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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol
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HB2650, HD1

MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION

Testimony by the Legislative Reference Bureau
Charlotte A. Carter-Yamauchi, Acting Director

Presented to the Senate Committee on Ways and Means

Wednesday, February 19, 2014, 9:00 a.m.
Conference Room 211

Chair Ige and Members of the Committee:

I am Charlotte Carter-Yamauchi, Acting Director of the Legislative Reference Bureau (LRB). Thank you for this opportunity to comment on the Bureau's budget request for fiscal year 2014-2015.

The LRB provides comprehensive, impartial research and reference services on legislative matters, primarily for the Legislature, but occasionally also for other governmental agencies, other entities, and the general public.

The Bureau's major functions include:

- Providing research and drafting, including drafting bills and other legislative documents, such as bill reviews and committee reports, at the request of the Legislature, legislative committees, and individual legislators. We prepare studies and reports and issue memoranda on various issues. We strive to maintain a standard of being objective, impartial, nonpartisan, and fair in all of our research.
- Engaging in statutory revision, including the publication of the Session Laws of Hawaii, the Hawaii Revised Statutes and all cumulative Supplements thereto, and annual Replacement Volumes to the Hawaii Revised Statutes. We also establish the format for administrative agency rules and compile and publish a table indicating those rules that implement or interpret state laws.

- Maintaining a reference library as an information resource primarily for the Legislature and legislative staff, but which is also used by other government agencies and the general public. Our library provides outstanding services, including online information services, and maintains the Bureau's website, which is designed to facilitate legislative research by providing links to other important websites.
- Maintaining a legislative systems office that purchases, maintains, and provides technical support for the computer hardware, software, and other equipment for the Bureau and coordinates the integration of the Bureau's computer system with the House and Senate information systems. The systems office also maintains the Bureau's data management system, which is critical to our internal operations, such as workload tracking, and is used by Bureau staff and other legislative research offices to access information and research on the subject matter and status of legislative documents on a continuous basis during legislative sessions.
- Maintaining the Public Access Room, which was established by the Legislature to ensure public participation in the legislative process. Our Public Access Room staff, working with librarians and others on the neighbor islands, have expanded the availability of legislative information, materials, and services far beyond Oahu. In addition, although no moneys are contained in the Bureau's budget to fulfill the responsibility, our Public Access Room staff is separately tasked with coordinating the Legislative Broadcasting Project of the House of Representatives and the Senate.

We note that the actual appropriation made to the Bureau each year is usually higher than the amount of the Bureau's operating budget. This additional amount reflects the Legislature's appropriation for the CSG annual dues, which is typically added to the Bureau's budget to pay on behalf of the Legislature. We understand that this year, the Legislature has also added to our budget the annual dues to be paid to NCSL. Accordingly, the present appropriation amount of \$3,263,947 in section 9 of H.B. No. 2650 (2014) includes a pass-through appropriation of \$98,117 for CSG dues and a pass-through appropriation of \$127,671 for NCSL dues, leaving \$3,038,159 for the operating expenses of the Bureau for fiscal year 2014-2015. This amount reflects a very slight increase of less than one percent to restore funds for professional development/training costs that were cut from the Bureau's budget as a result of budget reductions in fiscal year 2009-2010.

We have attached a series of exhibits that 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 Functions and services provided by LRB

Thank you.

**LEGISLATIVE REFERENCE BUREAU
BUDGET REQUEST FOR FY 2014-2015**

	<u>2013-2014</u> <u>APPROPRIATION</u>	<u>2014-2015</u> <u>BUDGET REQUEST</u>
<u>BILL DRAFTING & RESEARCH</u>		
Personal Services:		
Staff	\$ 964,569 (12)	\$ 964,569 (12)
TOTAL BILL DRAFTING & RESEARCH	\$ 964,569	\$ 964,569
<u>SYSTEMS OFFICE</u>		
Personal Services:		
Staff	315,864 (6)	315,864 (6)
Session Staff	70,000	70,000
Other Current Expenses	<u>64,866</u>	<u>64,866</u>
TOTAL SYSTEMS OFFICE	450,730	450,730
<u>LIBRARY</u>		
Personal Services:		
Staff	324,900 (6)	324,900 (6)
Other Current Expenses	<u>64,201</u>	<u>64,201</u>
TOTAL LIBRARY	389,101	389,101
<u>PUBLIC ACCESS ROOM</u>		
Personal Services:		
Staff	99,936 (2)	99,936 (2)
Session Staff	25,000	25,000
Other Current Expenses	<u>16,216</u>	<u>16,216</u>
TOTAL PUBLIC ACCESS ROOM	141,152	141,152
<u>GENERAL SUPPORT</u>		
Personal Services:		
Staff	296,148 (5.5)	296,148 (5.5)
Student Staff	30,000	30,000
Overtime	25,000	25,000
Other Current Expenses	<u>63,935</u>	<u>83,935</u>
TOTAL GENERAL SUPPORT	415,083	435,083
<u>REVISOR OF STATUTES</u>		
Personal Services:		
Staff	388,063 (6.5)	388,063 (6.5)
Other Current Expenses	<u>269,461</u>	<u>269,461</u>
TOTAL REVISOR OF STATUTES	657,524	657,524
TOTAL LRB	\$3,018,159*	\$3,038,159*
CSG Dues	97,879	98,117
NCSL Dues		127,671
TOTAL LRB + CSG DUES + NCSL DUES	\$3,116,038	\$3,263,947

*Amount does not include CSG & NCSL Dues

EXHIBIT A

SYSTEMS OFFICE
BUDGET REQUEST FOR FISCAL YEAR 2014-2015

OTHER CURRENT EXPENSES

	<u>2013-2014</u> <u>APPROPRIATION</u>	<u>2014-2015</u> <u>BUDGET REQUEST</u>
Software/Hardware Maintenance	\$10,978	\$10,978
Acquisition of Software/Hardware	9,626	9,626
Equipment Rental	4,320	4,320
Data Communication	2,520	2,520
Telephone	1,440	1,440
General Supplies	4,102	4,102
Staff Training Programs, etc.	8,640	8,640
Publication, Training Manuals, etc.	1,800	1,800
Services on Fee	1,440	1,440
Other Current Expenses	<u>20,000</u>	<u>20,000</u>
TOTAL	\$64,866	\$64,866

EXHIBIT B

LIBRARY DIVISION
BUDGET REQUEST FOR FISCAL YEAR 2014-2015

OTHER CURRENT EXPENSES

	<u>2013-2014</u> <u>APPROPRIATION</u>	<u>2014-2015</u> <u>BUDGET REQUEST</u>
Books	17,585	17,585
Online Information Services		
Westlaw	27,473	27,473
Print Subscriptions and Dues	11,243	11,243
Web Catalog		
Maintenance	3,000	3,000
Upgrades	700	700
Computer Hardware, Software, Maintenance and Supplies	500	500
Copier Maintenance and Supplies	3,000	3,000
Office and Library Supplies	400	400
Staff Development and Training	<u>300</u>	<u>300</u>
TOTAL	\$64,201	\$64,201

EXHIBIT C

PUBLIC ACCESS ROOM
BUDGET REQUEST FOR FISCAL YEAR 2014-2015

OTHER CURRENT EXPENSES

	<u>2013-2014</u> <u>APPROPRIATION</u>	<u>2014-2015</u> <u>BUDGET REQUEST</u>
Office supplies	\$ 800	\$ 800
Equipment maintenance	7,068	7,068
Subscriptions	240	240
Neighbor island workshops	6,480	6,480
Postage	80	80
Staff development and training	1,440	1,440
Other	<u>108</u>	<u>108</u>
TOTAL	\$16,216	\$16,216

EXHIBIT D

REVISOR OF STATUTES DIVISION
 BUDGET REQUEST FOR FISCAL YEAR 2014-2015

The requested appropriation by the Division includes \$268,251 in 2014-2015 for the production and printing of the Session Laws, the Hawaii Revised Statutes Supplement, and the Hawaii Revised Statutes Replacement Volume.

2014 Session Laws	\$ 31,500
2,200 volumes; 1,200 pages each volume.	
2014 HRS Supplement	\$171,000
2,400 sets; 5,000 pages each set.	
2014 HRS Replacement volume	\$ 45,000
2,500 volumes; 850 pages each volume	
2014 Tables of Disposition	\$ 20,751
2500 copies; 350 pages each pamphlet	
	<u>\$268,251</u>

OTHER CURRENT EXPENSES

	<u>2013-2014</u> <u>APPROPRIATION</u>	<u>2014-2015</u> <u>BUDGET REQUEST</u>
Office Supplies	\$ 378	\$ 378
Postage	756	756
Notices, Publication of	76	76
Printing	<u>268,251</u>	<u>268,251</u>
TOTAL	\$269,461	\$269,461

Exhibit E

THE LEGISLATIVE REFERENCE BUREAU

The Legislative Reference Bureau is a nonpartisan legislative service agency that provides a wide variety of comprehensive impartial research and reference services to the Legislature as a whole and to individual legislators and legislative committees. In some cases, the Bureau also provides nonpartisan services for other government agencies, other entities, and the general public. The Bureau consists of five separate and distinct divisions: Research, Statute Revision, Systems Office, Library, and the Public Access Room. By law, the services provided by the Bureau to legislators are confidential, unless the confidentiality is waived by the requestor.¹

It is important to note that the Bureau as a whole, and the Research Division in particular, has no control over the amount of work assigned to it from either house of the Legislature. The decision to utilize the services of the Bureau is left entirely to the discretion of the members. The preference of members to use a particular research/drafting agency may fluctuate over time based upon any number of factors. Further, many members often use the services of more than one research/drafting agency.

What follows is a detailed description of the work of each division of the Bureau. Recognizing that workloads fluctuate from session to session for a variety of reasons, an effort has been made to present detailed workload statistics for a five-year period, to the extent available, to provide a more comprehensive picture of the LRB's operations.

Research Division

The Research Division assists the Legislature through comprehensive, nonpartisan research memoranda and reports and drafting of various legislative documents. The Research Division's work includes drafting bills, resolutions, bill reviews and legal checks, committee reports, floor amendments, draft language, letters and memoranda, and published reports and studies. In addition, Research Division staff members are sometimes tasked with supporting legislative task forces and working groups and preparing operational documents such as Requests for Proposals and procurement contracts for the Legislature.²

Between fiscal years 2008-2009 and 2012-2013, the Research Division responded to 23,274 requests for services. In each year, the Research Division responded to an average of 4,655 requests for services. (See Table 1 for year-by-year totals.)

(Note: The totals and averages provided here and in Table 1 reflect the number of original requests responded to by the Research Division. They do not reflect requests for revisions to original documents, i.e., documents that are returned to the Research Division by a legislator for changes, alternate versions of legislation, or additional research related to a prior request for services. If treated as original requests, these revisions would add over 500 additional requests to the Research Division's total requests each year.)

Table 1. Research Division Requests (FY 2008-2009 - FY 2012-2013)

	FY 08-09				FY 09-10				FY 10-11				FY 11-12				FY 12-13			
	House		Senate		House		Senate		House		Senate		House		Senate		House		Senate	
	Number of Requests	Percent by Chamber	Number of Request	Percent by Chamber	Number of Request	Percent by Chamber	Number of Request	Percent by Chamber	Number of Request	Percent by Chamber	Number of Request	Percent by Chamber	Number of Requests	Percent by Chamber	Number of Requests	Percent by Chamber	Number of Requests	Percent by Chamber	Number of Requests	Percent by Chamber
Bills for Introduction	1649	62%	1005	38%	1150	65%	610	35%	1306	62%	786	38%	843	64%	466	36%	696	76%	224	24%
Bill Drafts (HDs, SDs, CDs)	163	32%	346	68%	114	33%	231	67%	144	28%	377	72%	127	26%	361	74%	114	25%	350	75%
Committee Reports	94	21%	349	79%	28	10%	253	90%	46	10%	405	90%	41	8%	468	92%	236	33%	470	67%
Resolutions	427	69%	196	31%	446	72%	170	28%	357	66%	183	34%	254	71%	106	29%	156	88%	22	12%
Certificates	23	79%	6	21%	21	64%	12	36%	17	89%	2	11%	1	100%	0	0%	6	100%	0	0%
Bill/Resolution Language	6	86%	1	14%	3	100%	0	0%	1	100%	0	0%	n/a	n/a	n/a	n/a	7	88%	1	12%
Bill Reviews	671	69%	307	31%	481	66%	251	34%	607	63%	358	37%	578	57%	431	43%	497	57%	377	43%
Research Memos	102	80%	26	20%	94	79%	25	21%	96	71%	39	29%	68	69%	30	30%	54	76%	17	24%
Total House & Senate Requests	3135	58%	2236	42%	2337	60%	1552	40%	2574	54%	2150	46%	1912	51%	1862	49%	1766	55%	1461	45%
Administration Bills (formatting and proofing; preparation for Legislature's website) ³	168		146		108		203		237											
Formatting Acts (preparation for publisher-session laws and supplements) ⁴	285		250		252		329		288											
Miscellaneous (projects, studies, task force reports, RFPs, etc.)	4		7		4		4		4											
TOTAL ALL REQUESTS	5828		4292		5088		4310		3756											

This table shows the distribution of the various types of requests for services completed by the Research Division. Requests completed for the House appear in the orange column, along with the corresponding percentage of the total. Requests for the Senate appear in the blue column, along with the corresponding percentage of the total. Administration bills (which are assigned by legislative leadership to the Bureau for formatting), formatting acts, and miscellaneous requests are not allocated to either house, but appear in the overall total of requests handled by the Research Division.

Over the course of a two-year legislative biennium, the Research Division historically handles approximately 25% more requests in the first year of the biennium than in the second year of the biennium. As to be expected, the volume of requests is highest immediately before and during the legislative session (November to May).

Over the past five fiscal years, the Research Division has completed an average of 2,345 requests for services for the House and 1,852 requests for services for the Senate each year. Of the requests received by the Research Division, a five-year average of 50% come from the House and 40% come from the Senate (other requests such as formatting Administration bills and other task comprise the remaining 10%). Although the overall majority of requests for service have come from the House, the Senate has typically requested the greater number of bill drafts and committee reports. To offer another perspective on the breakdown of requests for services completed for each house, if the foregoing figures are divided by each member of each respective house of the Legislature (per capita) over the five-year period, they would equate to the Research Division completing an average of 46 requests for each Representative and 74 requests for each Senator each year.

Statute Revision Division

Chapter 23G, part II, Hawaii Revised Statutes (HRS), addresses the Bureau's statute revision and publication functions.⁵ Under section 23G-11, HRS, the Director, or a member of the staff of the Bureau designated by the Director, serves as the Revisor of Statutes of the State. The Statute Revision Division reviews the laws enacted each session and is responsible for several publications that are published annually during the interim:

- The Session Laws of Hawaii, containing all the laws enacted and any constitutional amendments proposed during a legislative session, along with a suitable index and tables showing what statutes have been affected;
- The Hawaii Revised Statutes (HRS), containing all of Hawaii's laws that are of a general and permanent nature;
- The annual cumulative supplements to the HRS,⁶ containing all subsequent amendments or repeals made to those statutory sections appearing in the most recent hardbound volumes and any new statutory sections that have been enacted into law;
- Hardbound replacement volumes to the HRS.⁷

The Statute Revision Division also engages in the continuous review of existing law to identify errors or inconsistencies in the HRS and session laws. As necessary, staff prepare a statutory revision bill that is "housekeeping" in nature to correct the technical nonsubstantive errors found in the HRS or session laws. The Division also is statutorily charged with: prescribing and distributing a uniform format for all state agencies for the compiling and publication of their rules;⁸ and compiling and publishing an index to all rules, with annual supplements, that includes an annual table indicating administrative agency rules that implement or interpret state laws.⁹ To facilitate the perceived intent of the Legislature and to assist the

agencies in meeting the mandated rules format, Statute Revision staff, upon request, review governmental agencies' administrative rules for conformance with a mandated format. Finally, during the legislative session, staff members from the Statute Revision Division frequently assist Research Division researchers with requests for legislative drafting.

Systems Office

The LRB's Systems Office purchases and maintains the computer hardware, software, and peripheral devices for all divisions of the Legislative Reference Bureau and coordinates the integration of the Bureau's computer systems with the House and Senate information systems. Pursuant to statute,¹⁰ the Systems Office is also responsible for maintaining the Bureau's data management system, which is used by the Bureau staff to electronically access information relating to legislative documents, legislators, and the Legislature and for critical Bureau operations such as managing internal documents and workload tracking.

Using the data management software Concordance,¹¹ the Systems Office creates and maintains searchable databases of information on measures considered each session by the Legislature (since 1983) and builds and maintains databases of the Hawaii Revised Statutes and the Session Laws of Hawaii (since 1991).¹² Using these databases, the Systems Office is able to provide information on the subject matter, status, and history of legislation for the past thirty years. In addition, the Systems Office produces and disseminates bill status information via various annual publications (Crossover Bills, Bills Passed, Resolutions Adopted, etc.), which are also made available on the LRB's website. A significant portion of the work performed by the Systems Office, in creating and maintaining databases, tracking legislation, and customizing bill status reports, supports the work of legislators, their staff, and legislative research offices, as well as the other divisions of the Bureau, particularly the Research Division. The Systems Office also assists others in the use of Concordance and the databases. For example, research offices of the House of Representatives and the Senate use Concordance to access information on current and past legislation, as well as in the Hawaii Revised Statutes and the Session Laws of Hawaii databases.

Requests for services of the Systems Office are captured according to four broad categories: information from computer, technical assistance, printouts, and general information. Requests for information from computer are requests for information maintained in the Concordance databases that may include bill status or bill tracking. These requests are generally handled over the phone or by email. Requests for technical assistance require Systems Office staff to assist with either hardware or software issues. Requests for printouts are requests for more extensive information for which a report is generated and provided to the requestor. Finally, general information requests involve Systems Office staff responding to inquiries that do not require access to the Concordance database. Over the past five fiscal years, the Systems Office has responded to an average of 1,009 requests each year. Requests for information from the computer and technical assistance make up the majority of the Systems Office's requests in any given year. (See Table 2.)

Request Type	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	Average per year
Information from Computer	329	323	260	246	235	279
Technical Assistance	602	461	412	444	450	474
Printouts	220	170	138	90	103	144
Training	0	0	12	0	25	19 ¹³
General Information	158	118	103	86	84	110
TOTALS	1309	1072	925	844	897	1009

Of the types of requests that it handles, the Systems Office only maintains requestor data for printouts. However, this sample may be seen as illustrative of the overall makeup of the Systems Office's requests. Over the past five years, an average of 36% of printout reports generated by the Systems Office have been at the request of members of the Senate. House members requested an average of 50% of report requests, and the remainder was provided to other governmental agencies. (See Table 3.)

Year	Total Printouts	House (%)	For Senate (%)	Other
FY08-09	220	119 (54%)	68 (31%)	33 (15%)
FY09-10	170	95 (56%)	79 (46%)	21 (12%)
FY10-11	138	50 (36%)	50 (36%)	38 (28%)
FY11-12	90	32 (36%)	32 (35%)	19 (21%)
FY12-13	102	65 (64%)	29 (29%)	8 (8%)

Library

The Legislative Reference Bureau is statutorily charged with maintaining a reference library as an information resource to serve and support the Legislature and legislative staff, including the other divisions within the Legislative Reference Bureau.¹⁴ In addition, the Library is available for use by other government agencies and the general public.¹⁵ Furthermore, the Bureau's Library is a major repository for government reports to the Legislature.¹⁶ We note that with the closure of the DBEDT's reference library some years ago and the limited availability of materials from the Honolulu Municipal Reference Center, the Bureau's Library provides one of the few available resources of this nature. The Library's collection consists of over 123,000 volumes, including Hawaii statutes and case law, reports, and other state documents, a ten-year archive of bills and resolutions, House and Senate journals dating back to 1901, Session Laws of Hawaii back to 1848, statute collections from the federal government and other states, and

numerous other reference volumes and reports. In addition, the collection contains thousands of volumes of law reviews, scholarly journals, magazines, and other periodicals. The Library staff includes four research librarians who provide reference and research assistance, as well as assistance with Westlaw.

The Library card catalog (a/k/a CARD) is available on the Internet and is a network with the Supreme Court Law Library and the Honolulu Municipal Reference Center. The Library maintains the Legislative Reference Bureau's website and the Bureau's information intranet site, "Irb Capnet," which is designed specifically for the Legislature on the capitol network. The Library also provides an electronic news headline service called *iClips* that is emailed to legislators and legislative staff every weekday morning. This news service differs from others, such as Google News, in that the articles are read, selected, and sorted with Hawaii's legislative community in mind. In addition, the Library also distributes all LRB publications with the exception of the Hawaii Revised Statutes, its supplements, and the Session Laws of Hawaii, which, by law, are required to be distributed or sold by the Lieutenant Governor.¹⁷

The Library maintains records on several types of service requests: reference and research assistance, online database research (this involves more extensive research, including Westlaw searches, and is done only for legislators or legislative staff), legislative staff orientation and training, distribution of publications, and documents borrowed. In addition, the Library keeps records of photocopying and printouts that it prepares in response to the various requests. Over the past five years, the Library has responded to an average of over 3,800 informational and research requests each year, not including requests for photocopying or computer printouts. (See Table 4.)

Table 4. LRB Library Requests for Services						
Requests for:	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	Average per Year
Reference/Research	1655	1533	1553	1714	1435	1612
Online Database Research	60	91	67	65	59	79
Orientation/Training	50	68	54	65	22	52
Publications Distributed ¹⁸	2511	956	1023	987	300 ¹⁹	1777
Documents Borrowed	387	287	256	256	176	312
TOTALS	4663	2935	2953	3087	1992	3832
Photocopying (pages)	4590	4775	2678	3989	2520	3710
Comp. printouts (pages)	173	112	225	40	81	126
TOTALS	4763	4887	2903	4029	2601	3837

A review of the Library's requests for services reveals that its resources are heavily used by both houses of the Legislature, legislative agencies, other agencies, and the public.²⁰ Relative use among requestors varies depending upon the type of request. One pattern is clear however:

the Library provides services to both the Senate and House in similar percentages across all categories of service requests in most years. (See Table 5.)

Table 5. LRB Library Requests by Requestor										
	FY08-09	%	FY09-10	%	FY10-11	%	FY11-12	%	FY12-13	%
Documents Borrowed										
Senate	43	11%	58	20%	40	16%	37	15%	40	23%
House	59	15%	46	16%	35	14%	53	21%	36	20%
Legislative Agencies	132	34%	72	25%	34	13%	52	20%	33	18%
Other Gov't. Agencies	54	14%	40	14%	48	19%	46	18%	8	5%
Public	99	26%	71	25%	99	39%	68	27%	59	34%
TOTAL	387		287		256		256		176	
Reference /Research²¹										
Senate	n/a	--	n/a	--	92	6%	115	7%	129	9%
House	n/a	--	n/a	--	148	10%	182	11%	148	10%
Legislative Agencies	n/a	--	n/a	--	40	3%	29	2%	30	2%
Other Gov't. Agencies	n/a	--	n/a	--	201	13%	267	16%	210	15%
Public	n/a	--	n/a	--	1052	69%	1121	65%	918	64%
TOTAL	1655		1655		1533		1714		1435	
Publications Distributed										
Senate	227	9%	106	11%	115	11%	81	8%	17	6%
House	462	18%	153	16%	192	19%	181	18%	35	12%
Legislative Agencies	119	5%	62	7%	69	7%	105	11%	61	20%
Other Gov't. Agencies	1590	63%	596	62%	621	61%	592	60%	161	54%
Public	113	5%	39	4%	26	3%	28	3%	26	9%
TOTAL	2511		956		1023		987		300	
Online Database Research										
Senate	15	25%	24	26%	24	36%	12	19%	16	27%
House	10	17%	28	31%	17	25%	7	11%	10	17%
Legislative Agencies	35	58%	39	43%	26	39%	45	71%	33	60%
TOTAL	60		91		67		65		59	

This table illustrates the total number of each type of request responded to by the library in each of the past five years. The table also breaks the data down by the type of request for service provided to a requesting entity and the percentage of the total.

Public Access Room

Originally staffed by community volunteers, the Public Access Room (PAR) began operations in 1990 and was statutorily established in 1994 as part of a permanent public access

program to enhance the ability of the public to participate in the legislative process. It was made part of the Legislative Reference Bureau in 1996²² and it is the only full-service taxpayer-funded resource of its kind in the country. Like all parts of the Bureau, PAR is nonpartisan and provides members of the public with access to:

- Computers for drafting testimony on legislative issues;
- Workspace for individual and/or small groups;
- The Internet for research on legislative issues and state government information;
- Legislative documents and reference materials;
- Photocopying services for testimony; and
- Television for viewing legislative broadcasts.

The Public Access Room is staffed year-round by two full-time specialists who provide research assistance, training, and outreach to members of the public who wish to understand the legislative process and to participate more effectively in their own governance. Two temporary full-time staff members are added during legislative sessions.

PAR staff members conduct numerous workshops and tutorials throughout the year, both in-house and in Hawaii's various communities (both on Oahu and on all neighbor islands except Niihau). Staff members respond to email, telephone, and walk-in inquiries regarding specific aspects of legislative process; teach people how to use various websites relevant to legislative matters; and photocopy testimony for walk-in citizens, as necessary. Staff also produce and distribute four to six newsletters annually, each designed around whichever aspect of the legislative calendar is relevant at the time of publication (current circulation @ 3000/issue). Additional in-house publications (manuals that provide in-depth explanation of the legislative process and various one-page handouts) are written and produced by the PAR staff members.

Request Type	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13
Email Inquiries	898	842	659	571	429
Photocopying (pages)	167,208	103,335	89,605	60,902	61,018
Workshop Participants <i>(Participants on Neighbor Islands)</i>	1161 <i>(224)</i>	783 <i>(155)</i>	806 <i>(116)</i>	626 <i>(116)</i>	636 <i>(155)</i>
Email Testimony Received	n/a	n/a	n/a	n/a	n/a
Telephone Inquiries	n/a	n/a	n/a	1,245 ²³	2,302
PAR walk-in patrons ²⁴	n/a	n/a	2,660	3,243	4,441
Broadcasts	143	148	138	123	99
TOTALS	169,410	105,108	93,868	66,710	68,925

Like many legislative agencies, the Public Access Room sees its number of requests peak during the legislative session. As shown in Table 10, PAR receives a variety of service requests, and the type and quantity of those requests have changed in recent years. In 2000, PAR began

processing and distributing email testimony, the nation's first legislative program designed to encourage electronic participation among a state's citizenry. This very successful program was heavily used; eight years later, when documents received exceeded 10,000 per session, individual House and Senate committees assumed responsibility for testimony processing. As a result of this transfer of responsibility, the Public Access Room has experienced a sharp decline in the quantity of photocopying requests. This has enabled the PAR staff to focus more resources on its educational mission by working with walk-in patrons and conducting educational workshops, including an increasing number of workshops on neighbor islands.

Endnotes

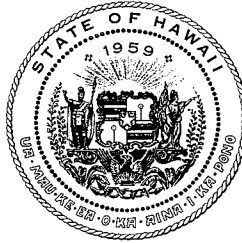
1. See section 23G-4, Hawaii Revised Statutes (HRS).
2. Recent examples of these include the Request for Proposals for Competitive Sealed Proposals to Furnish Services to Plan, Execute, and Evaluate the Legislative Broadcast Project; Invitation for Bid to Conduct Financial Audits of the Senate and the House of Representatives; and Invitation to Bid to Install, Provide, and Maintain High-Speed Wireless Internet Service in Selected Areas of the Hawaii State Capitol Building.
3. The executive departments have always been responsible for drafting their own bills and have never had access to the Legislature's computer bill drafting system. The departments submit identical bills and resolutions (measures) via the governor's legislative liaison office to both the Senate President and the Speaker of the House of Representatives for signature and introduction. The measures are sent to the respective clerk's office for numbering and these documents become the "official" measures. Every session, there can be anywhere from one hundred fifty to over two hundred measures submitted by the executive branch.

In the late 1970s, Leadership tasked the Bureau with duplicating magnetic cards (magcards) containing measures the administration submitted for introduction. Duplicate sets of the magcards were sent to both the Senate and House clerks. The Bureau was not required to format or proofread measures stored on magcards.

In the 1980s, the executive departments began using word processing software, such as IBM Display Writer, IBM OS6, Wang, Shadow, and Word Perfect, and supplied the Bureau with diskettes containing their measures. The Bureau continued its procedure of duplicating and reformatting the departments' measures, but was then also required to print and proofread them against the official measures before submitting the documents on floppy or 3-1/2" diskettes to the Senate and House clerks.

In the mid-1990s to present, the Legislature and administration switched to Word software. The governor's liaison office supplies the Bureau with diskettes or CDs containing the measures after they are submitted for introduction. Time and accuracy are very critical since measures are now posted on the Legislature's website. The Bureau continues its procedure of converting the data from the diskettes or CDs to electronic format by cutting and pasting the departments' measures into the legislature's drafting templates. Copies are printed and, thereafter, professional and administrative staff must proofread the copies against the official measures and ensure completion in a timely manner. Often, measures are not included on the CDs or do not match the official measures. In those instances, the Bureau contacts the department and requests submission of a corrected CD.
4. These statistics appear under the Research Division because the work is done by Research Division Administrative staff for the Statute Revision Division, which has only one and one-half administrative staff persons assigned to it.

5. While the Bureau is responsible for publication functions, the Lieutenant Governor is responsible for all facets of the sale and distribution of the Session Laws of Hawaii, Hawaii Revised Statutes replacement volumes, and HRS supplements, including pricing. See section 23G-18, HRS.
6. The Hawaii Revised Statutes is a compilation of all of Hawaii's laws that are of a general and permanent nature.
7. The entire HRS, comprised of volumes 1 through 14 was replaced in 1993; the index in 1996. Since 2001, individual HRS volumes have been periodically replaced.
8. See sections 23G-12(7) and 91-4.2, HRS.
9. See sections 23G-12(6), 91-4.2(2), and 91-4.4, HRS.
10. See section 23G-3(8), HRS.
11. Concordance is a data management software offered by LexisNexis and used, according to LexisNexis, by over 65,000 litigation professionals to manage high volumes of documents in a cost-efficient manner. Besides managing data, Concordance provides access to the data through full-text searching, use of Boolean logic, print and report creation, and importing and exporting capabilities.
12. The Systems Office also maintains a database of the street addresses within each member's district.
13. Legislative staff offices requested training only in FY 10-11 and FY 12-13.
14. See section 23G-3(6), HRS.
15. *Id.*
16. Section 93-16, HRS, mandates that all government agency reports required to be submitted to the Legislature also be submitted to the LRB's library. Further, section 23G-5, HRS, requires the LRB to develop and maintain a report tracking system for reports by executive agencies and the judiciary that, by law, are required to be submitted to the Legislature.
17. See section 23G-18, HRS.
18. In an effort to reduce postage costs due to budget cuts in FY 09-10 and FY 10-11, the Bureau was forced to reduce the number of hard copies of printed reports. However, electronic copies of all Bureau publications are available online on the Bureau's website.
19. The publications distribution count is low because the Directory of State, County and Federal Officials, which is normally printed and distributed in March of each year, was instead printed and distributed in July/August of FY 13-14.
20. It is not clear what percentage of research requests are made by the Research Division of LRB; however, the volume and complexity of research conducted by that division would suggest that a significant percentage of research and online research requests completed by the Library are in support of the Research Division.
21. The breakdown of these requests were no longer available for FY 06-07, FY 07-08, and FY 08-09. Only the total figures, as reported in the Library's statistics that accompanied the Bureau's yearly budget proposal to the Legislature, are shown for these years.
22. See sections 21G-2 and 23G-3(12), HRS.
23. Estimated telephone inquiries for FY 11-12 is 1,488 (an additional 24 inquiries estimated using monthly averages when no daily data was collected).
24. The Public Access Room only began to record data on the number of walk-in users during the 2010-2011 fiscal year. This number represents a daily count of visits to Room 401 during the legislative session. This count does not include multiple visits during a day, telephone inquiries, or tutorials.



**TESTIMONY OF JAN K. YAMANE, ACTING STATE AUDITOR,
ON HOUSE BILL NO. 2650
MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES
OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE
BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION**

Senate Committee on Ways and Means

February 19, 2014

Chair Ige and Members of the Committee:

Thank you for the opportunity to testify in support of House Bill No. 2650 that would, among other purposes, appropriate funds for my office for FY2014–2015.

Budget request

In summary, our budget request of \$2,643,849 in general funds for operations represents a flat budget, plus a modest one-time request of \$30,000 for software licenses. Because we develop our audit working papers on an internal software platform (SharePoint) and store them electronically, this request will pay for required software licenses vital to our work.

This year we are also asking to raise the general fund appropriation to \$2,800,000 for the Audit Revolving Fund in Section 7 of the bill, and the corresponding appropriation out of the Audit Revolving Fund in Section 8. The House Draft 1 reflects this request. The fund is used to pay for contracted audit services to conduct financial statement audits of the State of Hawai'i, including the Comprehensive Annual Financial Report (CAFR) and A-133 Compliance Reports (“single audits”). This is our first increase request since 2010 and reflects increased costs for professional audit services. Without an increase in the appropriation, we may run short of funds to pay for these services. As shown in Exhibit 5, we estimate this year’s audit costs will be \$2,482,678, resulting in a cushion of only \$68,150. Our request anticipates procurement of

three-year contracts, the largest of which is the State's CAFR at an estimated \$1.6 million each year.

Exhibit 1 presents our proposed budget by program and compares amounts to the current year's budget. Exhibit 2 presents our budget request by objects of expenditure. Exhibit 3 shows our current budget and estimated expenditures.

Office update

I am pleased to report to you that in June 2013 we passed our triennial Peer Review. This review is required under *Government Auditing Standards*, to which we adhere, and was carried out by the National Conference of State Legislatures (NCSL). The peer review team consisted of senior audit and legislative program staff from Georgia, Minnesota, Montana, and Colorado, who collectively had over 80 years of performance auditing experience. I am also pleased to report that 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 earned clean opinions from a contracted CPA firm.

We have also again won an Impact Award from the National Legislative Program Evaluation Society (NLPES), a staff section of the NCSL. This award was for our 2012 Report No. 12-07, *Management Audit of the Department of Education's School Bus Transportation Services*. The award was announced at the NCSL's 2013 Legislative Summit in Atlanta and was presented at the NLPES' 2013 Professional Development Seminar in Austin.

As an office we remain active in our profession, serving as training conference speakers and legislative staff leaders. I serve as staff co-chair of the NCSL International Relations Task Force and as a member of the NCSL Foundation, and my Deputy Auditor, Rachel Hibbard, serves as an officer on the NLPES Executive Committee. My Administrative Deputy Auditor, Ron Shiigi, and several of my staff are active participants in the Hawai'i Chapter of the Association of Government Accountants (AGA).

Our reports

Exhibit 4 lists our reports to the 2013 and 2014 Legislatures. We have worked diligently this year to deliver all past and present work, and I am very happy to report that we have ‘cleared the deck’ of all but one funds review report. As you may recall, Act 130 (SLH 2013) added special funds and the Departments of Defense and Transportation to our five-yearly rotating review of all non-general funds. Our last review of this year’s agencies (DAGS, AGR, B&F, DLNR; and now DOD and DOT) reported on 88 funds; this year, we will report on over 250 funds via three separate reports. The first (DAGS, AGR, and B&F) was issued in January 2014 (Report No. 14-01); the second (DLNR and DOD) was issued in February 2014 (Report No. 14-04). The third report (DOT) will be delivered in March 2014. I want to thank all of the audit teams, managers, and support staff that played a role in delivering meaningful audits and information to assist you with your legislative decision-making.

As we do every year, we will be contacting legislators who introduce bills that propose to create new special, revolving, or trust funds. Section 23-11, HRS, requires us to analyze such bills and submit our analyses by 30 days prior to sine die (roughly, April 1). Our practice is to submit our analyses by mid-February so that all committees of referral can review them. Last year, all of our proposed funds analyses—50 fund reports on 70 bills—were submitted by our self-imposed deadline. Thank you to you and your staff for your expeditious responses to our questions.

Financial audits

The financial statement audits that we administer through the Audit Revolving Fund include the State of Hawai‘i’s CAFR. Over the past year, we have worked especially closely with the administration to deliver the CAFR by its deadline. We issued the 2013 CAFR in January 2014 and hope to earn the coveted Government Finance Officers Association’s (GFOA) Certificate of Achievement for Excellence in Financial Reporting, an award given to individual governments that succeed in preparing CAFR reports that evidence the spirit of transparency and full disclosure. On-time issuance of the CAFR and achievement of this award can positively affect the ability of the State to issue general obligation bonds to fund capital improvement projects that benefit the public. Additionally, we are on target to issue the statewide Single Audit by its March 2014 deadline.

As you are aware, we administer most—but not all—of the State’s financial statement audits. The Hawai‘i Health Systems Corporation (HHSC) and the University of Hawai‘i (UH) financial statement audits remain outside the administration of my office. We have previously suggested that this needs to change, especially in the case of HHSC. With the fiscal constraints facing the hospital system and the continuing difficulties we encounter each year with HHSC when coordinating the CAFR, I again offer the idea of bringing the HHSC audit contract under our Audit Revolving Fund. This would entail raising our revolving fund appropriation by \$1,650,000 and shifting that amount of general funds into the fund, with a parallel reduction of HHSC’s and UH’s budgets by \$750,000 and \$900,000, respectively.

Finally, our thanks to you and the entire Legislature for its enduring support of our constitutional and statutory responsibilities. We ask for your favorable consideration of this budget request. I welcome your questions.

OFFICE OF THE AUDITOR
Budget for FY2014-15
(With Comparative Amounts for FY2013-14)

Exhibit 1

AUDIT	<u>2013-2014</u>		<u>2014-2015</u>	
Personal services				
Staff	1,103,764	(18)	1,103,764	(18)
Contract	134,942		134,942	
Other expenses	<u>102,203</u>		<u>87,608</u>	
Total audit	<u>1,340,909</u>		<u>1,326,315</u>	
 PROGRAM EVALUATION AND SPECIAL STUDIES				
Personal services				
Staff	490,562	(8)	490,562	(8)
Contract	59,974		59,974	
Other expenses	<u>45,424</u>		<u>38,937</u>	
Total program evaluation and special studies	<u>595,960</u>		<u>589,473</u>	
 LEGISLATIVE SERVICES				
Personal services - staff	245,281	(4)	245,281	(4)
Other expenses	<u>22,712</u>		<u>19,469</u>	
Total legislative services	<u>267,993</u>		<u>264,750</u>	
 SUNSET EVALUATIONS AND SUNRISE ANALYSES				
Personal services - staff	61,320	(1)	61,320	(1)
Other expenses	<u>5,678</u>		<u>4,867</u>	
Total sunset evaluation and sunrise analyses	<u>66,998</u>		<u>66,187</u>	
 FOLLOW-UP				
Personal services - staff	183,961	(3)	183,961	(3)
Other expenses	<u>17,034</u>		<u>14,601</u>	
Total follow-up	<u>200,995</u>		<u>198,562</u>	
 GENERAL SUPPORT				
Personal services - staff	183,961	(3)	183,961	(3)
Other expenses	<u>17,034</u>		<u>14,601</u>	
Total general support	<u>200,995</u>		<u>198,562</u>	
 TOTAL OPERATING BUDGET				
	<u><u>2,673,849</u></u>	(37)	<u><u>2,643,849</u></u>	(37)
 AUDIT REVOLVING FUND				
	<u><u>2,550,828</u></u>		<u><u>2,800,000</u></u>	

OFFICE OF THE AUDITOR
Statement Showing Budget for Office Operations
By Object of Expenditure for FY2014-15

Exhibit 2

Operating Budget

Personal services:

Staff salaries	\$2,268,849
Contractual services	194,916
	<hr/>
Total personal services	2,463,765
	<hr/>

Other expenses:

Office Expenses	45,500
Intrastate transportation and travel	4,800
Out-of-state travel	42,000
Training	12,000
Printing	7,000
Rental and maintenance of equipment	20,000
Books	500
Equipment	46,284
Miscellaneous	2,000
	<hr/>
Total other expenses	180,084
	<hr/>

Total operating budget \$2,643,849

Audit Revolving Fund

Expenditure Ceiling

\$2,800,000

\$6,000,000

OFFICE OF THE AUDITOR
Statement Showing Budget and Estimated Expenditures
By Object of Expenditure for FY2013-2014

Exhibit 3

	Budget	Estimated	Variance
Personal services:			
Staff salaries	\$ 2,268,849	\$ 2,073,530	\$ 195,319
Cost adjustments (Act 138, SLH 2013)	75,300	75,300	-
Contractual services	194,916	194,916	-
Total personal services	\$ 2,539,065	\$ 2,343,746	\$ 195,319
Other expenses:			
Office expenses	\$ 45,500	\$ 45,500	\$ -
Intrastate transportation and travel	4,800	4,800	-
Out-of-state travel	42,000	42,000	-
Training	12,000	12,000	-
Printing	7,000	7,000	-
Rental and maintenance of equipment	20,000	20,000	-
Books	500	500	-
Equipment	76,284	76,284	-
Miscellaneous	2,000	2,000	-
Total other expenses	\$ 210,084	\$ 210,084	\$ -
TOTAL	\$ 2,749,149	\$ 2,553,830	\$ 195,319
Act 97 (2013) Workers' Compensation Medical Fee Schedule	\$ 150,000	\$ 150,000	\$ -
Special Studies Appropriation (Act 1, SLH 2013)	\$ 150,000	\$ -	\$ 150,000
2013)	\$ 2,550,828	\$ 2,550,828	\$ -

Office of the Auditor
Current Work and Reports Submitted to 2013 and 2014 Legislatures

Performance work

Report No.	Title	Work performed pursuant to
Performance audits and other reports issued in 2013		
—	2012 Annual Report	§23-9, HRS
13-01	Management Audit of the Department of Agriculture's Measurement Standards Branch	SCR 89, SD1 (2012)
13-02	Audit of the Department of Hawaiian Home Lands' Homestead Services Division	Act 106, SLH 2012
13-03	Report on the Implementation of State Auditor's 2010 Recommendations	§23-7.5, HRS
—	Letter to the President of the Senate and Speaker of the House of the Representatives on HCR 165, SLH 2010	HCR 165, SLH 2010
13-04	Procurement Examination of the Department of Transportation	Act 162, SLH 2009
13-05	Feasibility Study of Removing Amateur Boxing From the Jurisdiction of the State Boxing Commission	HCR 171 (2009)
13-06	Audit of the Kaho'olawe Rehabilitation Trust Fund	SCR 63, SD1 (2012)
13-07	Audit of the Office of Hawaiian Affairs and Report on the Implementation of State Auditor's 2009 OHA Recommendations	§§10-14.55 and 23-7.5, HRS
13-08	Management and Financial Audit of the Deposit Beverage Container Program, June 30, 2012	§342G-107, HRS
13-09	Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority	§23-13, HRS
13-10	A Report on Methodology for the Department of Labor and Industrial Relations' Workers' Compensation Medical Fee Schedule	Act 97, SLH 2013
Performance audits and other reports issued in 2014		
14-01	Review of the Revolving Funds, Special Funds, Trust Funds, and Trust Accounts of the Departments of Accounting and General Services, Agriculture, and Budget and Finance	§23-12, HRS as amended by Act 130, SLH 2013
14-02	Audit of the Department of Human Services' Med-QUEST Division and Its Medicaid Program	HCR 184 (2013)
14-03	Sunrise Analysis: Regulation of Unaccredited Degree Granting Institutions	SCR 119, SD1 (2013)

Office of the Auditor
Current Work and Reports Submitted to 2013 and 2014 Legislatures

Report No.	Title	Work performed pursuant to
14-04	Review of the Revolving Funds, Special Funds, Trust Funds, and Trust Accounts of the Departments of Defense and Land and Natural Resources <i>(to be released February 20, 2014)</i>	§23-12, HRS as amended by Act 130, SLH 2013

In progress

In progress	Review of the Revolving Funds, Special Funds, Trust Funds, and Trust Accounts of the Department of Transportation <i>(expected release March 2014)</i>	§23-12, HRS as amended by Act 130, SLH 2013
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Proposed fund reviews

—	We expect to perform up to 40 reviews of proposed special and revolving funds during the 2014 legislative session.	§23-11, HRS
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Financial work

Report No.	Title	Work performed by
2012 Financial statement audits issued		
—	Department of Accounting and General Services, Stadium Authority – June 30, 2012 Financial Statements	Kobayashi, Kanetoku, Doi, Lum & Yasuda CPAs
—	Department of Accounting and General Services, State Motor Pool Revolving Fund – June 30, 2012 Financial Statements	Egami & Ichikawa CPAs, Inc.
—	Department of Accounting and General Services, State Parking Revolving Fund – June 30, 2012 Financial Statements	Egami & Ichikawa CPAs, Inc.
—	Department of Budget and Finance, Hawaii Employer-Union Health Benefits Trust Fund – June 30, 2012 Financial Statements	Macias, Gini & O’Connell LLP
—	Department of Business, Economic Development & Tourism, Hawai’i Convention Center – June 30, 2012 Special Purpose Financial Statements	KPMG LLP
—	Department of Business, Economic Development & Tourism, Hawai’i Community Development Authority – June 30, 2012 Financial Statements	Ohata, Chun & Yuen CPAs, Inc.

Office of the Auditor
Current Work and Reports Submitted to 2013 and 2014 Legislatures

Report No.	Title	Work performed by
—	Department of Business, Economic Development & Tourism, Hawai'i Housing Finance and Development Corporation – June 30, 2012 Financial Statements and Single Audit Report	Accuity LLP
—	Department of Business, Economic Development & Tourism, Hawai'i Tourism Authority – June 30, 2012 Financial Statements	KPMG LLP
—	Department of Education – June 30, 2012 Financial Statements and Single Audit Report	KPMG LLP
—	Department of Hawaiian Home Lands – June 30, 2012 Financial Statements and Single Audit Report	Accuity LLP
—	Department of Health – June 30, 2012 Financial Statements and Single Audit Report	Accuity LLP
—	Department of Health, Drinking Water Treatment Revolving Loan Fund – June 30, 2012 Financial Statements	Accuity LLP
—	Department of Health, Water Pollution Control Revolving Fund – June 30, 2012 Financial Statements	Accuity LLP
—	Department of Human Services – June 30, 2012 Financial Statements and Single Audit Report	N&K CPAs, Inc.
—	Department of Human Services, Hawai'i Public Housing Authority – June 30, 2012 Financial Statements and Single Audit Report	KMH LLP
—	Department of the Attorney General – June 30, 2012 Financial Statements and Single Audit Report	Akamine, Oyadomari & Kosaki CPAs
—	Department of Transportation, Administration Division – June 30, 2012 Financial Statements and Single Audit Report	CW Associates, A Hawai'i CPA Corporation
—	Department of Transportation, Airports Division – June 30, 2012 Financial Statements	KPMG LLP
—	Department of Transportation, Airports Division – June 30, 2012 Single Audit Report	KPMG LLP
—	Department of Transportation, Harbors Division – June 30, 2012 Financial Statements	Kobayashi, Kanetoku, Doi, Lum & Yasuda CPAs
—	Department of Transportation, Harbors Division – June 30, 2012 Single Audit Report	Kobayashi, Kanetoku, Doi, Lum & Yasuda CPAs

Office of the Auditor
Current Work and Reports Submitted to 2013 and 2014 Legislatures

Report No.	Title	Work performed by
—	Department of Transportation, Highways Division – June 30, 2012 Financial Statements and Single Audit Report	KMH LLP
—	Department of Transportation, Oahu Metropolitan Planning Organization – June 30, 2012 Financial Statements and Single Audit Report	Gilford Sato & Associates, CPAs, Inc.
—	State of Hawai'i Comprehensive Annual Financial Report – June 30, 2012	Deloitte & Touche LLP
—	State of Hawai'i Single Audit Report – June 30, 2012	Deloitte & Touche LLP
2013 Financial statement audits issued		
—	Department of Accounting and General Services, Stadium Authority – June 30, 2013 Financial Statements	Kobayashi, Kanetoku, Doi, Lum & Yasuda CPAs
—	Department of Budget and Finance, Hawai'i Employer-Union Health Benefits Trust Fund – June 30, 2013 Financial Statements	PKF Pacific Hawai'i LLP
—	Department of Business, Economic Development & Tourism, Hawai'i Community Development Authority – June 30, 2013 Financial Statements	Ohata, Chun & Yuen CPAs, Inc.
—	Department of Business, Economic Development & Tourism, Hawai'i Housing Finance and Development Corporation – June 30, 2013 Financial Statements and Single Audit Report	Accuity LLP
—	Department of Business, Economic Development & Tourism, Hawai'i Tourism Authority – June 30, 2013 Financial Statements	KPMG LLP
—	Department of Hawaiian Home Lands – June 30, 2013 Financial Statements and Single Audit Report	Accuity LLP
—	Department of Transportation, Administration Division – June 30, 2013 Financial Statements and Single Audit Report	CW Associates, CPAs
—	State of Hawai'i Comprehensive Annual Financial Report – June 30, 2013	Deloitte & Touche LLP
In progress	State of Hawai'i Single Audit Report – June 30, 2013 <i>(expected release March 2014)</i>	Deloitte & Touche LLP

OFFICE OF THE AUDITOR
 AUDIT REVOLVING FUND
 FY2015 - BUDGET REQUEST

# of Contracts	Department - Agency Financial Statement (and Single Audits, as applicable) Audits	Expenditure Ceiling Request Projected FY2015 Fees	Funding Source Breakdown			General Fund Request (General Fund portion of fees)
			General Fund	Non-GF (Reimbursement)		
	Department of Accounting and General Services					
1	CAFR-Combined Single Audits	\$ 1,600,000	100.0%	0.0%	n/a	\$ 1,600,000
	ICSD - SSAE 16: IT Controls					
2	DAGS - Stadium Authority (& agreed upon procedures)	\$ 82,000	0.0%	100.0%	Special	\$ -
	Schedule of gross receipts & percentage rent reported and paid by the Concessionaire					
	Agreed-upon proc: Reserve acct of Concessionaire & F&B operations of the Concessionaire					
	Schedule of gross receipts & percentage commission paid by the Swap Meet Mgt Co.					
3	DAGS - State Parking Revolving Fund	\$ 49,000	0.0%	100.0%	Special	\$ -
	DAGS - State Motor Pool Revolving Fund					\$ -
4	Department of the Attorney General	\$ 105,000	55.0%	45.0%	Federal	\$ 57,750
	Department of Budget and Finance					
5	Hawaii Employer - Union Health Benefits Trust Fund	\$ 119,500	0.0%	100.0%	Trust	\$ -
6	Employees' Retirement System	\$ 183,000	0.0%	100.0%	Other Non-GF	\$ -
	Department of Business, Economic Development & Tourism					
7	Hawaii Housing Finance & Development Corporation	\$ 249,000	0.0%	100.0%	Special	\$ -
8	HTA - Hawaii Tourism Authority	\$ 124,321	0.0%	100.0%	Special	\$ -
	Hawaii Convention Center - Special Purpose F/S					\$ -
9	Hawaii Community Development Authority	\$ 39,100	0.0%	100.0%		\$ -
10	Department of Education	\$ 385,000	90.0%	10.0%	Federal	\$ 346,500
11	Department of Hawaiian Home Lands	\$ 158,000	0.0%	100.0%	Trust	\$ -
	Department of Health					
12	Water Pollution Control Revolving Fund	\$ 385,000	70.0%	30.0%	Federal	\$ 269,500
	Drinking Water Treatment Revolving Loan Fund					
	Deposit Beverage Container Program					
		\$ 25,000	Charge back 100% to DBC program			\$ -
13	Department of Human Services	\$ 415,000	50.344%	49.656%	Federal	\$ 208,928
14	Hawaii Public Housing Authority	\$ 340,000	0.0%	100.0%	Various	\$ -
	Department of Transportation					
15	Administration	\$ 36,100	0.0%	100.0%	Special	\$ -
16	Airports	\$ 430,000	0.0%	100.0%	Special	\$ -
17	Harbors	\$ 197,000	0.0%	100.0%	Special	\$ -
18	Highways	\$ 299,000	0.0%	100.0%	Special	\$ -
19	Oahu Metropolitan Planning Organization	\$ 20,500	0.0%	100.0%	Special	\$ -
TOTAL Managed 19 Contracts:		\$ 5,241,521				\$ 2,482,678
Reserve for Estimated Adjustments/Overages:		\$ 758,479				\$ 317,322
TOTAL Requested Budget Amounts:		<u>\$ 6,000,000</u>				<u>\$ 2,800,000</u>



HAWAII STATE ETHICS COMMISSION

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

TESTIMONY OF THE HAWAII STATE ETHICS COMMISSION

BILL NO: H.B. No. 2650, H.D. 1, MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION

TO: The Honorable David Y. Ige, Chair
The Honorable Michelle N. Kidani, Vice Chair
The Honorable Members
Senate Committee on Ways and Means
State Capitol, Room 208
415 South Beretania Street
Honolulu, Hawaii 96813

FROM: Hawaii State Ethics Commission

TESTIFYING: Leslie H. Kondo, Executive Director
Hawaii State Ethics Commission

EXHIBITS: Nos. 1 - 5

DATE: Wednesday, February 19, 2014

TIME: 9:00 a.m.

ROOM: Conference Room 211

The Hawaii State Ethics Commission supports H.B. No. 2650, H.D. 1, as it relates to the Commission's appropriation of \$909,531 for FY 2014-2015. The Commission appreciates the legislature's support of the Commission's work to ensure that public officers and employees exhibit the highest standards of ethical conduct as mandated by Article XIV of the Hawaii State Constitution.

For FY 2014- 2015, the Commission respectfully requests \$909,531, as provided by H.B. No. 2650, H.D. 1, which is the same amount appropriated to the Commission by Act 1 in 2013 for the current fiscal year, FY 2013-2014.¹

¹ Act 138, 2013 Session Laws of Hawaii, also appropriated \$48,708 to the Commission for FY 2013-2014 to fund cost adjustments for legislative officers and employees excluded from collective bargaining.

I. Duties of the Hawaii State Ethics Commission

The Commission is responsible for the administration and enforcement of the State Ethics Code and the State Lobbyists Law, Chapters 84 and 97, Hawaii Revised Statutes (“HRS”), respectively. The State Ethics Code includes laws relating to the acceptance and reporting of gifts, confidential information, “fair treatment” or the prohibited misuse of official position, conflicts of interests, state contracts, and post-employment restrictions. The State Ethics Code also includes a provision requiring the reporting of financial interests by state legislators, state employees, and candidates for state elective office. The State Lobbyists Law, which applies to lobbying activities at the state level, requires lobbyists to register with the Commission, and requires lobbyists and organizations that lobby to report lobbying expenditures and contributions on forms filed with the Commission.

The Commission has five members, who are nominated by the State Judicial Council and appointed by the Governor for four-year terms. The current members of the Commission are Cassandra J. Leolani Abdul (Chairperson), Edward L. Broglio (Vice Chairperson), Susan N. DeGuzman, Ruth D. Tschumy, and David O’Neal.

The Commission currently employs a staff of ten: an executive director and an associate director; four staff attorneys; a computer specialist; and three secretarial staff. Despite the small size of the agency and other limited resources, the Commission’s responsibilities are extensive.

For purposes of the State Ethics Code, the Commission has jurisdiction over approximately 60,000 state employees, including all appointed and elected state officials and employees, state legislators, employees of the legislative, executive, and judicial branches of government (with the exception of judges), and members of all state boards and commissions. The State Ethics Code’s financial disclosure law also applies to all candidates for state elective office. For purposes of Chapter 97, HRS, the Commission has jurisdiction over approximately 300 lobbyists and 300 organizations who lobby the state legislature or executive branch.

A. Ethics Education

The Commission is mandated by law to educate state officials and employees about ethics in government.² To fulfill this mandate, the Commission conducts ethics training sessions throughout the year. In 2013, the Commission conducted ethics training for nearly 1,800 state officials and employees, including 275 Department of Education principals, vice principals, coaches, and administrators, and 355 Judiciary employees

² HRS §84-31(a)(7).

on Oahu and the neighbor islands. Training sessions for 440 state employees were held at the Hawaii Convention Center and State Capitol Auditorium, and, for the first time, at Hale Pono'i in Kapolei for over 110 state employees working in West Oahu. In 2013, the Commission also conducted ethics training for over 350 neighbor island employees on Maui, Kauai, and Hawaii island (Hilo and Kona).

The Commission believes that it is critical to provide ethics training for state employees to improve their general awareness of ethics and to prevent unknowing violations of the State ethics laws. In fact, for a surprising number of employees, the ethics training is their first exposure to the State Ethics Code.

B. Advisory Opinions and Guidance

The Commission also issues advisory opinions and other types of guidance about the application of the State Ethics Code and the State Lobbyists Law.³ Every year, the Commission's attorneys respond to hundreds of requests for advice about these laws. In 2013, the Commission's attorneys received and responded to over 1,030 requests for advice from state legislators, state employees, lobbyists, and members of the public. The Commission's attorneys also issued approximately 150 staff opinion letters advising state employees and others about the application of the State Ethics Code and the State Lobbyists Law. The Commission considers its ability to provide timely and meaningful guidance and advice to be one of its most important functions.

C. Charges and Investigations

The Commission is also mandated to enforce the State Ethics Code and the State Lobbyists Law.⁴ The Commission receives and reviews complaints and conducts investigations on a confidential basis concerning alleged violations of the law. When appropriate, the Commission initiates formal charges against individuals who appear to have violated the law.⁵ If there is probable cause to believe that a violation of the law has occurred, the Commission may hold a contested case hearing in accordance with HRS Chapter 91, Hawaii's Administrative Procedure Act.

³ HRS §84-31(a)(2) and §97-6(a)(3).

⁴ HRS §84-31(a) and §97-6(a).

⁵ A "charge" is a formal complaint alleging a violation of one or more provisions of the State Ethics Code or the Lobbyists Law. Charges may be filed by the Commission or by an individual or organization. Charges must be in writing and must be signed by the person making the charge under oath or, if initiated by the Commission, must be signed by three or more members of the Commission. HRS §84-31(b).

In 2013, the Commission experienced a sharp increase in the number of complaints and formal charges alleging violations of the State Ethics Code and State Lobbyists Law. In 2013, the Commission received 84 complaints -- more than double the number of complaints received in 2012; and received or initiated 17 charges,⁶ -- again, more than double the number of charges in 2012. The increased number of complaints and charges has required more staff resources to be dedicated to the Commission's enforcement activities. Many of the cases have involved extensive investigations and have resulted in state employees paying relatively substantial administrative fines for actions that the Commission believed were inconsistent with the minimum standards of conduct established in the State Ethics Code.

D. Financial Interests Disclosures, Gifts Disclosures, and
Lobbying Registrations and Reports

The Commission also administers the filing requirements of the financial disclosure law, the gifts disclosure law, and the lobbying registration and reporting laws. These filing requirements help provide accountability and transparency in government. In 2013, the Commission received over 1,400 financial interests disclosure statements from state officials and employees, and approximately 120 gifts disclosure statements. The Commission also received over 300 lobbyist registrations and over 1,600 lobbying expenditures and contributions reports in 2013.

Additional information about the Commission's educational, advisory, and enforcement activities in 2013 is attached.

II. Budget Request for FY 2014-2015

The Commission is requesting an appropriation of \$909,531 for FY 2014-2015. This is the same amount appropriated to the Commission for the current fiscal year by Act 1 of the 2013 Session Laws of Hawaii.⁷

⁶ In 2013, eight charges were filed by an individual or organization; nine charges were initiated by the Commission.

⁷ Act 138, 2013 Session Laws of Hawaii, also appropriated \$99,364 to the Commission for FY 2014-2015 to fund cost adjustments for legislative officers and employees excluded from collective bargaining.

The Honorable David Y. Ige, Chair
The Honorable Michelle N. Kidani, Vice Chair
Senate Committee on Ways and Means
February 19, 2014
Page 5

In contrast to most state agencies, including the other legislative service agencies, the Commission is located in a private building (i.e., a non-state facility) and must allocate funds within its budget for office rent. The Commission's lease provides for annual increases in rent as well as increases for common area maintenance and storage costs. For FY 2014-2015, the Commission anticipates its office rent and other lease-related expenses to be approximately \$98,000. The Commission's proposed budget, minus the anticipated amount of its lease rent obligation is \$811,531. The Commission has the smallest budget of the legislative service agencies. While the Commission strongly supports the operations and missions of the other legislative service agencies, the Commission also believes that its operations and mission are equally important and should be funded accordingly.

Thank you for your consideration of the Hawaii State Ethics Commission's testimony in support of H.B. No. 2650, H.D. 1.

HAWAII STATE ETHICS COMMISSION
Statement Showing Budget for FY 2014-15
(With Comparative Amounts for FY 2013-14)

	2013-2014 Approved Budget	2014-2015 Estimated Expenditures	Variance
PERSONAL SERVICES:			
Staff salaries	\$ 717,204.00	\$ 717,204.00	\$ -
Total Personal Services	<u>717,204.00</u>	<u>717,204.00</u>	<u>-</u>
OTHER CURRENT EXPENSES:			
Office expenses	15,524.00	15,524.00	-
Intrastate transportation and travel	10,000.00	8,000.00	(2,000.00)
Out-of-state travel	6,490.00	6,490.00	-
Equipment rental and maintenance	10,985.00	10,985.00	-
Dues, subscriptions, training	13,670.00	13,670.00	-
Newspaper advertisements	1,600.00	1,600.00	-
Commission meetings, investigations, and hearings	25,500.00	25,500.00	-
Consulting services	9,558.00	9,558.00	-
Office furniture and equipment	3,000.00	3,000.00	-
Office rent	96,000.00	98,000.00	2,000.00
Total Other Expenses	<u>192,327.00</u>	<u>192,327.00</u>	<u>-</u>
Total Budget	<u>\$ 909,531.00</u>	<u>\$ 909,531.00</u>	<u>\$ -</u>
 Act 138, 2013 SLH ¹	 <u>\$ 48,708.00</u>	 <u>\$ 99,364.00</u>	
Total Including Act 138, 2013 SLH	\$ 958,239.00	\$ 1,008,895.00	

¹ Act 138, 2013 Session Laws of Hawaii, appropriated funds for FY 2013-2014 and FY 2014-2015 for cost adjustments for legislative officers and employees excluded from collective bargaining.

HAWAII STATE ETHICS COMMISSION
Statement Showing Budget for Office Operations
By Object of Expenditure for FY 2014-15

Operating Budget**PERSONAL SERVICES:**

Staff salaries	<u>\$ 717,204.00</u>
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Total Personal Services	<u>717,204.00</u>
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OTHER CURRENT EXPENSES:

Office expenses	15,524.00
-----------------	-----------

Intrastate transportation and travel	8,000.00
--------------------------------------	----------

Out-of-state travel	6,490.00
---------------------	----------

Rental and maintenance of equipment	10,985.00
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Dues, subscriptions, training	13,670.00
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Newspaper advertisements	1,600.00
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Commission meetings, investigations, and hearings	25,500.00
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Consulting services	9,558.00
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Office furniture and equipment	3,000.00
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Office rent	<u>98,000.00</u>
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Total Other Expenses	<u>192,327.00</u>
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Total Operating Budget	<u><u>\$ 909,531.00</u></u>
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HAWAII STATE ETHICS COMMISSION
Statement Showing Budget and Estimated Expenditures
By Object of Expenditure for FY 2013-14

	2013-2014 Approved <u>Budget</u>	2013-2014 Estimated <u>Expenditures</u>	<u>Variance</u>
PERSONAL SERVICES:			
Staff salaries	<u>\$ 717,204.00</u>	<u>\$ 717,204.00</u>	<u>\$ -</u>
Total Personal Services	<u>\$ 717,204.00</u>	<u>\$ 717,204.00</u>	<u>\$ -</u>
OTHER CURRENT EXPENSES:			
Office expenses	15,524.00	15,524.00	-
Intrastate transportation and travel	10,000.00	10,000.00	-
Out-of-state travel	6,490.00	6,490.00	-
Equipment rental and maintenance	10,985.00	10,985.00	-
Dues, subscriptions, training	13,670.00	13,670.00	-
Newspaper advertisements	1,600.00	1,600.00	-
Commission meetings, investigations, and hearings	25,500.00	25,500.00	-
Consulting services	9,558.00	9,558.00	-
Office furniture and equipment	3,000.00	3,000.00	-
Office rent	<u>96,000.00</u>	<u>96,000.00</u>	<u>-</u>
Total Other Expenses	<u>\$ 192,327.00</u>	<u>\$ 192,327.00</u>	<u>\$ -</u>
Total Budget	<u>\$ 909,531.00</u>	<u>\$ 909,531.00</u>	<u>\$ -</u>
 Act 138, 2013 SLH ¹	 <u>48,708.00</u>	 <u>48,708.00</u>	 <u>-</u>
Total Including Act 138, 2013 SLH	\$ 958,239.00	\$ 958,239.00	-

¹ Act 138, 2013 Session Laws of Hawaii, appropriated \$48,708 to the Commission to fund cost adjustment for legislative officers and employees excluded from collective bargaining.

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	X ADMINISTRATION
Annual Financial Interests Disclosures Statements	May 31	1,428	Duties: • Management • Supervision • Fiscal • Personnel • Procurement • Technology • Planning
Candidates Financial Interests Disclosures Statements	20 days before primary*	***	
Gifts Disclosure Statements	June 30	118	
Lobbyist Registration Statements	January**	313	
Lobbying Organizations Expenditure Reports	January 31	306	
Lobbying Organizations Expenditure Reports	March 31	263	
Lobbying Organizations Expenditure Reports	May 31	281	
Lobbyists Expenditure Reports	January 31	285	
Lobbyists Expenditure Reports	March 31	222	
Lobbyists Expenditure Reports	May 31	254	

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

FULL-TIME STAFF: 10 Individuals

* Filed every even-numbered year only.

** Renewed every odd-numbered year for registered lobbyists.

*** Candidate's Financial Interests Disclosure Statements not filed in odd-numbered years.

Hawaii State Ethics Commission

Statistics for Calendar Year 2013

TABLE 1

HAWAII STATE ETHICS COMMISSION NUMBER OF REQUESTS FOR ADVICE AND COMPLAINTS RECEIVED BY ATTORNEYS IN 2013		
MONTH	REQUESTS FOR ADVICE	COMPLAINTS
January 2013	96	6
February 2013	89	20
March 2013	68	1
April 2013	85	5
May 2013	112	5
June 2013	72	6
July 2013	98	7
August 2013	70	9
September 2013	88	0
October 2013	90	12
November 2013	91	6
December 2013	74	7
TOTAL	1,035	84
Total Number of Requests for Advice and Complaints Received in 2013		1,119

TABLE 2

HAWAII STATE ETHICS COMMISSION ATTORNEY OPINION LETTERS ISSUED IN 2013	
MONTH	NUMBER OF LETTERS
January 2013	7
February 2013	2
March 2013	6
April 2013	9
May 2013	12
June 2013	14
July 2013	14
August 2013	10
September 2013	16
October 2013	24
November 2013	18
December 2013	16
TOTAL	148

TABLE 3

HAWAII STATE ETHICS COMMISSION INVESTIGATIONS OPENED IN 2013		
FILE NO.	DATE OPENED	DISPOSITION
2013-I-1	02/20/2013	Closed
2013-I-2	02/20/2013	Open
2013-I-3	02/20/2013	Closed
2013-I-4	03/28/2013	Closed
2013-I-5	04/10/2013	Charge No. 13-Cg-13
2013-I-6	05/29/2013	Open
2013-I-7	05/29/2013	Closed
2013-I-8	08/21/2013	Charge No. 13-Cg-8
2013-I-9	08/21/2013	Charge No. 13-Cg-12
2013-I-10	08/21/2013	Charge No. 13-Cg-14
2013-I-11	08/21/2013	Charge No. 13-Cg-15
2013-I-12	08/21/2013	Open
TOTAL:	12 Investigations	

TABLE 4

HAWAII STATE ETHICS COMMISSION FORMAL CHARGES* FILED IN 2013			
FILE NO.	ETHICS CHARGE	LOBBYING CHARGE	COMPLAINANT
CHAR-13-00123	X		Individual or Organization-CLOSED
CHAR-13-00124		X	Individual or Organization-CLOSED
CHAR-13-00125		X	Individual or Organization-CLOSED
CHAR-13-00127	X		Hawaii State Ethics Commission
CHAR-13-00143	X		Hawaii State Ethics Commission
CHAR-13-00144	X		Hawaii State Ethics Commission
CHAR-13-00194	X		Individual or Organization-CLOSED
CHAR-13-00195	X		Individual or Organization-CLOSED
CHAR-13-00196	X		Individual or Organization-CLOSED
CHAR-13-00246	X		Individual or Organization
CHAR-13-00270	X		Hawaii State Ethics Commission
CHAR-13-00291	X		Individual or Organization
CHAR-13-00351	X		Hawaii State Ethics Commission
CHAR-13-00352	X		Hawaii State Ethics Commission-CLOSED
INVES-13-00211	X		Hawaii State Ethics Commission
INVES-13-00247	X		Hawaii State Ethics Commission
INVES-13-00375	X		Hawaii State Ethics Commission
TOTAL: 17			

* A "charge" is a formal complaint alleging a violation of one or more provisions of the State Ethics Code, chapter 84, HRS, or the Lobbyists Law, chapter 97, HRS. Charges may be filed by an individual or organization or by the Hawaii State Ethics Commission. Charges that are filed by an individual or organization must be in writing and signed by the person making the charge under oath. Charges initiated by the Commission must be signed by three or more members of the Commission.

TABLE 5

HAWAII STATE ETHICS COMMISSION CONTESTED CASE HEARINGS IN 2013		
FILE NO.	COMPLAINANT	RESPONDENT
12-Cg-4 and 12-Cg-7	Hawaii State Ethics Commission	Kenneth Hovanian, Elevator Mechanics Licensing Board
TOTAL: 1		

Following a public hearing on October 16, 2013, the Hawaii State Ethics Commission found that Kenneth Hovanian, a member of the Elevator Mechanics Licensing Board, failed to file financial interests disclosure statements with the Commission in 2011 and 2012 in violation of Hawaii Revised Statutes §84-17 (the financial disclosure law). The Commission imposed an administrative fine of \$1,940¹ upon Hovanian and referred the matter to the Governor for appropriate disciplinary action. The Commission's Decision and Order are posted on the Commission's website at <http://hawaii.gov/ethics> (Hawaii State Ethics Commission v. Kenneth Hovanian, Charge No. 12-Cg-4 and Charge No. 12-Cg-7).

¹ A state official who fails to file a financial interests disclosure statement as required by the State Ethics Code is subject to an administrative fine of \$50 and an additional administrative fine of \$10 per day for each day a disclosure remains unfiled. See HRS §84-17(i).

TABLE 6

HAWAII STATE ETHICS COMMISSION FINANCIAL INTERESTS DISCLOSURE STATEMENTS FILED BY LEGISLATORS, EMPLOYEES, AND BOARD AND COMMISSION MEMBERS IN 2013	
Month	NUMBER FILED
January 2013	29
February 2013	121
March 2013	112
April 2013	144
May 2013	859
June 2013	107
July 2013	25
August 2013	8
September 2013	8
October 2013	6
November 2013	4
December 2013	5
TOTAL	1,428

TABLE 7

HAWAII STATE ETHICS COMMISSION GIFTS DISCLOSURE STATEMENTS FILED IN 2013	
STATE POSITION	NUMBER FILED
Governor, Lt. Governor	2
Legislators	53
Employees	46
Board / Commission Members	17
TOTAL	118

TABLE 8

HAWAII STATE ETHICS COMMISSION TOTAL NUMBER OF REGISTERED LOBBYISTS IN 2013 AND NUMBER OF CLIENTS REPRESENTED*		
YEAR	NUMBER OF LOBBYISTS	NUMBER OF CLIENTS REPRESENTED
2013	285	313

* Some clients are represented by more than one lobbyist. Each lobbyist must file a separate registration form for each client represented.

TABLE 9

HAWAII STATE ETHICS COMMISSION LOBBYING EXPENDITURES AND CONTRIBUTIONS REPORTS FILED IN 2013			
FILERS	REPORTING PERIODS		
	05/01/12-12/31/12 (Jan. 31, 2013 Report)	01/01/13-02/28/13 (Mar. 31, 2013 Report)	03/01/13-04/30/13 (May 31, 2013 Report)
LOBBYISTS	285	222	254
LOBBYISTS' CLIENTS	306	263	281
TOTAL REPORTS FILED	591	485	535
GRAND TOTAL	1,611		

TABLE 10

HAWAII STATE ETHICS COMMISSION TOTAL NUMBER OF DISCLOSURE FILINGS FOR 2013	
Financial Interests Disclosure Statements filed by Legislators, Employees, and Board and Commission Members	1,428
Gifts Disclosure Statements	118
Lobbying Expenditures and Contributions Reports	1,602
Lobbyist Registrations (Two-year period 2013-2014)	313
Notice of Intent to Award Contract Pursuant to HRS §84-15(a)	1
TOTAL	3,462

TABLE 11

HAWAII STATE ETHICS COMMISSION 2013 EDUCATION PROGRAM (Ethics Workshops and Presentations)		
DATE	PRESENTATIONS	NO. OF PARTICIPANTS
01/04/13	Mandatory Ethics Training*	20
02/12/13	Ethics Training for Department of Education (Leeward District School Administrators and Principals)	60
02/26/13	Ethics Training for Department of Education (Leeward District School Administrators and Vice Principals)	80
03/04/13	Mandatory Ethics Training* (Make-Up Session)	6
04/17/13	Ethics Training for The Judiciary (Oahu)	80
05/22/13	Pre-Retirement Seminar (Contributory & Non-Contributory Plans)	50
05/23/13	Pre-Retirement Seminar (Hybrid Plan)	75
07/27/13	Ethics Training for Department of Education (Kailua High School Coaches)	80
08/06/13	Ethics Briefing for Office of the Governor & Lt. Governor (Staff)	20

* HRS §84-42 requires newly elected and appointed high-ranking state officers and employees to complete a mandatory ethics training course administered by the Hawaii State Ethics Commission.

DATE	PRESENTATIONS	NO. OF PARTICIPANTS
08/08/13	Ethics Training for The Judiciary (Neighbor Island Employees via Web Conference)	160
08/15/13	Ethics Workshop for State Employees (Hilo)	120
08/23/13	Ethics Workshop for State Employees (Oahu - State Capitol Auditorium)	180
08/23/13	Ethics Workshop for State Employees (Kona)	40
08/28/13	Ethics Training for Public Utilities Commission Commissioners	3
08/30/13	Ethics Workshop for State Employees (Maui)	100
09/04/13	Ethics Workshop for State Employees (Oahu - Kapolei)	110
09/06/13	Ethics Training for The Judiciary (Kauai)	40
09/06/13	Ethics Workshop for State Employees (Kauai)	45
09/20/13	Ethics Training for The Judiciary (Oahu)	75
09/25/13	Pre-Retirement Seminar (Contributory & Non-Contributory Plans)	50

DATE	PRESENTATIONS	NO. OF PARTICIPANTS
09/26/13	Pre-Retirement Seminar (Hybrid Plan)	65
09/27/13	Ethics Workshop for State Employees (Oahu – Hawaii Convention Center)	220
10/18/13	Ethics Training for the Department of Transportation (Airports Division)	55
11/19/13	Ethics Training for the Department of Education (Kaimuki/Kaiser Complex Area Principals)	55
TOTAL	24 PRESENTATIONS	1,789 Participants

TABLE 12

INFORMATION POSTED ON HAWAII STATE ETHICS COMMISSION WEBSITE	
WEBSITE INTERNET URL:	http://www.hawaii.gov/ethics
YEAR ESTABLISHED:	1998
<ul style="list-style-type: none">• Search Engine (ENHANCED)• News Releases• Who We Are and What We Do<ul style="list-style-type: none">○ General Information about the Hawaii State Ethics Commission○ Major Functions of the Hawaii State Ethics Commission• Constitution, Statutes, and Rules<ul style="list-style-type: none">○ 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, Decisions, Resolutions of Charge and Ethics Advisories• Public Financial Disclosure Filings, Including Filings for Candidates for Public Office• Gifts Disclosure Filings• Lobbying Filings<ul style="list-style-type: none">○ Lobbyist Registration Statements○ Lists of Registered Lobbyists○ Lists of Organizations Represented by Registered Lobbyists○ Registered Lobbyists' Lobbying Expenditure Statements○ Organizations' Lobbying Expenditure Statements○ Lists of Total Lobbying Expenditures Reported by Organizations• Contract Notice Filings (Pursuant to HRS §84-15(a))	
(continued)	

TABLE 12 (continued)

- Publications and Guidelines
 - *The High Road* Newsletter
 - Ethics Guide
 - Ethics Checklist
 - Gifts
 - Campaigning
 - Fund Raising
 - For Teachers
 - Post Employment Restrictions
 - For Legislators
 - Lobbying
 - For State Board and Commission Members
- 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
- News
- Testimony on Legislation Relating to Ethics and Lobbying
- Filing Deadlines
- Meeting Notices for Meetings of the Hawaii State Ethics Commission
- Hawaii State Ethics Commission Contact Information
 - Office Location
 - Mailing Address
 - Phone/Fax
- Follow us on Twitter (link to follow Hawaii State Ethics Commission's Tweets)

TABLE 13

HAWAII STATE ETHICS COMMISSION RECORDS CHECK OF APPLICANTS FOR JUDICIAL OFFICE PERFORMED AT THE REQUEST OF THE STATE JUDICIAL SELECTION COMMISSION IN 2013						
MONTH	NUMBER OF APPLICANTS					
	Supreme Court	First Circuit Court	Second Circuit Court	Third Circuit Court	Fifth Circuit Court	Total Applicants Per Month
January						
February						
March		1				1
April		4				4
May	26	1	1			28
June		1		1		2
July						
August	11	1				12
September		2		1	4	7
October		1			5	6
November		1				1
December		16	6			22
TOTAL Per Court:	37	28	7	2	9	Grand Total: 83

TABLE 14

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 website:
<http://www.hawaii.gov/ethics>.

TABLE 15

**HAWAII STATE ETHICS COMMISSION
2013 PUBLICATIONS***

Constitution

Article XIV, Hawaii State Constitution

Ethics Statutes, Administrative Rules, General Information

Chapter 84, Hawaii Revised Statutes, Standards of Conduct
Hawaii State Ethics Commission Administrative Rules
Ethics Guide for State Elected Officials, State Employees, State Board and
Commission Members
Ethics Checklist
Outline of Substantive Areas of the State Ethics Code

Ethics Newsletter

The High Road Newsletter

Gifts and Gifts Disclosure

Holiday Gifts Reminder
Guidelines for Gifts Under the State Ethics Code
Gifts and the State Ethics Code
Questions and Answers on the Gifts Disclosure Law

Campaigning

Campaign Restrictions for State Officials and State Employees
Prohibition on Candidate Campaign Walk-Throughs in State Agencies
Prohibited Use of State E-Mail for Campaign Purposes

Fundraising

Fundraising in State Offices
Ethics Guidelines for AUW Fund Raiser Activities Conducted by State Agencies

Continuation of Table 15:

For Legislators

Informational or Educational Trips Solicited or Accepted by Legislators
Attendance at "Appreciation" Receptions, Dinners, Meals, or Parties, etc.,
Offered by Lobbyists
Legislative Interns

For Teachers

The Application of the State Ethics Code to Furloughed Teachers
The Application of the State Ethics Code to DOE Teachers Regarding Private
Instruction for Pay

For State Board and Commission Members

Overview of the State Ethics Code for State Board and Commission Members

Post Employment

Post Employment Restrictions

Lobbying

Chapter 97, Hawaii Revised Statutes, Lobbyists
Lobbying Registration and Reporting Manual
Informational or Educational Trips as Lobbying Expenditures
"Goodwill" Lobbying as Lobbying Expenditure
Accrued or Incurred Lobbying Expenditures; Company Employee Lobbying
Expenditures
Public Statement Regarding Lobbying Charge and Requirements of the
Lobbyists Law, Hawaii Revised Statutes, Chapter 97

* All publications are available on the Hawaii State Ethics Commission website: <http://hawaii.gov/ethics>.



Robin K. Matsunaga
Ombudsman

Mark G.S. Au
First Assistant

**OFFICE OF THE OMBUDSMAN
STATE OF HAWAII**

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**TESTIMONY OF ROBIN K. MATSUNAGA, OMBUDSMAN,
ON H.B. NO. 2650, H.D. 1, A BILL FOR AN ACT
MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES
OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE
BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION**

SENATE COMMITTEE ON WAYS AND MEANS

FEBRUARY 19, 2014

Chair Ige and Members of the Committee on Ways and Means:

Thank you for the opportunity to present testimony in strong support of H.B. No. 2650, H.D. 1. The purpose of this bill is to provide appropriations for the legislative branch, including the Office of the Ombudsman. Section 10 of this bill appropriates \$1,085,728 for the operations of the Office of the Ombudsman for FY 2014-2015.

As you know, the function of the Ombudsman is to receive and investigate complaints from citizens about administrative acts of state and county government agencies and employees. During the past year, we have been able to conduct our investigations timely and thoroughly and have successfully persuaded agencies to take corrective action when necessary. In doing so, we have been able to ensure the fair and reasonable treatment of Hawaii's citizens, and at the same time helped improve their confidence in government.

Of the total appropriation in Section 10 of this bill, \$1,060,728 represents the same amount provided in the current fiscal year for the normal operating budget of the Ombudsman. The balance of the appropriation in Section 10 of this bill represents a one-time appropriation of \$25,000 for the replacement of network equipment that are past end-of-life and cannot provide the functionality or capacity needed for the office to operate at optimal efficiency.

Your support of this bill and the appropriation in Section 10 will allow my office to continue to timely, independently, and impartially investigate citizen complaints about the administrative acts of state and county agencies and their employees. Attached for your information is a breakdown and comparison of my office's proposed budget for FY 2014-2015 and the current fiscal year.

Thank you for your consideration of this testimony.

Attachment

OFFICE OF THE OMBUDSMAN
OPERATING BUDGET
FY 2014-2015 vs. FY 2013-2014

	<u>Proposed FY 2014-2015</u>	<u>Act 1, SLH 2013 FY 2013-2014</u>
A. PERSONAL SERVICES		
Staff Salaries	1,001,328 (15)	1,001,328 (15)
SUBTOTAL PERSONAL SERVICES	1,001,328	1,001,328
 B. OTHER CURRENT EXPENSES		
Office Supplies & Postage	6,600	6,600
Telephone	6,000	6,000
Intra-state Transportation & Subsistence	2,000	2,000
Out-of-state Transportation & Subsistence	6,000	6,000
Printing, Advertising & Publications	5,000	5,000
Maintenance - Office Equipment	4,000	4,000
Equipment Rental	4,500	4,500
Training/Subscriptions/Dues	6,000	6,000
Other Miscellaneous Current Expense	1,100	1,100
Computer Services	15,000	15,000
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	<u>1,060,728</u>	<u>1,060,728</u>
 OFFICE SAFETY IMPROVEMENTS	--	70,000
 NETWORK EQUIPMENT REPLACEMENT	25,000	--
 TOTAL BUDGET REQUEST	<u>1,085,728</u>	<u>1,130,728</u>