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**TESTIMONY OF JAN K. YAMANE, ACTING STATE AUDITOR,  
ON HOUSE BILL NO. 2720  
MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES  
OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE  
BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION**

**House Committee on Finance**

**February 2, 2016**

Chair Luke and Members of the Committee:

Thank you for the opportunity to testify in support of House Bill No. 2720 that would, among other purposes, appropriate funds for our office for FY2016-2017.

**Budget request**

In summary, our budget request of \$2,828,549 in general funds for operations represents a flat budget, with a modest request for \$30,000 to replace aging IT equipment for approximately half of our office, including desktops and monitors, and \$1,200 for disruptive behavior training. 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 again this past year, the financial statements for our office, the Legislative Reference Bureau, the Ombudsman, and the Ethics Commission (which is administratively attached to our office) have earned clean opinions from a contracted CPA firm. Each year, we contract and absorb payment for these services for the legislative agencies from moneys in our budget and have not specifically requested such funds in the past. In future years we may be asking for funding for these audit services as it has become increasingly difficult to absorb such costs.

We have also again won a Certificate of Impact from the National Legislative Program Evaluation Society (NLPES), a staff section of the National Conference of State Legislatures (NCSL). The award was for our 2014 Report No. 14-18, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the University of Hawai'i*, and was announced at the NCSL's 2015 Legislative Summit in Seattle and presented at the NLPES' 2015 Professional Development Seminar in Denver.

As an office, we remain active in our profession, serving as training conference speakers—both at the NCSL Legislative Summit and the NLPES Professional Development Seminar—and as legislative staff leaders. I serve as a member of the NCSL Executive Committee and its Audit Committee, staff co-chair of the NCSL International Relations Task Force, and as a member of NCSL Foundation. I also serve on the NCSL Legislative Staff Coordinating Committee, the Education Standing Committee, and Budgets and Revenues Standing Committee. Deputy Auditor Rachel Hibbard serves as the vice-chair of the NLPES Executive Committee and Administrative Deputy Auditor Ron Shiigi is actively involved in the Hawai'i Chapter of the Association of Government Accountants (AGA) to develop and promote relevant government audit training.

In addition to building our knowledge through training and involvement in legislative- and audit-related organizations, we continue to build capacity within our office to fulfill our many legislative and statutory responsibilities even as we remain budget neutral. By re-assessing and

re-aligning our resources—including personnel, IT infrastructure, and other office resources—we have delivered all but one of our 2015 legislative assignments on time.

## **Our reports**

Exhibit 4 lists our reports to the 2015 and 2016 Legislatures. We have worked diligently this year to deliver all requested and statutorily-mandated work to the Legislature by their deadlines. We conducted a variety of assignments, including performance and financial audits, studies, a sunset evaluation, follow-up reports on agencies' implementation of our audit recommendations, working group administration, proposed fund analyses, and non-general fund reviews. I want to thank all my audit teams, managers, and support staff who played a role in delivering meaningful audits and information to assist you with your legislative decision-making.

Regarding fund reviews, 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. In 2015, our funds review included DCCA, DHHL, DOH, DHS, and the Judiciary. With the addition of their special funds, we reviewed 194 funds—an increase of 73 funds over our last review of these agencies in 2010, when we reviewed 121 funds and accounts.

As we do every year, we will be contacting legislators who introduce bills that propose new special or revolving funds. Section 23-11, HRS, requires us to analyze such bills and submit our analyses by 30 days prior to *sine die* (roughly April 5). Our practice is to submit these analyses by mid-February so that they may be reviewed by all committees of referral. Last year, we submitted 44 funds analyses on 65 bills by our self-imposed deadline. Thank you to you and your staff for your expeditious responses to our questions.

## **Financial audits**

The financial statement audit contracts that we administer through our Audit Revolving Fund include the State of Hawai'i's Comprehensive Annual Financial Report (CAFR). These contracts are shown in Exhibit 5. Over the past year, we have worked especially closely with the

administration on this very important work and I am happy to report that the CAFR was again delivered by its December 2015 deadline. Last year, the State of Hawai'i earned 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; we hope to earn that same award later this year. As you know, 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. I want to congratulate the comptroller, finance director, the State's administration, and the contracted CPA firm, Accuity LLP, on this achievement. Additionally, we are on target to issue the statewide Single Audit by its March 2016 deadline.

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

**OFFICE OF THE AUDITOR**  
**Budget for FY2016-17**  
**(With Comparative Amounts for FY2015-16)**

Exhibit 1

<b>AUDIT</b>	<b>2015-2016</b>		<b>2016-2017</b>	
Personal services				
Staff	1,178,440	(18)	1,178,440	(18)
Contract	134,942		134,942	
Other expenses	87,608		102,787	
Total audit	1,400,990		1,416,169	
 <b>PROGRAM EVALUATION AND SPECIAL STUDIES</b>				
Personal services				
Staff	523,751	(8)	523,751	(8)
Contract	59,974		59,974	
Other expenses	38,937		45,683	
Total program evaluation and special studies	622,662		629,408	
 <b>LEGISLATIVE SERVICES</b>				
Personal services - staff	261,876	(4)	261,876	(4)
Other expenses	19,469		22,842	
Total legislative services	281,344		284,717	
 <b>SUNSET EVALUATIONS AND SUNRISE ANALYSES</b>				
Personal services - staff	65,469	(1)	65,469	(1)
Other expenses	4,867		5,710	
Total sunset evaluation and sunrise analyses	70,336		71,179	
 <b>FOLLOW-UP</b>				
Personal services - staff	196,407	(3)	196,407	(3)
Other expenses	14,601		17,131	
Total follow-up	211,008		213,538	
 <b>GENERAL SUPPORT</b>				
Personal services - staff	196,407	(3)	196,407	(3)
Other expenses	14,601		17,131	
Total general support	211,008		213,538	
 <b>TOTAL OPERATING BUDGET</b>				
	2,797,349	(37)	2,828,549	(37)
 <b>AUDIT REVOLVING FUND</b>				
	2,800,000		2,800,000	

**OFFICE OF THE AUDITOR**  
**Statement Showing Budget for Office Operations**  
**By Object of Expenditure for FY2016-17**

Exhibit 2

**Operating Budget**

Personal services:

Staff salaries	\$2,422,349
Contractual services	194,916
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Total personal services	2,617,265
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Other expenses:

Office Expenses	47,500
Intrastate transportation and travel	4,800
Out-of-state travel	42,000
Training	13,200
Printing	5,000
Rental and maintenance of equipment	20,000
Books	500
Equipment	76,284
Miscellaneous	2,000
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Total other expenses	211,284
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Total operating budget \$2,828,549

**Audit Revolving Fund**

*Expenditure Ceiling*

\$2,800,000

*\$6,300,000*

**OFFICE OF THE AUDITOR**  
**Statement Showing Budget and Estimated Expenditures**  
**By Object of Expenditure for FY2015-2016**

Exhibit 3

	<b>Budget</b>	<b>Estimated</b>	<b>Variance</b>
Personal services:			
Staff salaries	\$ 2,422,349	\$ 2,093,698	\$ 328,651
Contractual services	194,916	194,916	-
Total personal services	\$ 2,617,265	\$ 2,288,614	\$ 328,651
Other expenses:			
Office expenses	\$ 47,500	\$ 47,500	\$ -
Intrastate transportation and travel	4,800	4,800	-
Out-of-state travel	42,000	42,000	-
Training	12,000	12,000	-
Printing	5,000	5,000	-
Rental and maintenance of equipment	20,000	20,000	-
Books	500	500	-
Equipment	46,284	46,284	-
Miscellaneous	2,000	2,000	-
Total other expenses	\$ 180,084	\$ 180,084	\$ -
TOTAL	\$ 2,797,349	\$ 2,468,698	\$ 328,651
Special Studies Appropriation (Act 1, SLH 2015)	\$ 150,000	\$ 150,000	\$ -
Audit Revolving Fund Appropriation (Act 1, SLH 2013)	\$ 2,800,000	\$ 2,800,000	\$ -

**Office of the Auditor**  
**Current Work and Reports Submitted to the 2015 and 2016 Legislatures**

***Performance audits, studies, and other work***

Report No.	Title	Work performed pursuant to
<b>Performance audits and other reports issued in 2015</b>		
15-01	Audit of the Hawai'i Health Connector: Inadequate Planning and Improper Procurement Led to an Unsustainable Health Connector	§435H-2(d), HRS
--	A Mixed Bag: Study of Proposed Special and Revolving Funds (2015)	§23-11, HRS
15-02	Financial and Program Audit of the Deposit Beverage Container Program, June 30, 2014	§342G-107, HRS
--	Annual Report (including annual follow-up on audit recommendations)	§23-7.5, HRS
15-03	Program in Place: Follow-up on Recommendation Made in Report No. 12-04, Study of the Transfer of Non-General Funds to the General Fund	§23-7.5, HRS
15-04	Progress, But Transparency Issues Persist: Follow-Up on Recommendations Made in Report No. 12-03, Management Audit of the Natural Energy Laboratory of Hawai'i	§23-7.5, HRS
15-05	Pushing Boundaries: Follow-Up on Recommendations Made in Report No. 12-02, Investigation of the Stadium Authority's Swap Meet Operations	§23-7.5, HRS
15-06	Getting on Board: Follow-Up on Recommendations Made in Report No. 12-07, Management Audit of the Department of Education's School Bus Transportation Services	§23-7.5, HRS
15-07	Audit of the Research Corporation of the University of Hawai'i: Weak Plans Limit Role, Reduce Accountability for Hiring and Procurement Exemptions	§23-4, HRS
15-08	Sunset Evaluation: Respiratory Therapists: Regulation of Respiratory Therapists Benefits Consumers But Program Could Be Improved	§26H-4, HRS
15-09	Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse	§23-4, HRS
15-10	Audit of the Hawai'i Health Connector's Mansha Contracts: Connector Board and Management Wasted and Abused Millions in Public Funds	§435H-2(d), HRS



**Office of the Auditor**  
**Current Work and Reports Submitted to the 2015 and 2016 Legislatures**

Report No.	Title	Work performed pursuant to
15-11	Credits Continue to Tax the State: Follow-Up on Recommendations Made in Report No. 12-05, Audit of the Department of Taxation's Administrative Oversight of High-Technology Business Investment and Research Activities Tax Credits	§23-7.5, HRS
15-12	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Commerce and Consumer Affairs	§23-12, HRS
15-13	Study of State Departmental Engineering Sections That Manage Capital Improvements Projects: State Departmental Engineering Sections Vary Significantly in How They Manage CIPs	Act 177, SLH 2015
15-14	Study of Public Charter Schools' Governing Boards: Charter School Accountability System Remains a Work in Progress	§23-4, HRS
15-15	Review of Special Funds, Revolving Funds, Trust Funds and Trust Accounts of the Department of Hawaiian Home Lands	§23-12, HRS
15-16	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary	§23-12, HRS
15-17	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health	§23-12, HRS
15-18	Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight Is Needed to Ensure Savings	Act 119, SLH 2015
15-19	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Human Services	§23-12, HRS
--	State-County Functions Working Group (Transient Accommodations Tax) Final Report	Act 174, SLH 2014
15-20	Audit of the Department of Human Services' KOLEA System: \$155 Million KOLEA Project Does Not Achieve ACA Goals	Act 119, SLH 2015
<b>Performance audits and other reports to be issued in 2016</b>		
--	Study of IT Expenditures in the Executive Branch ( <i>expected release February 2015</i> )	SCR 162 (2015)
<b>Proposed fund reviews</b>		
--	We expect to perform about 40 reviews of proposed special and revolving funds during the 2016 legislative session.	§23-11, HRS

**Office of the Auditor**  
**Current Work and Reports Submitted to the 2015 and 2016 Legislatures**

***Financial work***

Report No.	Title	Work performed by
<b>Financial statement audits issued in 2015</b>		
--	State of Hawai'i <b>Comprehensive Annual Financial Report</b> – June 30, 2014	Accuity LLP
--	Department of Business, Economic Development & Tourism, <b>Hawai'i Community Development Authority</b> – June 30, 2014 Financial Statements	Ohata Chun Yuen LLP
--	<b>Department of Hawaiian Home Lands</b> – June 30, 2014 Financial Statements and Single Audit Report	Accuity LLP
--	Department of Business, Economic Development & Tourism, <b>Hawai'i Tourism Authority</b> – June 30, 2014 Financial Statements	KPMG LLP
--	Department of Transportation, <b>Harbors Division</b> – June 30, 2014 Financial Statements	KKDLY LLC
--	Department of Transportation, <b>Administration Division</b> – June 30, 2014 Financial Statements and Single Audit Report	CW Associates
--	Department of Accounting and General Services, <b>Stadium Authority</b> – June 30, 2014 Financial Statements	KKDLY LLC
--	Department of Business, Economic Development & Tourism, <b>Hawai'i Housing Finance and Development Corporation</b> – June 30, 2014 Financial Statements and Single Audit Report	Accuity LLP
--	Department of Budget and Finance, <b>Hawai'i Employer-Union Health Benefits Trust Fund</b> – June 30, 2014 Financial Statements	KKDLY LLC
--	Department of Budget and Finance, <b>Employees' Retirement System</b> – June 30, 2013 Financial Statements	KPMG LLP
--	Department of Transportation, <b>Airports Division</b> – June 30, 2014 Single Audit Report	KPMG LLP
--	Department of Transportation, <b>Airports Division</b> – June 30, 2014 Financial Statements	KPMG LLP
--	Department of Human Services, <b>Hawai'i Public Housing Authority</b> – June 30, 2014 Financial Statements and Single Audit Report	KMH LLP
--	Department of Accounting and General Services, <b>State Motor Pool Revolving Fund</b> – June 30, 2014 Financial Statements	Egami & Ichikawa CPAs, Inc.

**Office of the Auditor**  
**Current Work and Reports Submitted to the 2015 and 2016 Legislatures**

Report No.	Title	Work performed by
--	<b>Department of Health</b> – June 30, 2014 Financial Statements and Single Audit Report	N&K CPAs, Inc.
--	<b>Department of Education</b> – June 30, 2014 Financial Statements and Single Audit Report	N&K CPAs, Inc.
--	<b>Department of Human Services</b> – June 30, 2014 Financial Statements and Single Audit Report	KMH LLP
--	Department of Transportation <b>Oahu Metropolitan Planning Organization</b> – June 30, 2014 Financial Statements and Single Audit Report	Gilford Sato & Associates, CPAs, Inc.
--	Department of Transportation, <b>Highways Division</b> – June 30, 2014 Single Audit Report	KKDLY LLC
--	Department of Transportation, <b>Highways Division</b> – June 30, 2014 Financial Statements	KKDLY LLC
--	<b>Department of the Attorney General</b> – June 30, 2014 Financial Statements and Single Audit Report	Akamine, Oyadomari & Kosaki CPAs Inc.
--	Department of Accounting and General Services, <b>State Parking Revolving Fund</b> – June 30, 2014 Financial Statements	Egami & Ichikawa CPAs, Inc.
--	State of Hawai'i <b>Single Audit Report</b> – June 30, 2014	Accuity LLP
--	Department of Business, Economic Development & Tourism, <b>Hawai'i Convention Center</b> – December 31, 2013 Special Purpose Financial Statements	KPMG LLP
—	State of Hawai'i <b>Comprehensive Annual Financial Report</b> – June 30, 2015	Accuity LLP

Rev. 1/29/16

OFFICE OF THE AUDITOR  
 AUDIT REVOLVING FUND  
 FY2017 - BUDGET REQUEST

Exhibit 5

# of Contracts	Department - Agency Financial Statement (and Single Audits, as applicable) Audits	Expenditure Ceiling Request Projected FY2017 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)	\$ 84,400	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	\$ 50,000	0.0%	100.0%	Special	\$ -
	DAGS - State Motor Pool Revolving Fund					\$ -
4	Department of the Attorney General	\$ 107,000	55.0%	45.0%	Federal	\$ 58,850
	Department of Budget and Finance					
5	Hawaii Employer - Union Health Benefits Trust Fund	\$ 129,000	0.0%	100.0%	Trust	\$ -
6	Employees' Retirement System	\$ 190,000	0.0%	100.0%	Other Non-GF	\$ -
	Department of Business, Economic Development & Tourism					
7	Hawaii Housing Finance & Development Corporation	\$ 255,000	0.0%	100.0%	Special	\$ -
8	HTA - Hawaii Tourism Authority	\$ 125,000	0.0%	100.0%	Special	\$ -
	Hawaii Convention Center - Special Purpose F/S					\$ -
9	Hawaii Community Development Authority	\$ 40,000	0.0%	100.0%		\$ -
10	Department of Education	\$ 398,000	90.0%	10.0%	Federal	\$ 358,200
11	Department of Hawaiian Home Lands	\$ 165,000	0.0%	100.0%	Trust	\$ -
12	Department of Health					
	Water Pollution Control Revolving Fund	\$ 385,000	70.0%	30.0%	Federal	\$ 269,500
	Drinking Water Treatment Revolving Loan Fund					
	Deposit Beverage Container Program	\$ 55,000	Charge back 100% to DBC program			\$ -
13	Department of Human Services	\$ 428,000	40.600%	59.400%	Federal	\$ 173,768
14	Hawaii Public Housing Authority	\$ 355,000	0.0%	100.0%	Various	\$ -
	Department of Transportation					
15	Administration	\$ 38,000	0.0%	100.0%	Special	\$ -
16	Airports	\$ 413,250	0.0%	100.0%	Special	\$ -
17	Harbors	\$ 225,000	0.0%	100.0%	Special	\$ -
18	Highways	\$ 310,000	0.0%	100.0%	Special	\$ -
19	Oahu Metropolitan Planning Organization	\$ 22,000	0.0%	100.0%	Special	\$ -
<b>TOTAL Managed 19 Contracts:</b>		<b>\$ 5,374,650</b>				<b>\$ 2,460,318</b>
<b>Reserve for Estimated Adjustments/Overages:</b>		<b>\$ 925,350</b>				<b>\$ 339,682</b>
<b>TOTAL Requested Budget Amounts:</b>		<b>\$ 6,300,000</b>				<b>\$ 2,800,000</b>

Charlotte A. Carter-Yamauchi  
Acting Director

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

## **HB2720**

### **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 House Committee on Finance

Tuesday, February 2, 2016, 2:00 p.m.  
Conference Room 308

Chair Luke 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 2016-2017.

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 services, 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 and treatment of clients.
- 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 administrative 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 by the Legislature with coordinating the Legislative Broadcasting Project of the House of Representatives and the Senate.

We note that the actual dollar 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 Council of State Governments (CSG) and the National Conference of State Legislatures (NCSL) annual dues, which are typically added to the Bureau's budget to pay on behalf of the Legislature. Accordingly, the present appropriation amount of \$3,463,419, in section 9 of H.B. No. 2720 (2016), includes pass-through appropriations of \$102,428 for CSG dues and \$132,856 for NCSL dues. If the pass-through dues appropriations are not counted, the total adjusted amount leaves \$3,228,135 for the operating expenses of the Bureau for fiscal year 2016-2017. The \$3,228,135 amount represents a .49% increase over the Bureau's fiscal year 2015-2016 budget. The increase to the Bureau's overall budget is due to a number of factors outlined as follows:

### **Annual National Organization Dues for the Legislature**

The CSG and NCSL have increased their dues from \$98,277 to \$102,428, and \$130,472 to \$132,856, respectively, for the upcoming year, resulting in a total increase of \$6,535 for these budgeted cost items.

### **Bureau-Related Increases**

To cover its general operating costs and to provide opportunities for the professional development of Bureau staff, the Bureau respectfully requested an increase of \$14,715 for the Bureau's operating budget for fiscal year 2016-2017 to cover the expected costs and professional development activities described below.

### Public Access Room

Over the past few years, the Public Access Room (PAR) has experienced an average yearly increase in equipment maintenance costs that exceed budgeted amounts, causing the reallocation of funds from other budget categories to offset the shortfall. Last year's costs in this category amounted to \$11,367, while the budgeted amount has remained flat at \$7,068 for at least the last three fiscal years. PAR's equipment maintenance cost category includes printing costs for documents generated for workshops and other educational purposes as well as documents printed upon request by Legislators, staff, and the patrons. In addition, this category covers PAR's portable wi-fi access, which PAR staff need to conduct off-site workshops. The Bureau notes that, in addition to the reallocation of funds, PAR has instituted several cost-saving measures to cover much of this cost increase.

The Bureau has requested that an additional \$800 for fiscal year 2016-2017 be added to the Public Access Room's base budget to provide funding to cover increased equipment maintenance costs.

### LRB Library

The Bureau has requested that an additional \$3,915 for fiscal year 2016-2017 be added to the Library's base budget to provide funding to offset the increased costs incurred for the purchase of books and for the incremental increase in Westlaw subscription contract cost.

#### **Purchase of Books**

Over the past three fiscal years, the Bureau's Library has experienced an increase in book purchasing costs. These expenditures are necessary to maintain the Library's hard copy collection of legal reference titles (e.g., American Jurisprudence, United States Code, United States Code Congressional and Administrative News (USSCAN)) for ready use by Legislators, staff, and the public.

Due to the need to cover increased costs in other areas (e.g., Westlaw subscription, serial publication price increase, etc.), the Library found it necessary to cut its annual book purchasing allocation from \$17,585 in fiscal years 2012-2015 to \$16,321 in fiscal year 2015-2016. In order to keep its collection of printed resource materials current, the Bureau has requested a \$2,415 increase in its Library's book purchasing budget allocation, based on the fiscal year 2014-2015 level, so that the book purchasing budget allocation is \$20,000 for fiscal year 2016-2017.

#### **Westlaw Subscription**

The Library maintains a Westlaw subscription and provides legal research services to Legislators and staff upon request. This subscription also includes Westlaw accounts for the Research Division's staff.

Generally speaking, each year within a Westlaw subscription contract, Westlaw subscription rates incrementally increase. In fiscal year 2015-2016, the cost of the Library's Westlaw contract was \$30,000. We are asking for an increase of \$1,500 for fiscal year 2016-2017 to cover the cost of the subscription's annual incremental increase.

## Bureau-wide Support

### **Professional Development**

The Bureau has requested that an additional \$10,000 for fiscal year 2016-2017 be added to the Bureau's base budget to provide funding for staff from its five separate divisions to attend professional development and employment law training programs.

Prior to the recent economic downturn, Bureau staff were often authorized to pursue professional development opportunities offered by organizations such as NCSL and CSG and their various staff sections. Professional development programs, especially those focused specifically for legislative staff, build and enhance current competencies, skills, and knowledge; assist Bureau staff in keeping abreast of the changing and challenging issues that are likely to come before the Legislature; and increase staff personal and organizational effectiveness in the workplace.

### **Employment Law Training**

The Bureau notes that an additional \$1,200 has been included for fiscal year 2016-2017 to train staff on employment law issues. The Bureau recognizes the obvious benefits of keeping abreast of ongoing developments in employment law, such as in ADA compliance, harassment training, and other employment law topics that assist in reducing employer liability or optimize employee or manager productivity. Consequently, the Bureau looks forward to the opportunity to obtain employment law training on an ongoing basis.

### **Vacation Payouts/Employee Transfers**

The Bureau also notes that an additional \$50,153 has been separately provided in section 12 of H.B. No. 2720 (2016) for fiscal year 2016-2017 to offset the costs associated with vacation payouts and employee vacation credit transfers. Including such funding, to be used for the sole purposes of either paying for the vacation costs of separating employees, or for vacation credit transfer costs for Bureau employees transferring to another governmental agency, will help provide fiscal certainty to the Bureau's annual budget planning. To this end, the Bureau is grateful to the Legislature for its budgeting foresight.

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

In closing, the Bureau thanks the Chair and members of the Committee for its favorable consideration of the Bureau's budget request for fiscal year 2016-2017.

**LEGISLATIVE REFERENCE BUREAU  
BUDGET REQUEST FOR FY 2016-2017**

	<u>2015-2016</u> <u>BUDGET REQUEST</u>	<u>2016-2017</u> <u>APPROPRIATION</u>
<u>BILL DRAFTING &amp; RESEARCH</u>		
Personal Services:		
Staff	\$ 1,024,637 (12)	\$ 1,024,637 (12)
TOTAL BILL DRAFTING & RESEARCH	\$1,024,637	\$ 1,024,637
 <u>SYSTEMS OFFICE</u>		
Personal Services:		
Staff	341,133 (6)	341,133 (6)
Session Staff	70,000	70,000
Other Current Expenses	64,866	64,866
TOTAL SYSTEMS OFFICE	475,999	475,999
 <u>LIBRARY</u>		
Personal Services:		
Staff	353,324 (6)	353,324 (6)
Other Current Expenses	64,201	68,116
TOTAL LIBRARY	417,525	421,440
 <u>PUBLIC ACCESS ROOM</u>		
Personal Services:		
Staff	110,000 (2)	110,000 (2)
Session Staff	25,000	25,000
Other Current Expenses	16,216	17,016
TOTAL PUBLIC ACCESS ROOM	151,216	152,016
 <u>GENERAL SUPPORT</u>		
Personal Services:		
Staff	319,840 (5.5)	319,840 (5.5)
Student Staff	30,000	30,000
Overtime	25,000	25,000
Other Current Expenses	83,935	95,135
TOTAL GENERAL SUPPORT	458,775	469,975
 <u>REVISOR OF STATUTES</u>		
Personal Services:		
Staff	414,607 (6.5)	414,607 (6.5)
Other Current Expenses	269,461	269,461
TOTAL REVISOR OF STATUTES	684,068	684,068
TOTAL LRB	\$3,212,220 *	\$3,228,135 *
CSG Dues	98,277	102,428
NCSL Dues	130,472	132,856
TOTAL (LRB+CSG+NCSL)	\$3,440,969 **	\$3,463,419 **

\*Amount does not include CSG & NCSL Dues.

\*\*Amount does not include appropriation of \$97,313 for FY15-16 & \$198,417 for FY16-17 per Act 66, SLH 2015.

EXHIBIT A

SYSTEMS OFFICE  
BUDGET REQUEST FOR FISCAL YEAR 2016-2017

OTHER CURRENT EXPENSES

	<u>2015-2016</u> <u>APPROPRIATION</u>	<u>2016-2017</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 2016-2017

OTHER CURRENT EXPENSES

	<u>2015-2016</u> <u>APPROPRIATION</u>	<u>2016-2017</u> <u>BUDGET REQUEST</u>
Books	16,321	18,736
Online Information Services		
Westlaw	30,000	31,700
Print Subscriptions and Dues	9,980	9,980
Web Catalog		
Maintenance	3,000	3,000
Upgrades	700	500
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	\$68,116

EXHIBIT C

PUBLIC ACCESS ROOM  
BUDGET REQUEST FOR FISCAL YEAR 2016-2017

OTHER CURRENT EXPENSES

	<u>2015-2016</u> <u>APPROPRIATION</u>	<u>2016-2017</u> <u>BUDGET REQUEST</u>
Office supplies	\$ 800	\$ 800
Equipment maintenance	7,068	7,868
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	\$17,016

EXHIBIT D

REVISOR OF STATUTES DIVISION  
 BUDGET REQUEST FOR FISCAL YEAR 2016-2017

The requested appropriation by the Division includes \$268,251 in 2016-2017 for the production and printing of the Session Laws, the Hawaii Revised Statutes Supplement, and the Hawaii Revised Statutes Replacement Volume.

2016 Session Laws.....	\$ 38,000
2,200 volumes; 1,200 pages each volume.	
2016 HRS Supplement.....	\$178,000
2,400 sets; 5,000 pages each set.	
2016 HRS Replacement volume.....	\$ 52,251
2,500 volumes; 850 pages each volume.	
	<u>\$268,251</u>

OTHER CURRENT EXPENSES

	<u>2015-2016</u> <u>APPROPRIATION</u>	<u>2016-2017</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. Presently, 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.<sup>1</sup>

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 and bill amendments, 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 various operational documents such as Requests for Proposals and procurement contracts for the Legislature.<sup>2</sup>

Between fiscal years 2010-2011 and 2014-2015, the Research Division responded to 23,323 requests for services.<sup>3</sup> In each year, the Research Division responded to an average of 4,665 requests for services. (See Table 1 for year-by-year totals.)

**Table 1. Research Division Requests (FY 2009-2010 - FY 2013-2014)**

	FY 10-11 (2011)				FY 11-12 (2012)				FY 12-13 (2013)				FY 13-14 (2014)				FY 14-15 (2015)			
	House		Senate		House		Senate		House		Senate		House		Senate		House		Senate	
	Number of Requests	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	Number of Requests	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	1305	62%	786	38%	844	64%	466	36%	851	63%	505	37%	737	62%	445	38%	1113	65%	597	35%
Bill Drafts (HDs, SDs, CDs) & Floor Amendments	144	28%	377	72%	127	26%	361	74%	114	25%	350	75%	127	20%	499	80%	152	27%	421	73%
Committee Reports	46	10%	405	90%	41	8%	468	92%	236	33%	470	67%	109	18%	512	82%	83	14%	502	86%
Resolutions	357	66%	183	34%	254	71%	106	29%	156	88%	22	12%	252	80%	61	19%	259	55%	208	45%
Certificates	17	89%	2	11%	1	100%	0	0%	6	100%	0	0%	4	100%	0	0%	7	100%	0	0%
Bill/Resolution Language	1	100%	0	0%	n/a	n/a	n/a	n/a	7	88%a	1	12%	1	100%	0	0%	3	100%	0	0%
Bill Reviews	607	63%	358	37%	578	57%	431	43%	497	57%	377	43%	455	50%	451	50%	419	49%	435	51%
Research Memos	96	71%	39	29%	68	69%	30	30%	54	76%	17	24%	95	80%	24	20%	87	38%	139	62%
<b>TOTAL HOUSE &amp; SENATE REQUESTS</b>	<b>2573</b>	<b>54%</b>	<b>2150</b>	<b>46%</b>	<b>1913</b>	<b>51%</b>	<b>1862</b>	<b>49%</b>	<b>1921</b>	<b>52%</b>	<b>1742</b>	<b>48%</b>	<b>1780</b>	<b>47%</b>	<b>1992</b>	<b>53%</b>	<b>2123</b>	<b>48%</b>	<b>2302</b>	<b>52%</b>
Administration Measures (formatting and proofing; preparation for Legislature's website) <sup>4</sup>	216				406				474				274				210			
Formatting Acts (preparation for publisher-session laws and supplements) <sup>5</sup>	252				329				288				249				244			
Miscellaneous (projects, studies, task force reports, RFPs, etc.)	4				4				4				7				4			
<b>TOTAL ALL REQUESTS</b>	<b>5195</b>				<b>4514</b>				<b>4429</b>				<b>4302</b>				<b>4883</b>			

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 measures (which are assigned by legislative leadership to the Bureau for electronic 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 15% 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 (October to May).

Over the past five fiscal years, the Research Division has completed an average of 2,062 requests for services for the House and 2,010 requests for services for the Senate each year.<sup>6</sup> Of these requests received by the Research Division, a five-year average of 50.4% come from the House and 49.6% come from the Senate (other requests such as formatting Administration bills and other tasks are not included in this calculation). While the overall majority of requests for service have generally 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 40 requests for each Representative and 80 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.<sup>7</sup> Under section 23G-11, HRS, the Director, or a Bureau member designated by the Director, serves as the Revisor of Statutes. 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, which consists of:
  - The annual cumulative supplements to the HRS, 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 subsequently enacted into law; and
  - Hardbound replacement volumes to the HRS.<sup>8</sup>

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, the Division prepares a statutory revision bill that is "housekeeping" in nature to correct the technical or 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;<sup>9</sup> and publishes an annual table indicating administrative agency rules that implement or interpret state laws.<sup>10</sup> To facilitate the perceived intent of the Legislature and

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

<b>Table 2. Revisor of Statutes Division</b>			
<b>Requests for Assistance</b>	<b>No. of Requests FY 2012-2013</b>	<b>No. of Requests FY 2013-2014</b>	<b>No. of Requests FY 2014-2015</b>
Hawaii State Government	81	136	147
Other Governments*	4	14	17
Private	16	31	23
Materials Sent	2	3	16
Review of Administrative Rules	15	21	11
<b>TOTALS</b>	<b>118</b>	<b>205</b>	<b>214</b>

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

## 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,<sup>11</sup> 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,<sup>12</sup> 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).<sup>13</sup> Using these databases, the Systems Office is able to provide information on the subject matter, status, and history of legislation for the past thirty-two 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 with searches 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 867 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 3.)

<b>Table 3. LRB Systems Office Requests</b>						
<b>Request Type</b>	<b>FY 10-11</b>	<b>FY 11-12</b>	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>FY 14-15</b>	<b>Average per year</b>
Information from Computer	260	246	235	209	153	221
Technical Assistance	412	444	450	428	432	433
Printouts	138	90	103	124	77	106
Training	12	0	25	14	18	17 <sup>14</sup>
General Information	103	86	84	111	100	97
<b>TOTALS</b>	<b>925</b>	<b>844</b>	<b>897</b>	<b>891</b>	<b>780</b>	<b>867</b>

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 31% of printout reports generated by the Systems Office have been at the request of members of the Senate. House members requested an average of 53% of report requests, and the remainder was provided to other governmental agencies. (See Table 4.)

<b>Table 4. LRB Systems Office Requests for Printouts</b>				
<b>Year</b>	<b>Total Printouts</b>	<b>For House (%)</b>	<b>For Senate (%)</b>	<b>Other</b>
FY10-11	138	50 (36%)	50 (36%)	38 (28%)
FY11-12	83	32 (36%)	32 (35%)	19 (21%)
FY12-13	102	65 (64%)	29 (29%)	8 (8%)
FY13-14	124	62 (50%)	52 (42%)	10 (8%)
FY14-15	77	41 (53%)	24 (31%)	12 (16%)

## 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.<sup>15</sup> In addition, the Library is available for use by other government agencies and the general public.<sup>16</sup> Furthermore, the Bureau's Library is a major repository for government reports to the Legislature.<sup>17</sup> 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, an archive of bills and resolutions from 2006-2015, House and Senate journals dating back to 1901, Session Laws of Hawaii back to 1848, statute collections from the federal government, 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, "lrb 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.<sup>18</sup>

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 2,800 informational and research requests each year, not including requests for photocopying or computer printouts. (See Table 5.)

Table 5. LRB Library Requests for Services						
Request Type	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	Average per Year
Reference/Research	1553	1714	1435	1370	1358	1486
Online Database Research	67	65	59	41	54	49
Orientation/Training	54	65	22	79	47	53
Publications Distributed <sup>19</sup>	1023	987	300 <sup>20</sup>	1622	717	930
Documents Borrowed	256	256	176	201	170	212
<b>TOTALS</b>	<b>2953</b>	<b>3087</b>	<b>1992</b>	<b>3203</b>	<b>2346</b>	<b>2716</b>
Photocopying (pages)	2678	3989	2520	2784	1406	2675
Comp. printouts (pages)	225	40	81	37	14	79
<b>TOTALS</b>	<b>2903</b>	<b>4029</b>	<b>2601</b>	<b>2821</b>	<b>1420</b>	<b>2755</b>

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.<sup>21</sup> 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 6.)

Table 6. LRB Library Requests by Requestor										
Documents Borrowed										
	FY10-11	%	FY11-12	%	FY12-13	%	FY13-14	%	FY14-15	%
Senate	40	15%	37	14%	40	22%	58	29%	70	41%
House	35	14%	53	21%	36	20%	25	12%	28	16%
Legislative Agencies	34	13%	52	20%	33	18%	48	24%	9	5%
Other Gov't. Agencies	48	19%	46	18%	8	5%	13	6%	19	11%
Public	99	39%	68	27%	59	35%	57	28%	44	26%
<b>TOTAL</b>	<b>256</b>		<b>256</b>		<b>176</b>		<b>201</b>		<b>170</b>	
Reference /Research										
	FY10-11	%	FY11-12	%	FY12-13	%	FY13-14	%	FY14-15	%
Senate	92	6%	115	7%	129	9%	116	8%	90	7%
House	148	10%	182	10%	148	10%	128	9%	82	6%
Legislative Agencies	40	3%	29	2%	30	2%	42	3%	58	4%
Other Gov't. Agencies	201	13%	267	16%	210	15%	180	13%	202	15%
Public	1052	68%	1121	65%	918	64%	904	66%	926	68%
<b>TOTAL</b>	<b>1533</b>		<b>1714</b>		<b>1435</b>		<b>1370</b>		<b>1358</b>	

<b>Table 6. LRB Library Requests by Requestor (continued)</b>										
<b>Publications Distributed</b>										
	<b>FY10-11</b>	<b>%</b>	<b>FY11-12</b>	<b>%</b>	<b>FY12-13</b>	<b>%</b>	<b>FY13-14</b>	<b>%</b>	<b>FY14-15</b>	<b>%</b>
Senate	115	11%	81	8%	17	6%	212	13%	106	15%
House	192	19%	181	18%	35	12%	292	18%	162	23%
Legislative Agencies	69	7%	105	11%	61	20%	101	6%	123	17%
Other Gov't. Agencies	621	60%	592	60%	161	53%	959	59%	275	38%
Public	26	3%	28	3%	26	9%	58	4%	51	7%
<b>TOTAL</b>	<b>1023</b>		<b>987</b>		<b>300<sup>22</sup></b>		<b>1622</b>		<b>717</b>	
<b>Online Database Research</b>										
	<b>FY10-11</b>	<b>%</b>	<b>FY11-12</b>	<b>%</b>	<b>FY12-13</b>	<b>%</b>	<b>FY13-14</b>	<b>%</b>	<b>FY14-15</b>	<b>%</b>
Senate	24	36%	12	19%	16	27%	9	22%	5	9%
House	17	25%	7	11%	10	17%	9	22%	14	26%
Legislative Agencies	26	39%	45	70%	33	56%	23	56%	35	65%
<b>TOTAL</b>	<b>67</b>		<b>64</b>		<b>59</b>		<b>41</b>		<b>54</b>	

Table 6 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 1996,<sup>23</sup> 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 individuals 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). Numerous handouts, publications, videos, and workshops are written and produced for the public by the PAR staff members. Like many legislative agencies, the Public Access Room sees its number of requests peak during the legislative session.

<b>Table 7. LRB Public Access Room Requests for Services</b>					
<b>Request Type</b>	<b>FY10-11</b>	<b>FY11-12</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>
Email Inquiries	659	571	429	571	570
Photocopying (pages)	89,605	60,902	61,018	69,459 <sup>24</sup>	83,387
Workshop Participants <i>(Participants on Neighbor Islands)</i>	806 <i>(116)</i>	626 <i>(116)</i>	636 <i>(156)</i>	939 <sup>25</sup> <i>(153)</i>	856 <i>(154)</i>
Telephone Inquiries	n/a	1,245 <sup>26</sup>	2,302	1,978 <sup>27</sup>	1,891
PAR walk-in patrons <sup>28</sup>	2660	3,243	4,441	4,699 <sup>26</sup>	4,388
Broadcasts <sup>29</sup>	138	123	99	156	132

PAR staff responds to numerous requests for information from legislative offices, executive branch agencies, and the media. PAR collaborates with the Legislature's data systems offices to increase ease of access to information.

## 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. This total includes a yearly average of three hundred thirty-two Administrative package measures introduced each year, which the Bureau is requested by legislative leadership to electronically format.
4. 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 two hundred to over four hundred measures submitted by the executive branch.

In the late 1970s, legislative 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 applicable department and requests submission of a corrected CD.
5. 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 administrative staff person assigned to it.
6. The figures used in this paragraph reflect requests from members and do not include the Administrative package measures. See note 3 *supra* and accompanying text.
7. 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.
8. The HRS, comprising volumes 1 through 14, was last replaced in its entirety in 1993; the index was last replaced in 1996. Since 2001, individual HRS volumes have been periodically replaced.
9. See sections 23G-12(7) and 91-4.2, HRS.
10. See sections 23G-12(6), 91-4.2(2), and 91-4.4, HRS.



11. See section 23G-3(8), HRS.
12. 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.
13. The Systems Office also maintains a database of the street addresses within each member's district.
14. Legislative staff offices requested training only in FY 10-11, FY 12-13, FY 13-14, and FY 14-15.
15. See section 23G-3(6), HRS.
16. *Id.*
17. 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 system that can track reports by executive agencies and the judiciary that, by law, are required to be submitted to the Legislature.
18. See section 23G-18, HRS.
19. 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.
20. The publications distribution count for FY 12-13 is unusually 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. The publications distribution count for FY 14-15 is significantly less compared to previous fiscal years since it does not take into account the Directory of State, County and Federal Officials, which was published and distributed at a later date than usual. In the past, the Directory was printed in March, but will not be printed in either July or August.
21. 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.
22. See note 20 *supra*.
23. See sections 21G-2 and 23G-3(12), HRS.
24. Does not include pages printed directly from public terminals. Includes copies made for Legislators to distribute to constituents.
25. Neighbor island participants = 153. In addition, PAR presents an overview of its services and the importance of citizen involvement to upwards of a thousand people each year.
26. Estimated telephone inquiries for FY 11-12 is 1,488 (an additional 24 inquiries estimated using monthly averages when no daily data was collected).
27. Due to lack of data, these statistics reflect only confirmed instances of room use and telephone inquiries; actual room use and telephone inquiry totals are estimated to be considerably higher.
28. 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 and does not include multiple visits during a day.
29. As contract coordinator for the Legislative Broadcast Program, PAR selects events for broadcast, oversees production activity, and approves all billing. This number reflects the number of hearings, information briefings, sessions, or confirmation hearings that were broadcast.



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. 2720, 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**

**HOUSE COMMITTEE ON FINANCE**

**FEBRUARY 2, 2016**

Chair Luke and Members of the Committee on Finance:

Thank you for the opportunity to present testimony in strong support of H.B. No. 2720. 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 \$1,216,970 for the operations of the Office of the Ombudsman for FY 2016-2017. Section 12 of this bill appropriates an additional \$11,662 for accrued vacation payments and vacation transfer payments for employees who leave employment with the Office of the Ombudsman prior to June 30, 2017.

As you know, the function of the Ombudsman is to receive and investigate complaints from citizens about administrative acts of executive branch agencies and employees of the State and county governments in Hawaii. 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.

The appropriation in Section 10 of this bill represents the same amount provided in the current fiscal year for the operating budget of the Ombudsman, plus \$800 for an employee workshop on preventing disruptive behavior in the workplace.

Your support of this bill and the appropriation in Sections 10 and 12 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 2016-2017 and the current fiscal year.

Thank you for your consideration of this testimony.

## Attachment

OFFICE OF THE OMBUDSMAN  
OPERATING BUDGET  
FY 2016-2017 vs. FY 2015-2016

	<u>Proposed FY 2016-2017</u>	<u>FY 2015-2016</u>
<b>A. PERSONAL SERVICES</b>		
Staff Salaries	1,156,770 (15)	1,156,770 (15)
Vacation payout / transfers	11,662	0
<b>SUBTOTAL PERSONAL SERVICES</b>	<b>1,168,432</b>	1,156,770
<b>B. OTHER CURRENT EXPENSES</b>		
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	6,800	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>
<b>SUBTOTAL OTHER CURRENT EXPENSES</b>	<b>57,000</b>	56,200
<b>C. EQUIPMENT, FURNISHINGS, &amp; BOOKS</b>		
Equipment	2,100	2,100
Furnishings	550	550
Books	<u>550</u>	<u>550</u>
<b>SUBTOTAL EQUIP, FURNISHINGS, BOOKS</b>	<b>3,200</b>	3,200
<b>TOTAL OPERATING BUDGET</b>	<u><u>1,228,632</u></u>	<u><u>1,216,170</u></u>
<b>TOTAL BUDGET REQUEST</b>	<u><u>1,228,632</u></u>	<u><u>1,216,170</u></u>



# HAWAII STATE ETHICS COMMISSION

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

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HOUSE COMMITTEE ON FINANCE  
The Honorable Sylvia Luke, Chair  
The Honorable Scott Y. Nishimoto, Vice Chair

## **H.B. No. 2720, MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION**

Hearing: Tuesday, February 2, 2016, 2:00 p.m.

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The Hawaii State Ethics Commission supports H.B. No. 2720, Section 11, appropriates the amount of \$1,009,695 to the Commission for its operating and other expenses for FY 2016-2017. The Commission further supports Section 12 of the bill, as it relates to the Commission, which appropriates an additional amount of \$16,958 to pay part of the vacation accrued by two employees who retired on December 30, 2015. The total amount of the two employees' accrued vacation that the Commission paid was \$44,057.

The Commission anticipates increased expenses in FY 2016-2017 arising from certain unbudgeted costs. More specifically, the Commission currently is investigating a number of complaints involving Neighbor Island-based employees, some of which may proceed to contested case proceedings on a Neighbor Island. The additional travel and other costs attributed to each investigation and hearing likely will be approximately \$6,000 to \$10,000. In addition, the Commission anticipates annual computer maintenance and support contracts for, among other things, its SharePoint document management system to be approximately \$10,000.

The Commission, however, is well-aware that the Committee must consider requests from other state agencies for additional funding to support many worthy programs. The Commission, therefore, is committed to adjusting its budget, as necessary, to perform its statutory duties. The Commission also continues to explore different technologies and procedures to become more efficient, with the expectation that certain changes will reduce the Commission's operating costs.

The Commission appreciates the legislature's continuing 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.

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 Susan DeGuzman (Chairperson), David O’Neal (Vice Chairperson), Ruth Tschumy, Melinda Wood, and Reynaldo Grauly.

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 65,000 state officials and employees, including state legislators and other elected state officials, employees of the legislative, executive, and judicial branches of government (with the exception of judges and justices), 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. The Commission also administers the State Lobbyists Law, chapter 97, and in that capacity, has jurisdiction over approximately 300 lobbyists and 300 organizations that 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.<sup>1</sup> To fulfill this mandate, the Commission conducts ethics training sessions throughout the year. In 2015, the Commission conducted ethics training for over 1,000 state officials and employees, including workshops for the Hawaii Health Systems Corporation corporate board, the Kauai Region board, and East Hawaii

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<sup>1</sup> HRS §84-31(a)(7).

Region board; Department of Education Hilo-Waiakea Complex Area and McKinley Roosevelt-Kaimuki Complex Area employees; Office of Hawaiian Affairs trustees and staff; Regulated Industries Complaints Office, Department of Commerce and Consumer Affairs employees; and Hawaii State Hospital staff. The Commission also held general ethics training sessions for state employees and for state board members at the Mission Memorial Auditorium and the State Capitol Auditorium.

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.

In 2015, the Commission partnered with the Department of Human Resources Development to create an online pre-retirement presentation about the State Ethics Code's post-employment provisions. The Commission also intends to explore developing online training modules.

#### 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.<sup>2</sup> Every year, the Commission's attorneys respond to hundreds of requests for advice about these laws. In 2015, the Commission's attorneys received and responded to over 2,800 requests for advice from state legislators, state employees, lobbyists, and members of the public. The Commission's attorneys also issued 308 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.<sup>3</sup> 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.<sup>4</sup> If there is probable cause to believe that a violation of the law

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<sup>2</sup> HRS §84-31(a)(2) and §97-6(a)(3).

<sup>3</sup> HRS §84-31(a) and §97-6(a).

<sup>4</sup> 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).

has occurred, the Commission may hold a contested case hearing in accordance with HRS Chapter 91, Hawaii's Administrative Procedure Act.

In 2015, the Commission received approximately 348 complaints and issued 11 charges against employees. 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 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 or the requirements of the State Lobbyists Law.

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 2015, the Commission received approximately 1,940 financial interests disclosure statements from state officials and employees, and approximately 205 gifts disclosure statements. The Commission also received approximately 308 lobbyist registrations and over 1,770 lobbying expenditures and contributions reports in 2015.

The Commission is in the process of working with the Office of Enterprise Technology Services to create a system that will allow filers to complete and file their documents electronically.

Additional information about the Commission's educational, advisory, and enforcement activities in 2015 is attached.

II. Budget Request for FY 2016-2017

The Commission is requesting an appropriation of \$1,026,653 for FY 2016-2017, which includes \$1,009,695 for its operating and other expenses and \$16,958 to offset the vacation payout relating to two employees who retired on December 30, 2015.

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 2016-2017, the Commission anticipates its office rent and other lease-related expenses to be approximately \$98,000. The Commission notes that its current budget, minus its lease rent obligation, is \$910,895. The Commission has the smallest budget of the legislative service agencies. While the Commission 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.

As noted previously, the Commission anticipates increased expenses in FY 2016-2017 arising from certain unbudgeted travel and other costs associated with a number of investigations involving Neighbor Island-based employees as well as annual computer maintenance and support contracts for, among other things, its SharePoint document management system. The Commission is committed to adjusting its budget, as necessary, to perform its statutory duties.

Thank you for your continuing support of the Commission's work and for considering the Commission's testimony on H.B. No. 2720.



**HAWAII STATE ETHICS COMMISSION**  
**Budget for FY 2016-17**  
**(With Comparative Amounts for FY 2015-16)**

	<u>2015-2016</u> <u>Appropriation</u>	<u>2016-2017</u> <u>Estimated</u> <u>Expenditures</u>	<u>Variance</u>
<b>PERSONAL SERVICES:</b>			
<sup>1</sup> Staff salaries	<u>\$ 816,568</u>	<u>\$ 816,568</u>	\$ -
Total Personal Services	<u>816,568</u>	<u>816,568</u>	-
<b>OTHER EXPENSES:</b>			
Office expenses	15,524	15,524	-
Intrastate transportation and travel	8,000	8,000	-
Out-of-state travel	6,490	21,100	14,610
Equipment rental and maintenance	10,985	10,985	-
Dues, subscriptions, training	13,670	15,760	2,090
Newspaper advertisements	1,600	1,600	-
Commission meetings, investigations, and hearings	25,500	8,100	(17,400)
Consulting services	9,558	10,258	700
Office rent	<u>98,000</u>	<u>98,000</u>	-
Total Other Expenses	<u>189,327</u>	<u>189,327</u>	-
<b>ETHICS ADDITIONAL REQUEST:</b>			
Vacation payout/transfer		16,958	16,958
Disruptive Behavior Trng (2 hrs)		<u>800</u>	800
Total Ethics Additional Request		<u>17,758</u>	
<b>CAPITAL OUTLAY:</b>			
Office furniture and equipment	<u>3,000</u>	<u>3,000</u>	-
Total Capital Outlay	<u>3,000</u>	<u>3,000</u>	-
<b>Total Operating Budget</b>	<b><u>\$ 1,008,895</u></b>	<b><u>\$ 1,026,653</u></b>	-
<sup>1</sup> Cost Adjustments (Act 66, 2015 SLH)	29,448	60,000	
One-Time Appropriation (Act 151, 2015 SLH)	130,000		

**HAWAII STATE ETHICS COMMISSION**  
**Statement Showing Budget for Office Operations**  
**By Object of Expenditure for FY 2016-17**

**Operating Budget**

Personal Services:	
Staff salaries <sup>1</sup>	<u>\$ 816,568</u>
Total Personal Services	<u>816,568</u>
Other Expenses:	
Office expenses	15,524
Intrastate transportation and travel	8,000
Out-of-state travel	21,100
Rental and maintenance of equipment	10,985
Dues, subscriptions, training	15,760
Newspaper advertisements	1,600
Commission meetings, investigations, and hearings	8,100
Consulting services	10,258
Office rent	<u>98,000</u>
Total Other Expenses	<u>189,327</u>
Ethics Additional Request:	
Vacation payout/transfer	16,958
Disruptive Behavior Trng (2hrs)	<u>800</u>
Total Ethics Additional Request	<u>17,758</u>
Capital Outlay:	
Office furniture and equipment	<u>3,000</u>
Total Capital Outlay	<u>3,000</u>
Total Operating Budget	<u><b>\$ 1,026,653</b></u>

<sup>1</sup>Cost Adjustments (Act 66, 2015 SLH) 60,000

**HAWAII STATE ETHICS COMMISSION**  
**Statement Showing Budget and Estimated Expenditures**  
**By Object of Expenditure for FY 2015-16**

	2015-2016 Approved <u>Budget</u>	2015-2016 Estimated <u>Expenditures</u>	<u>Variance</u>
<b>PERSONAL SERVICES:</b>			
Staff salaries <sup>1</sup>	\$ 816,568	\$ 816,568	\$ -
Total Personal Services	<u>816,568</u>	<u>816,568</u>	-
<b>OTHER EXPENSES:</b>			
Office expenses	15,524	15,524	-
Intrastate transportation and travel	8,000	8,000	-
Out-of-state travel	6,490	6,490	-
Rental and maintenance of equipment	10,985	10,985	-
Dues, subscriptions, training	13,670	13,670	-
Newspaper advertisements	1,600	1,600	-
Commission meetings, investigations, and hearings	25,500	25,500	-
Consulting services	9,558	9,558	-
Office rent	<u>98,000</u>	<u>98,000</u>	-
Total Other Expenses	<u>189,327</u>	<u>189,327</u>	-
<b>CAPITAL OUTLAY:</b>			
Office furniture and equipment	<u>3,000</u>	<u>3,000</u>	-
Total Capital Outlay	<u>3,000</u>	<u>3,000</u>	-
<b>Total</b>	<b><u><u>\$ 1,008,895</u></u></b>	<b><u><u>\$ 1,008,895</u></u></b>	-
<sup>1</sup> Cost Adjustments (Act 66, 2015 SLH)	29,448	29,448	-

# 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	1,941	Duties: • Management • Supervision • Fiscal • Personnel • Procurement • Technology • Planning
Candidates Financial Interests Disclosures Statements	20 days before primary*	0	
Gifts Disclosure Statements	June 30	205	
Lobbyist Registration Statements	January**	308	
Lobbying Organizations Expenditure Reports	January 31	289	
Lobbying Organizations Expenditure Reports	March 31	286	
Lobbying Organizations Expenditure Reports	May 31	305	
Lobbyists Expenditure Reports	January 31	274	
Lobbyists Expenditure Reports	March 31	304	
Lobbyists Expenditure Reports	May 31	316	

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

\* Filed every even-numbered year only.

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

**FULL-TIME STAFF: 10 Individuals**

# Hawaii State Ethics Commission

## Statistics for Calendar Year 2015

TABLE 1

<b>HAWAII STATE ETHICS COMMISSION                      NUMBER OF REQUESTS FOR ADVICE AND COMPLAINTS                      RECEIVED BY ATTORNEYS IN 2015</b>		
MONTH	REQUESTS FOR ADVICE	COMPLAINTS
January 2015	168	24
February 2015	174	26
March 2015	198	30
April 2015	230	16
May 2015	222	18
June 2015	236	98
July 2015	216	26
August 2015	246	26
September 2015	248	14
October 2015	192	24
November 2015	166	32
December 2015	170	14
<b>TOTAL</b>	<b>2,466</b>	<b>348</b>
<b>Total Number of Requests for Advice                      and Complaints Received in 2015</b>		<b>2,814</b>

TABLE 2

<b>HAWAII STATE ETHICS COMMISSION            ATTORNEY OPINION LETTERS ISSUED IN 2015</b>	
<b>MONTH</b>	<b>NUMBER OF LETTERS</b>
January 2015	16
February 2015	17
March 2015	15
April 2015	15
May 2015	19
June 2015	27
July 2015	21
August 2015	16
September 2015	51
October 2015	28
November 2015	65
December 2015	18
<b>TOTAL</b>	<b>308</b>

TABLE 3

HAWAII STATE ETHICS COMMISSION INVESTIGATIONS OPENED IN 2015		
FILE NO.	DATE OPENED	DISPOSITION
2015-I-1	01/22/2015	Open
2015-I-2	01/22/2015	Closed
2015-I-3	01/22/2015	Open
2015-I-4	01/22/2015	Open
2015-I-5	01/22/2015	Now Charge 2015-Cg-9
2015-I-6	01/22/2015	Open
2015-I-7	02/18/2015	Closed
2015-I-8	02/18/2015	Closed
2015-I-9	02/18/2015	Open
2015-I-10	03/18/2015	Now Charge 2015-Cg-4
2015-I-11	03/18/2015	Now Charge 2015-Cg-5
2015-I-12	03/18/2015	Now Charge 2015-Cg-6
2015-I-13	03/18/2015	Now Charge 2015-Cg-8
2015-I-14	04/15/2015	Open
2015-I-16	06/17/2015	Open
2015-I-17	06/17/2015	Open
2015-I-18	06/17/2015	Open
2015-I-19	06/17/2015	Closed
2015-I-20	07/22/2015	Open
2015-I-21	08/19/2015	Open
2015-I-22	08/19/2015	Open



FILE NO.	DATE OPENED	DISPOSITION
2015-I-23	08/19/2015	Open
2015-I-24	08/19/2015	Open
2015-I-25	08/19/2015	Open
2015-I-26	09/16/2015	Open
2015-I-27	09/16/2015	Closed
2015-I-28	10/29/2015	Open
2015-I-29	10/29/2015	Open
2015-I-30	10/29/2015	Open
2015-I-31	10/29/2015	Closed
2015-I-32	12/02/2015	Open
2015-I-33	12/02/2015	Open
2015-I-34	12/02/2015	Open
2015-I-35	12/02/2015	Open
2015-I-36	12/02/2015	Open
2015-I-37	12/02/2015	Open
2015-I-38	12/02/2015	Open
<b>TOTAL:</b>	<b>38 Investigations</b>	

TABLE 4

HAWAII STATE ETHICS COMMISSION FORMAL CHARGES* FILED IN 2015			
FILE NO.	ETHICS CHARGE	LOBBYING CHARGE	COMPLAINANT
2015-Cg-1	X		Individual or Organization-CLOSED
2015-Cg-2	X		Hawaii State Ethics Commission-CLOSED
2015-Cg-3	X		Hawaii State Ethics Commission-CLOSED
2015-Cg-4	X		Hawaii State Ethics Commission
2015-Cg-5	X		Hawaii State Ethics Commission
2015-Cg-6	X		Hawaii State Ethics Commission
2015-Cg-7	X		Hawaii State Ethics Commission
2015-Cg-8	X		Hawaii State Ethics Commission
2015-Cg-9	X		Hawaii State Ethics Commission
2015-Cg-10	X		Hawaii State Ethics Commission-CLOSED
2015-Cg-11	X		Individual or Organization
<b>TOTAL: 11 Charges</b>			

\* 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

<b>HAWAII STATE ETHICS COMMISSION            FINANCIAL INTERESTS DISCLOSURE STATEMENTS            FILED BY LEGISLATORS, EMPLOYEES, AND            BOARD AND COMMISSION MEMBERS IN 2015</b>	
Month	NUMBER FILED
January 2015	81
February 2015	66
March 2015	63
April 2015	333
May 2015	723
June 2015	235
July 2015	209
August 2015	141
September 2015	41
October 2015	31
November 2015	10
December 2015	8
<b>TOTAL</b>	<b>1,941</b>

TABLE 6

<b>HAWAII STATE ETHICS COMMISSION            GIFTS DISCLOSURE STATEMENTS FILED IN 2015</b>	
STATE POSITION	NUMBER FILED
Governor, Lt. Governor	2
Legislators	52
Employees	137
Board / Commission Members	14
<b>TOTAL</b>	<b>205</b>



TABLE 7

<b>HAWAII STATE ETHICS COMMISSION TOTAL NUMBER OF REGISTERED LOBBYISTS IN 2015 AND NUMBER OF CLIENTS REPRESENTED*</b>		
<b>YEAR</b>	<b>NUMBER OF LOBBYISTS</b>	<b>NUMBER OF CLIENTS REPRESENTED</b>
2015	308	309

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

TABLE 8

<b>HAWAII STATE ETHICS COMMISSION                      LOBBYING EXPENDITURES AND CONTRIBUTIONS REPORTS                      FILED IN 2015</b>			
<b>FILERS</b>	<b>REPORTING PERIODS</b>		
	05/01/14-12/31/14 (Jan. 31, 2015 Report)	01/01/15-02/28/15 (Mar. 31, 2015 Report)	03/01/15-04/30/15 (May 31, 2015 Report)
<b>LOBBYISTS</b>	289	286	305
<b>LOBBYISTS'                      CLIENTS</b>	274	304	316
<b>TOTAL REPORTS                      FILED</b>	563	590	621
<b>GRAND TOTAL</b>	1,774		

TABLE 9

<b>HAWAII STATE ETHICS COMMISSION                      TOTAL NUMBER OF DISCLOSURE FILINGS                      FOR 2015</b>	
Financial Interests Disclosure Statements filed by Legislators, Employees, and Board and Commission Members	1,941
Gifts Disclosure Statements	205
Lobbying Expenditures and Contributions Reports	1,774
Lobbyist Registrations (Two-year period 2013-2014)	308
<b>TOTAL</b>	<b>4,228</b>

TABLE 10

<b>HAWAII STATE ETHICS COMMISSION                      2015 EDUCATION PROGRAM                      (Ethics Workshops and Presentations)</b>		
<b>DATE</b>	<b>PRESENTATIONS</b>	<b>NO. OF PARTICIPANTS</b>
01/15/15	Office of Hawaiian Affairs Trustees and Staff	70
01/16/15	Mandatory Ethics Training* (Session 1)	15
01/21/15	Hawaii Health Systems Corporation Kauai Region Board	20
01/28/15	Mandatory Ethics Training* (Session 2)	10
02/26/15	Department of Education Hilo Waiakea Complex Area	54
03/12/15	Department of Education Honolulu Complex Area	27
05/20/15	Hawaii Health Systems Corporation Oahu Region Board	15
05/27/15	Pre-Retirement Seminar (Non-Contributory and Hybrid Plans)	200
07/10/15	State Historic Places Review Board and State Historic Preservation Division Staff	10
07/17/15	Department of Commerce and Consumer Affairs Regulated Industries Complaint Office	50

\* 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
08/18/15	General Ethics Training for State Employees on Oahu	228
08/25/15	Hawaii Health Systems Corporation East Hawaii Region Board	25
08/26/15	General Ethics Training for State Board and Commission Members	77
09/17/15	Governor's Orientation for New Members of Boards and Commissions	40
09/23/15	Pre-Retirement Seminar (Non-Contributory and Hybrid Plans)	90
09/24/15	Hawaii Health Systems Corporation Corporate Board	20
10/08/15	Hawaii State Hospital Supervisors and Staff	58
<b>TOTAL</b>	<b>17 PRESENTATIONS</b>	<b>1,009 Participants</b>

TABLE 11

<b>INFORMATION POSTED ON HAWAII STATE ETHICS COMMISSION WEBSITE</b>	
WEBSITE INTERNET URL:	<a href="http://ethics.hawaii.gov">http://ethics.hawaii.gov</a>
YEAR ESTABLISHED:	1998
<ul style="list-style-type: none"> <li>• Search Engine (ENHANCED)</li> <li>• News Releases</li> <li>• Who We Are and What We Do               <ul style="list-style-type: none"> <li>○ General Information about the Hawaii State Ethics Commission</li> <li>○ Duties of the Hawaii State Ethics Commission</li> </ul> </li> <li>• Constitution, Statutes, and Rules               <ul style="list-style-type: none"> <li>○ Article XIV, Constitution of the State of Hawaii</li> <li>○ State Ethics Code, Chapter 84, HRS</li> <li>○ State Lobbyists Law, Chapter 97, HRS</li> <li>○ Title 21, Administrative Rules of the Hawaii State Ethics Commission</li> </ul> </li> <li>• Advisory Opinions, Informal Advisory Opinions, Decisions, Resolutions of Charges/Investigations, and Ethics Advisories</li> <li>• Public Financial Disclosure Filings, Including Filings for Candidates for Public Office</li> <li>• Gifts Disclosure Filings</li> <li>• Lobbying Filings               <ul style="list-style-type: none"> <li>○ Lobbyist Registration Statements</li> <li>○ Lists of Registered Lobbyists</li> <li>○ Lists of Organizations Represented by Registered Lobbyists</li> <li>○ Registered Lobbyists' Lobbying Expenditure Statements</li> <li>○ Organizations' Lobbying Expenditure Statements</li> <li>○ Lists of Total Lobbying Expenditures Reported by Organizations</li> </ul> </li> <li>• Contract Notice Filings (Pursuant to HRS §84-15(a))</li> </ul>	
(continued)	

TABLE 11 (continued)

- Publications and Guidelines
  - *The High Road* Newsletter
  - Ethics Guide
  - Ethics Checklist
  - Guidelines for Gifts under the State Ethics Code
  - Campaigning
  - Fund Raising in State Offices
  - Application of the State Ethics Code to Dept. of Education Teachers
  - Post Employment Restrictions
  - Information for Legislators
  - Lobbying
  - Overview of the State Ethics Code 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 and Sunshine Law Minutes 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 12

<b>HAWAII STATE ETHICS COMMISSION  RECORDS CHECK OF APPLICANTS FOR JUDICIAL OFFICE PERFORMED  AT THE REQUEST OF THE STATE JUDICIAL SELECTION COMMISSION  IN 2015</b>						
MONTH	NUMBER OF APPLICANTS					
	Supreme Court	First Circuit Court	Second Circuit Court	Third Circuit Court	Fifth Circuit Court	Total Applicants Per Month
January						
February		11		1		12
March				1		1
April						
May		14	2			16
June		48		1		49
July		3			2	5
August		8				8
September		4				4
October					1	1
November		1				1
December		1			1	2
<b>TOTAL Per Court:</b>		90	2	3	4	<b>Grand Total: 99</b>



TABLE 13

<b>HAWAII STATE ETHICS COMMISSION  DISCLOSURE RECORDS AVAILABLE FOR PUBLIC INSPECTION*</b>	
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 14

**HAWAII STATE ETHICS COMMISSION  
2015 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

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

Campaigning

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

Fundraising

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

Continuation of Table 14:

For Legislators

Guidelines on the Use of Legislators' Annual Allowance  
Attendance at "Appreciation" Receptions, Dinners, Meals, or Parties, etc.,  
Offered by Lobbyists  
Legislative Interns  
Informational or Educational Trips Solicited or Accepted by Legislators

For Teachers

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

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  
Accrued or Incurred Lobbying Expenditures; Company Employee Lobbying  
Expenditures  
"Goodwill" Lobbying as Lobbying Expenditure  
Lobbying Registration and Reporting Manual  
Informational or Educational Trips as 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://ethics.hawaii.gov>.



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COMMITTEE ON JUDICIARY  
Tuesday, February 2, 2016, 2:00pm, Room 325

H.B. 2720 MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES OF THE LEGISLATURE,  
THE AUDITOR,  
THE LEGISLATIVE REFERENCE BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION

### **TESTIMONY**

Janet Mason, Co-Chair, Legislative Committee, League of Women Voters of Hawaii

#### **Chair Rhoads, Vice-Chair San Buenaventura, and Committee Members:**

The League of Women Voters of Hawaii supports an adequate appropriation for public employment cost items related to operation of the Senate, the House of Representatives and the State Ethics Commission for fiscal year 2016-2017. We think it is only reasonable that you pass an appropriation for these items. Someday the budgeting process will be transparent enough to the public that we will be able to offer a more informed opinion about the adequacy of appropriations for State entities like these whose services are critical to making democracy work. Thank you for the opportunity to submit testimony.