08	Mandatory Ethics Training	3
02/06/08	New Employee Orientation	55
02/07/08	Mandatory Ethics Training	2
05/07/08	New Employee Orientation	65
05/22/08	Island Insights TV Show on Government Accountability (PBS)	public broadcast
05/27/08	Jeff Noland Radio Show	public broadcast
06/04/08	Jeff Portnoy Radio Show	public broadcast
06/25/08	Ethics for State Employees	26
06/30/08	Department of Health, State Health Planning and Developmental Agency	15
07/11/08	Probation Officers - Judiciary, Adult Client Services	113
07/17/08	Department of Transportation	24
07/28/08	University of Hawaii Athletics Department	24
07/29/08	Ethics for State Procurement Personnel	23
07/31/08	New Employee Orientation - Video Conference for Neighbor Islands	116
08/05/08	Ethics for State Supervisors	24
08/06/08	New Employee Orientation	70
08/07/08	Ethics for State Supervisors	16
08/21/08	DAGS, Stadium Authority	16

DATE	PRESENTATIONS	NO. OF PARTICIPANTS
09/12/08	Department of Transportation, Highways Division - Maui	20
09/24/08	University of Hawaii, William S. Richardson School of Law	25
10/03/08	Department of Human Services Vocational Rehab. - Statewide Rehabilitation Council	16
10/09/08	Honolulu Community College Construction Academy	19
11/05/08	New Employee Orientation	80
11/12/08	University of Hawaii, William S. Richardson School of Law and Alumni Association	panel discussion
12/01/08	New Employee Orientation - Video Conference for Neighbor Islands	135
TOTAL	25 Presentations	887 Participants

TABLE 15

HAWAII STATE ETHICS COMMISSION DISTRIBUTION OF EDUCATIONAL PUBLICATIONS* FOR 2008	
PUBLICATION	COPIES DISTRIBUTED
Ethics Workshop Packets, including the following: Ethics Guide for Elected Officials, Employees, Members of Boards and Commissions Chapter 84, Hawaii Revised Statutes (State Ethics Code) Article XIV, Hawaii State Constitution Ethics Checklist	912
"The High Road" (Newsletter) January, 2008 Issue No. 2008-1 5,350 May, 2008 Issue No. 2008-2 5,350 October, 2008 Issue No. 2008-3 5,350 <div style="text-align: right;">Total:</div>	16,050
TOTAL:	16,962

*All publications are also available on the Hawaii State Ethics Commission's website at www.hawaii.gov/ethics.

TABLE 16

**INFORMATION POSTED ON
HAWAII STATE ETHICS COMMISSION WEB SITE**

WEB SITE INTERNET URL: <http://www.hawaii.gov/ethics>

YEAR ESTABLISHED: 1998

On April 8, 2008, the Hawaii State Ethics Commission introduced a redesigned layout of its public Web site. New features of the Web site include right and left menus; an enhanced search engine; news; filing deadline reminders; links to related ethics agencies; and an online e-mail form.

- Search Engine (ENHANCED)
- Who We Are and What We Do
 - General Information about the Hawaii State Ethics Commission
 - Major Functions of the Hawaii State Ethics Commission
- Constitution, Statutes, and Rules
 - Article XIV, Constitution of the State of Hawaii
 - State Ethics Code, Chapter 84, HRS
 - State Lobbyists Law, Chapter 97, HRS
 - Title 21, Administrative Rules of the Hawaii State Ethics Commission
- Advisory Opinions, Informal Advisory Opinions, and Decisions
- Public Financial Disclosure Filings
- Gifts Disclosure Filings
- Lobbying Filings
 - Lobbyist Registration Statements
 - Lists of Registered Lobbyists
 - Lists of Organizations Represented by Registered Lobbyists
 - Organizations' Lobbying Expenditure Statements
 - Lists of Total Lobbying Expenditures Reported by Organizations
- Contract Notice Filings (Pursuant to HRS §84-15 (a))

(continued)

TABLE 16 (continued)

- Publications and Guidelines
 - *The High Road* Newsletter
 - Ethics Guide
 - Ethics Checklist
 - Gifts
 - Campaigning
 - Fund Raising
 - Post Employment Restrictions
 - For Legislators
 - Lobbying
- Forms and Instructions:
 - Financial Disclosure Forms and Instructions
 - Gifts Disclosure Forms and Instructions
 - Lobbying Forms and Instructions
- Related Links to State, County Ethics, and Federal Ethics Agencies (NEW)
- News (NEW)
- Testimony on Legislation Relating to Ethics and Lobbying
- Filing Deadlines (NEW)
- Hawaii State Ethics Commission Contact Information
 - Office Location
 - Mailing Address
 - Phone/Fax
 - Email Address
 - Online Form for Email (NEW)

TABLE 17

HAWAII STATE ETHICS COMMISSION 2008 LEGISLATIVE SESSION	
Number of Legislative Measures Reviewed	
Bills	6,715
Resolutions	<u>1,087</u>
Total	7,802
Number of Legislative Bills / Resolutions Tracked	25
Number of Bills Introduced by the Hawaii State Ethics Commission*	2
Number of Letters Sent to Legislators Regarding Legislation:	
Letters Sent to Individual Legislators	11
Letters Sent to All House Members	2
Letters Sent to All Senate Members	<u>2</u>
Total	15
Written Testimony Submitted to the Legislature Regarding Legislation:	
Testimony Submitted to the House	3
Testimony Submitted to the Senate	<u>4</u>
Total	7
Testimony Presented in Person at Legislative Hearing by Chair, Executive Director, Associate Director, or Staff Attorney	7

* Includes companion bills in the Senate and House of Representatives. These bills were introduced by the Commission in 2007 and carried over to the 2008 legislative session.

TABLE 18

HAWAII STATE ETHICS COMMISSION TESTIMONY PRESENTED TO LEGISLATORS FOR 2008 LEGISLATIVE SESSION			
Hearing Date	Bill No.	Testified in Person	Written Testimony
01/03/08	Budget FY 2008-09 (Senate Committee on Ways and Means)	X	X
01/07/08	Budget FY 2008-09 (House Committee on Finance)	X	X
01/24/08	Budget FY 2008-09, HB 2688, Making Appropriations to Provide for the Expenses of the Legislature, the Auditor, the Legislative Reference Bureau, and the Ombudsman (House Committee on Finance)	X	X
01/31/08	Budget FY 2008-09, HB 2688, H.D. 1, Making Appropriations to Provide for the Expenses of the Legislature, the Auditor, the Legislative Reference Bureau, and the Ombudsman (Senate Committee on Ways and Means)	X	X
02/12/08	SB 1773, S.D. 1, Relating to Procurement (Senate Committee on Tourism and Government Operations)	X	X
02/20/08	SB 2570, Relating to Standards of Conduct (Senate Committee on Tourism and Government Operations, and Senate Committee on Judiciary and Labor)	X	X
03/13/08	SB 945, H.D. 1, Relating to Ethics (House Committee on Judiciary)	X	X

TABLE 19

HAWAII STATE ETHICS COMMISSION RECORDS CHECK OF APPLICANTS FOR JUDICIAL OFFICE PERFORMED AT THE REQUEST OF THE JUDICIAL SELECTION COMMISSION IN 2008					
MONTH	NUMBER OF APPLICANTS				
	Supreme Court	First Circuit Court	Third Circuit Court	Fifth Circuit Court	Total Applicants Per Month
January	7				7
February	5			3	8
March					
April					
May	12				12
June	9		1		10
July		2	2		4
August	5				5
September					
October	19	2	1		22
November			1		1
December	10	1		2	13
TOTAL Per Court:	67	5	5	5	Grand Total 82

TABLE 20

HAWAII STATE ETHICS COMMISSION DISCLOSURE RECORDS AVAILABLE FOR PUBLIC INSPECTION*	
1	Public Financial Disclosure Statements (Legislators, Other Elected State Officials, Appointed State Officials and Candidates for State Elective Office)
2	Gifts Disclosure Statements
3	Lists of Registered Lobbyists
4	Lobbyist Registration Statements
5	Lobbying Expenditure Statements of Registered Lobbyists
6	Lists of Organizations Represented by Registered Lobbyists
7	Lobbying Expenditure Statements of Organizations
8	Total Amounts of Lobbying Expenditures Reported by Organizations
9	Notices of Intent to Award Contracts to a Legislator or Employee, or Business in Which a Legislator or Employee Has a Controlling Interest (filed pursuant to HRS Section 84-15(a))

* Most records also available on the Hawaii State Ethics Commission web site:
<http://www.hawaii.gov/ethics>.

TABLE 21

HAWAII STATE ETHICS COMMISSION FORMS AND INSTRUCTIONS ON FILE*	
1	Financial Disclosure Long Form
2	Instructions for Financial Disclosure Long Form
3	Financial Disclosure Short Form
4	Instructions for Financial Disclosure Short Form
5	Candidates Financial Disclosure Form
6	Instructions for Candidates Financial Disclosure Form
7	Gifts Disclosure Form
8	Gifts Disclosure Form Additional Sheet
9	Instructions for Gifts Disclosure Form
10	Lobbyist Registration Form
11	Instructions for Lobbyist Registration Form
12	Lobbyist Expenditures Statement
13	Instructions for Lobbyist Expenditures Statement
14	Organization Lobbying Expenditures Statement
15	Instructions for Organization Lobbying Expenditures Statement

* Also available on the Hawaii State Ethics Commission web site:
<http://www.hawaii.gov/ethics>

TABLE 22

HAWAII STATE ETHICS COMMISSION FY 2007-2008 PUBLICATIONS ON FILE*	
1	Chapter 84, Hawaii Revised Statutes, Standards of Conduct
2	Hawaii State Ethics Commission Administrative Rules
3	Ethics Guide for State Elected Officials, State Employees, State Board and Commission Members
4	Ethics Checklist
5	Outline of Substantive Areas of the State Ethics Code
6	Article XIV, Hawaii State Constitution
7	Gifts and the State Ethics Code
8	Informational or Educational Trips Solicited or Accepted by Legislators
9	Attendance at "Appreciation" Receptions, Dinners, Meals, or Parties, etc., Offered by Lobbyists
10	Legislative Interns
11	Questions and Answers on the Gifts Disclosure Law
12	Campaign Restrictions for State Officials and State Employees
13	Prohibition on Candidate Campaign Walk-Throughs in State Agencies
14	Use of State E-Mail for Campaign Purposes
15	Fundraising in State Offices
16	Ethics Guidelines for AUW Fund Raiser Activities Conducted by State Agencies
17	Post Employment Restrictions
18	<i>The High Road</i> Newsletter
19	Chapter 97, Hawaii Revised Statutes, Lobbyists
20	Lobbying Registration and Reporting Manual
21	Informational or Educational Trips as Lobbying Expenditures
22	"Goodwill" Lobbying as Lobbying Expenditure

* Also available on the Hawaii State Ethics Commission web site:
<http://www.hawaii.gov/ethics>

Ken H. Takayama
Director

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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol
415 S. Beretania Street, Room 446
Honolulu, Hawaii 96813

**TESTIMONY ON THE 2009-2010 FISCAL YEAR BUDGET REQUEST
OF THE LEGISLATIVE REFERENCE BUREAU**

**Presented to the Senate Committee on Ways and Means
And**

**House Committee on Finance
Twenty-fifth Legislature
Regular Session of 2009
January 6, 2009**

by Ken H. Takayama, Director

Honorable Chairs and Members:

I am Ken H. Takayama, Director of the Legislative Reference Bureau. Thank you for this opportunity to appear before you to present the Bureau's budget request for fiscal year 2009-2010.

The LRB provides comprehensive, impartial research and reference services on legislative matters. The LRB provides a wide range of nonpartisan services primarily for the Legislature but also for other governmental agencies and for the general public.

The Bureau's major functions include:

Research, including bill drafting at the request of the Legislature, legislative committees and individual legislators. We prepare studies and reports and issue memoranda of various issues. We strive to maintain a standard of being objective, impartial, nonpartisan, and fair in all of our research.

Statutory revision, including the publication of the Session Laws of Hawaii and the Hawaii Revised Statutes and all supplements thereto. We also establish the format for, and compile and publish an index of administrative agency rules adopted under the Administrative Procedure Act.

We maintain a reference library as an information resource primarily for the Legislature and legislative staff but also for all other government agencies and the general public. Our library provides outstanding services, including online information services, and maintains the Bureau's worldwide website designed to assist legislative research by providing links to other important websites.

We maintain a legislative systems office which provides information and research on the subject matter and status of all legislation on a continuous basis during legislative sessions for legislators, state and county offices, and other government agencies.

We maintain the Public Access Room, which is provided to ensure public participation in the legislative process. Our Public Access Room staff has been working with librarians on the neighbor islands to expand the availability of information, materials, and services beyond Oahu. We also coordinate the Legislative Broadcasting Project for the House of Representatives and the Senate.

The proposed 2009-2010 budget for the Bureau is \$3,028,126. Of this, the following amounts are budgeted for the respective functions: \$1,331,126 for bill drafting, research and general support functions; \$396,396 for library operations; \$648,902 for statute revision; \$494,096 for systems office operations; and \$157,606 for the public access room. These figures do not include appropriations for the CSG dues (\$81,768 in Act 1, Session Laws of Hawaii 2008) which has been added to the Bureau's budget during the past several years to pay on behalf of the Legislature.

The proposed 2009-2010 budget represents a reduction of 10.0 percent from the \$3,364,585 appropriated to the Bureau last year by Act 1, Session Laws of Hawaii 2008.

All of the sections of the Bureau are affected by the reductions. The single most significant impact is the elimination of the \$150,000 that the Legislature has included in our budget during the past two years to hire consultants for studies if the need arose. The overall reductions reduce our flexibility if we need to transfer what to the Bureau could be large amounts of cash in the wake of personnel transfers or retirements--although this issue is probably present throughout the legislative branch. Otherwise, the reduced amounts reflect a general "belt tightening" throughout the respective sections of the Bureau. On a day-to-day basis, we do not anticipate any significant impacts upon the Bureau's ability to provide its services.

Our permanent staff presently totals 38 full-time positions, divided as follows: 17.5 in the research division and general support, 6 in the library, 6.5 in the revisor's division, 6 in the systems office, and 2 in the Public Access Room. We also have student help in the library and session staffers for the systems office and the Public Access Room.

We have attached a series of exhibits which provide more detailed information on Bureau operations.

Exhibit A Details of the systems office budget

Exhibit B Details of the library budget

Exhibit C Details of the Public Access Room budget

Exhibit D Details of the statute revision budget

Exhibit E Comparative statistics on research division workload for fiscal years 2006-2007 and 2007-2008

Exhibit F Comparative statistics of the systems office's requests for fiscal years 2006-2007 and 2007-2008

Exhibit G Comparative statistics of the LRB library workload for fiscal years 2006-2007 and 2007-2008

Exhibit H Comparative statistics of the Public Access Room for fiscal years 2006-2007 and 2007-2008

Thank you.

LEGISLATIVE REFERENCE BUREAU
BUDGET REQUEST FOR FY 2009-2010

	<u>2008-2009</u> <u>APPROPRIATION</u>	<u>2009-2010</u> <u>BUDGET REQUEST</u>
<u>BILL DRAFTING & RESEARCH</u>		
Personal Services:		
Staff	\$1,137,650 (11)	\$ 888,079 (12)
TOTAL BILL DRAFTING & RESEARCH	\$1,137,650	\$ 888,079
<u>SYSTEMS OFFICE</u>		
Personal Services:		
Staff	377,130 (7)	334,548 (6)
Session Staff	78,465	78,465
Other Current Expenses	<u>90,092</u>	<u>81,083</u>
TOTAL SYSTEMS OFFICE	545,687	494,096
<u>LIBRARY</u>		
Personal Services:		
Staff	323,999 (6)	326,736 (6)
Other Current Expenses	<u>77,400</u>	<u>69,660</u>
TOTAL LIBRARY	401,399	396,396
<u>PUBLIC ACCESS ROOM</u>		
Personal Services:		
Staff	95,011 (2)	95,928 (2)
Session Staff	38,908	38,908
Other Current Expenses	<u>25,300</u>	<u>22,770</u>
TOTAL PUBLIC ACCESS ROOM	159,219	157,606
<u>GENERAL SUPPORT</u>		
Personal Services:		
Staff	284,325 (5.5)	289,560 (5.5)
Student Staff	38,532	38,532
Overtime	20,000	20,000
Other Current Expenses	<u>105,506</u>	<u>94,955</u>
TOTAL GENERAL SUPPORT	448,363	443,047
<u>REVISOR OF STATUTES</u>		
Personal Services:		
Staff	388,589 (6.5)	393,592 (6.5)
Other Current Expenses	<u>283,678</u>	<u>255,310</u>
TOTAL REVISOR OF STATUTES	672,267	648,902
TOTAL LRB	\$3,364,585	\$3,028,126*
CSG Dues	81,768	

*Amount does not include CSG Dues

EXHIBIT A

SYSTEMS OFFICE
BUDGET REQUEST FOR FISCAL YEAR 2009-2010

OTHER CURRENT EXPENSES

	<u>2008-2009</u> <u>APPROPRIATION</u>	<u>2009-2010</u> <u>BUDGET REQUEST</u>
Software/Hardware Maintenance	\$29,135	\$26,222
Acquisition of Software/Hardware	22,259	20,033
Equipment Rental	6,000	5,400
Data Communication	3,500	3,150
Telephone	2,000	1,800
General Supplies	5,698	5,128
Staff Training Programs, etc.	12,000	10,800
Publication, Training Manuals, etc.	2,500	2,250
Services on Fee	2,000	1,800
Other Current Expenses	<u>5,000</u>	<u>4,500</u>
Total	\$90,092	\$81,083

EXHIBIT B

LIBRARY DIVISION
 BUDGET REQUEST FOR FISCAL YEAR 2009-2010

The FY 2009-2010 Library Budget request reflects a ten percent decrease of \$7,740.00, then the FY 2008-2009 appropriation.

OTHER CURRENT EXPENSES

	<u>2008-2009</u> <u>APPROPRIATION</u>	<u>2009-2010</u> <u>BUDGET REQUEST</u>
Books	22,350	20,405
Online Information Services		
Westlaw	20,000	20,000
Print Subscriptions and Dues	18,150	16,150
Web Catalog		
Maintenance	3,000	3,000
Upgrades	3,000	2,500
Computer Hardware, Software, Maintenance and Supplies	2,125	1,125
Copier Maintenance and Supplies	3,425	3,000
Office and Library Supplies	800	480
Staff Development and Training	4,500	3,000
Other Current Expenses	<u>50</u>	<u>0</u>
TOTAL	\$77,400	\$69,660

EXHIBIT C

PUBLIC ACCESS ROOM
BUDGET REQUEST FOR FISCAL YEAR 2009-2010

The fiscal year 2009-2010 Public Access Room budget request reflects a 10% reduction from the fiscal year 2008-2009 appropriation.

OTHER CURRENT EXPENSES

	<u>2008-2009</u> <u>APPROPRIATION</u>	<u>2009-2010</u> <u>BUDGET REQUEST</u>
Office supplies	\$ 1,000	\$ 1,000
Equipment maintenance	13,500	11,335
Subscriptions	300	300
Neighbor island workshops	8,100	8,100
Postage	100	100
Staff development and training	1,800	1,800
Other	<u>500</u>	<u>135</u>
TOTAL:	\$25,300	\$22,770

11/12/2008

EXHIBIT D

REVISOR OF STATUTES DIVISION
BUDGET REQUEST FOR FISCAL YEAR 2009-2010

The requested appropriation by the Division includes \$253,870 in 2009-2010 for the production and printing of the Session Laws and the Hawaii Revised Statutes Supplement.

2009 Session Laws.....	\$ 34,200
2,400 volumes; 1,200 pages each volume.	
2009 HRS Supplement.....	<u>\$219,670</u>
3,000 sets; 5,000 pages each set.	\$253,870

OTHER CURRENT EXPENSES

	<u>2008-2009</u> <u>APPROPRIATION</u>	<u>2009-2010</u> <u>BUDGET REQUEST</u>
Office Supplies	\$ 500	\$ 450
Postage	1,000	900
Notices, Publication of	100	90
Printing	<u>282,078</u>	<u>253,870</u>
Total	<u>\$283,678</u>	<u>\$255,310</u>

Exhibit E
**MASTER STATISTICS FOR HAWAII STATE LEGISLATIVE REQUESTS, NON-LEGISLATIVE/
INFORMATIONAL REQUESTS COMPLETED BY THE LEGISLATIVE REFERENCE BUREAU**
For Fiscal Year Ending June 30, 2008

Type of Request	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
I. LEGISLATIVE REQUESTS													
Senate Bills	3	1	5	30	15	34	485	206	38	57	--	2	876
House Bills	22	21	25	69	43	93	840	63	26	38	1	10	1251
Total Bills	25	22	30	99	58	127	1325	269	64	95	1	12	2127
Senate Resolutions	--	--	4	17	--	6	38	57	110	6	--	--	238
House Resolutions	--	--	12	19	9	16	70	100	266	8	--	4	504
Total Resolutions	--	--	16	36	9	22	108	157	376	14	0	4	742
Senate Certificates	--	--	--	--	2	--	--	--	1	1	--	--	4
House Certificates	1	--	--	1	1	2	--	2	3	19	2	1	32
Total Certificates	1	--	--	1	3	2	--	2	4	20	2	1	36
Caucus Digest	--	--	--	--	--	--	--	127	--	79	--	--	206
Committee Reports	--	--	--	11	--	--	7	321	86	94	2	--	521
Floor Amendments	--	--	--	--	--	--	--	--	--	1	--	--	1
Language	--	--	--	--	--	--	--	--	--	--	--	--	--
Contracts/RFPs	--	1	2	2	2	--	--	--	--	--	--	--	7
Letters/Memos	11	6	8	32	8	28	91	629	323	28	2	6	1172
Published Reports	--	--	--	--	--	--	1	--	1	--	--	--	2
Total Others	11	7	10	45	10	28	99	1077	410	202	4	6	1909
TOTAL LEGISLATIVE REQUESTS	37	29	56	181	80	179	1532	1505	854	331	7	23	4814
II. NON-LEGISLATIVE REQUESTS FOR ASSISTANCE													
Hawaii State Government	--	--	--	--	--	--	--	--	--	--	--	--	--
Other Governments*	--	--	--	--	--	--	--	--	--	--	--	--	--
Private	--	--	--	--	--	--	--	--	--	--	--	2	2
Materials Sent	--	--	--	--	--	--	--	--	--	--	--	--	--
TOTAL NON-LEGISLATIVE REQUESTS	--	--	--	--	--	--	--	--	--	--	--	2	2
TOTAL REQUESTS BY MONTH	37	29	56	181	80	179	1532	1505	854	331	7	25	4816

*Includes counties, other states, federal and foreign governments.

**MASTER STATISTICS FOR HAWAII STATE LEGISLATIVE REQUESTS, NON-LEGISLATIVE/
INFORMATIONAL REQUESTS COMPLETED BY THE LEGISLATIVE REFERENCE BUREAU
For Fiscal Year Ending June 30, 2007**

Type of Request	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
I. LEGISLATIVE REQUESTS													
Senate Bills	--	3	15	20	10	54	961	77	113	127	--	2	1382
House Bills	3	19	25	25	9	116	1398	77	39	20	1	6	1738
Total Bills	3	22	40	45	19	170	2359	154	152	147	1	8	3120
Senate Resolutions	--	2	--	14	1	8	22	15	144	92	2	--	300
House Resolutions	--	3	--	1	1	4	27	21	302	170	--	--	529
Total Resolutions		5	--	15	2	12	49	36	446	262	2	0	829
Senate Certificates	--	--	--	--	1	--	--	2	3	3	32	2	43
House Certificates	--	--	--	1	1	14	1	1	1	2	5	2	28
Total Certificates	--	--	--	1	2	14	1	3	4	5	37	4	71
Caucus Digest	--	--	--	--	--	--	--	--	114	139	--	--	253
Committee Reports	--	--	--	--	--	--	--	218	204	152	1	--	575
Floor Amendments	--	--	--	--	--	--	--	--	1	4	1	--	6
Language	2	--	--	--	--	--	1	7	3	8	--	--	21
Letters/Memos	14	17	14	14	7	35	74	919	437	48	2	6	1587
Published Reports				--	--	4	3	--	1	--	--	1	9
Total Others	16	17	14	14	7	39	78	1144	760	351	4	7	2451
TOTAL LEGISLATIVE REQUESTS	19	44	54	75	30	235	2487	1337	1362	765	44	19	6471
II. NON-LEGISLATIVE REQUESTS FOR ASSISTANCE													
Hawaii State Government	--	--	--	--	--	--	--	--	--	--	--	--	0
Other Governments*	--	--	--	--	--	--	--	--	--	--	--	--	0
Private	--	--	--	--	--	--	--	--	--	--	--	--	0
Materials Sent	--	--	--	--	--	--	--	--	--	--	--	--	0
TOTAL NON-LEGISLATIVE REQUESTS	--	--	--	--	--	--	--	--	--	--	--	--	0
TOTAL REQUESTS BY MONTH	19	44	54	75	30	235	2487	1337	1362	765	44	19	6471

*Includes counties, other states, federal and foreign governments.

EXHIBIT F

**REQUESTS FOR SERVICE
FOR THE LEGISLATIVE REFERENCE BUREAU SYSTEMS OFFICE
FOR FISCAL YEAR 2007-2008**

Request for:	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Information from computer	43	23	34	24	16	16	44	51	46	35	27	30	389
Technical Assistance	57	59	22	48	67	82	118	87	68	69	51	54	782
Printouts	4	6	10	9	10	16	30	20	22	17	23	21	188
General Information	13	10	12	9	9	11	14	7	11	13	9	6	124
Training	0	0	0	0	0	0	0	0	0	0	0	0	0
Copying services	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	117	98	78	90	102	125	206	165	147	134	110	111	1483

**REQUESTS FOR SERVICE
FOR THE LEGISLATIVE REFERENCE BUREAU SYSTEMS OFFICE
FOR FISCAL YEAR 2006-2007**

Request for:	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Information from computer	51	36	36	33	35	22	63	69	67	52	74	34	572
Technical Assistance	30	27	23	27	30	30	82	42	87	45	51	52	526
Printouts	26	15	14	20	17	19	15	22	32	21	18	9	228
General Information	20	10	7	13	28	12	27	24	16	4	26	13	200
Training	0	0	0	0	0	0	0	0	0	0	0	0	0
Copying services	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	127	88	80	93	110	83	187	157	202	122	169	108	1526

Exhibit G

**Requests for Service
For Legislative Reference Bureau Library
For Fiscal Year 2007-08**

Requests for:	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Reference/Research	123	148	94	147	131	90	160	181	136	181	118	96	1,605
Online database searches	11	10	13	15	9	10	10	7	10	8	5	5	113
Orientation/Training	1	0	1	2	3	5	7	3	2	0	0	0	24
Publications distributed/sold	71	60	50	121	31	60	71	128	601	290	64	49	1,596
Documents borrowed	<u>9</u>	<u>25</u>	<u>68</u>	<u>28</u>	<u>24</u>	<u>31</u>	<u>9</u>	<u>29</u>	<u>20</u>	<u>50</u>	<u>57</u>	<u>23</u>	<u>373</u>
Total	215	243	226	313	198	196	257	348	769	529	244	173	3,711
Photocopying (pages)	209	250	160	231	300	92	239	666	310	1,104	338	1,116	5,015
Computer printouts (pages)	<u>17</u>	<u>0</u>	<u>9</u>	<u>21</u>	<u>8</u>	<u>9</u>	<u>0</u>	<u>4</u>	<u>0</u>	<u>20</u>	<u>2</u>	<u>0</u>	<u>90</u>
Total	226	250	169	252	308	101	239	670	310	1,124	340	1,116	5,105

**Requests for Service
For Legislative Reference Bureau Library
For Fiscal Year 2006-07**

Requests for:	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Reference/Research	147	137	156	128	138	132	173	170	157	179	155	91	1,763
Online database searches	13	7	6	15	5	8	13	15	7	13	9	7	118
Orientation/Training	0	0	0	0	0	3	8	0	3	3	0	0	17
Publications distributed/sold	28	61	147	22	51	96	113	40	667	343	63	67	1,698
Documents borrowed	<u>8</u>	<u>30</u>	<u>15</u>	<u>25</u>	<u>37</u>	<u>34</u>	<u>23</u>	<u>34</u>	<u>10</u>	<u>19</u>	<u>47</u>	<u>26</u>	<u>308</u>
Total	196	235	324	190	231	273	330	259	844	557	274	191	3,904
Photocopying (pages)	797	747	475	482	276	218	378	574	576	215	149	134	5,021
Computer printouts (pages)	<u>23</u>	<u>22</u>	<u>14</u>	<u>2</u>	<u>8</u>	<u>2</u>	<u>8</u>	<u>65</u>	<u>21</u>	<u>209</u>	<u>5</u>	<u>692</u>	<u>1,071</u>
Total	820	769	489	484	284	220	386	639	597	424	154	826	6,092

EXHIBIT H
REQUESTS FOR SERVICE
FOR PUBLIC ACCESS ROOM
FOR FISCAL YEAR 2007-2008

Request for:	July	Aug	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Total
Photocopying (pages) ¹	--	--	10,663	4,325	--	--	40,662	--	58,499	--	--	17,617	131,766
Email inquiries	42	44	23	71	38	49	89	59	75	81	36	60	667
Email testimony Received	0	0	0	5,015	77	--	1,415 ²	1,334 ³	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	7,841
Workshops	1	25	55	0	132	0	239	95	21	107	32	0	707

REQUESTS FOR SERVICE
FOR PUBLIC ACCESS ROOM
FOR FISCAL YEAR 2006-2007

Request for:	July	Aug	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Total
Photocopying (pages) ¹	--	--	--	13,770	--	--	38,788	70,388	206,689	--	--	99,501	429,136
Email inquiries	48	35	30	27	38	46	125	109	80	78	55	36	707
Email testimony received	0	0	0	0	0	0	564	6,074	3,570	2,280	5	0	12,493
Workshops	46	0	45	30	43	78	68	40	94	0	0	0	444

(Compiled 11/19/08)

¹ Figures compiled when requested by Xerox.

² Beginning January 2008, only Senate testimony was being processed.

³ Senate testimony was processed through February 5, then turned over to Senate Sergeant-at-Arms.



Robin K. Matsunaga
Ombudsman

David T. Tomatani
First Assistant

**OFFICE OF THE OMBUDSMAN
STATE OF HAWAII**

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Honolulu, Hawaii 96813
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**TESTIMONY OF ROBIN K. MATSUNAGA, OMBUDSMAN,
ON THE BUDGET REQUEST FOR FISCAL YEAR 2009-2010
FOR THE OFFICE OF THE OMBUDSMAN**

**SENATE COMMITTEE ON WAYS AND MEANS
HOUSE COMMITTEE ON FINANCE**

JANUARY 6, 2009

Chair Kim, Chair Oshiro and Members of the Committees on Ways and Means and Finance:

Thank you for this opportunity to present the budget request of the Office of the Ombudsman for fiscal year 2009-2010.

The Ombudsman is an independent, neutral, and nonpartisan officer of the Legislature, empowered to investigate citizen complaints against State and county executive agencies. We seek to assure the public of fair, reasonable and lawful treatment by government.

The workload of the office is determined primarily by the number and types of inquiries we receive from the public. During the 2007-2008 fiscal year, we received a total of 4,649 inquiries, a 3.3 percent increase from the 4,501 inquiries received during the 2006-2007 fiscal year. Of the total number of inquiries, 3,268 were complaints against agencies within our jurisdiction, a 9.9 percent increase over the prior fiscal year. We received 852 requests for information (a 22.3 percent decrease), and 529 complaints against entities outside our jurisdiction (a 22.7 percent increase).

Further statistical information regarding our caseload and a sampling of the cases we investigated and closed during the last fiscal year can be found in our annual report for fiscal year 2007-2008, which we submitted to the Legislature on December 29, 2008. The annual report can also be found on our Web site, at www.ombudsman.hawaii.gov.

While I am aware that the State is facing a significant reduction in projected revenues, for fiscal year 2009-2010 I am requesting a lump sum budget totaling \$1,060,728, the same amount appropriated to the office for fiscal year 2008-2009. The \$1,060,728 actually reflects \$18,600 less than what I would have requested if not for the current revenue shortfall in order to maintain a no-growth budget for the next fiscal year. As you can see from the attached budget, a total of \$1,079,328 would be needed to keep the office's current expense and equipment budgets flat and to continue to pay the employees of the office the same level of salaries authorized by the Legislature in Act 1 of 2008 (only 9 months of funding were provided in Act 1, since the salary increases for staff took effect on October 1, 2008) and to cover the increases for the Ombudsman

and First Assistant that are scheduled to take effect on July 1, 2009, as provided by sections 96-2 and 96-3, Hawaii Revised Statutes, and the salary schedule established by the Executive Salary Commission.

I understand that all branches of state government will need to make some cuts because of the reduction in state revenues. It is also my understanding that to the extent possible, warm bodies will not be affected by the cuts. As you can see from the attached budget, however, personal services costs represents 94.4 percent of my office's total budget for the current fiscal year. Of the remaining 5.4 percent that is budgeted for current expenses and equipment needs, there are few options where funding can be reduced without significantly impacting the office.

For fiscal year 2009-2010, based on invoices recently received, it appears that telephone expenses for the office will increase significantly due to changes in the State's contract with Hawaiian Telcom. To accommodate the expected increase, the budget for telephone expenses has been increased from \$3,850 to \$7,000 and the budget for printing expenses has been reduced by the same amount.

The budget request also includes \$7,500 for out-of-state travel and training expenses for the office's professional staff. While I am aware that travel is being restricted in the executive branch, I feel that ongoing training of the office's professional staff is critical to ensuring the public of the highest level of services from the office. The only relevant source of technical training is through the United States Ombudsman Association (USOA), the nation's oldest and largest association of governmental ombudsmen, which offers an annual training conference in different parts of the country each year. (Our office hosted the USOA annual conference in 2003.) I would note also that I have been a member of the USOA's Board of Directors since 1999, having served as its President from 2001-2005 and as its Vice President since 2007. I have also served as faculty of its 2-day training seminar for new ombudsmen since 2005. This involvement with the USOA has raised awareness and recognition of the Hawaii Ombudsman's Office both nationally and internationally as the first statutorily created ombudsman in the United States, and one that closely resembles the model structure recommended by the USOA.

While I recognize there will be many difficult fiscal decisions that the Legislature will have to deal with in the upcoming session, I strongly believe and hope you agree that the Office of the Ombudsman provides the citizens of Hawaii a valuable and much needed service, especially in times where services delivered by the State and County executive branch agencies may be reduced because of budgetary issues. The lump sum budget of \$1,060,728 that I am requesting will provide me the flexibility to allocate funds where they are needed and should allow the office to continue to operate without any reduction in the quality or level of services it provides to the public. Therefore, I request your favorable consideration of this budget request for fiscal year 2009-2010.

Thank you, again, for the opportunity to present the budget request of the Office of the Ombudsman. If you have any questions, I will be happy to answer them.

OFFICE OF THE OMBUDSMAN
OPERATING BUDGET -- FY 2009-2010 vs. FY 2008-2009

	<u>FY 2009-2010</u>	<u>FY 2008-2009</u>
A. PERSONAL SERVICES		
Ombudsman	\$ 120,444 (1)	\$ 114,708 (1)
First Assistant	110,808 (1)	105,528 (1)
Analysts	530,936 (8)	525,880 (8)
Intake/Secretarial	<u>257,740 (5)</u>	<u>255,212 (5)</u>
 SUBTOTAL PERSONAL SERVICES	 1,019,928 (15)	 1,001,328 (15)
 B. OTHER CURRENT EXPENSES		
Office Supplies & Postage	6,600	6,600
Telephone	7,000	3,850
Intra-state Transportation & Subsistence	220	220
Out-of-state Transportation & Subsistence	5,500	5,500
Printing, Advertising & Publications	4,550	7,700
Maintenance - Office Equipment	5,500	5,500
Equipment Rental	4,950	4,950
Training/Subscriptions/Dues	5,830	5,830
Other Miscellaneous Current Expense	1,100	1,100
Computer Services	14,950	14,950
Risk Management	<u>(included w/Other)</u>	<u>(included w/Other)</u>
 SUBTOTAL OTHER CURRENT EXPENSES	 56,200	 56,200
 C. EQUIPMENT, FURNISHINGS, & BOOKS		
Equipment	2,100	2,100
Furnishings	550	550
Books	<u>550</u>	<u>550</u>
 SUBTOTAL EQUIP, FURNISHINGS, BOOKS	 3,200	 3,200
 TOTAL OPERATING BUDGET (w/ No Growth)	 <u>1,079,328</u>	 <u>1,060,728</u>
 TOTAL LUMP SUM BUDGET REQUESTED	 <u>1,060,728</u>	