

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Telephone: (808) 587-4700
e-mail: state.procurement.office@hawaii.gov
<http://spo.hawaii.gov>

TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
JUDICIARY AND LABOR
FEBRUARY 9, 2015, 9:30 a.m.

SENATE BILL 290
RELATING TO ETHICS TRAINING

Chair Keith-Agaran, Vice-Chair Shimabukuro, and members of the committee, thank you for the opportunity to submit testimony on SB 290. The State Procurement Office's (SPO) submits comments.

The SPO supports this bill to require a more comprehensive ethics training course to be completed by persons subject to HRS section 84-41.

SPO's objective is make it known for all who participate in public procurement to do so in an ethical manner, and that everyone taking part in conducting public procurement shall act in good faith to practice purchasing ethics and display business integrity.

Thank you.



HAWAII STATE ETHICS COMMISSION

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

February 9, 2015

The Honorable Gilbert S. C. Keith-Agaran, Chair
The Honorable Maile S. L. Shimabukuro, Vice Chair
Honorable Members
Senate Committee on Judiciary and Labor
Hawaii State Capitol, Room 016
415 South Beretania Street
Honolulu, Hawaii 96813

Re: **Testimony on S.B. No. 290, Relating to Ethics Training**

Hearing: Monday, February 9, 2015, 9:30 a.m.
State Capitol, Conference Room 016

The State Ethics Commission (“Commission”) generally supports the intent of S.B. No. 290, Relating to Ethics Training, which requires employees who are involved in procurement, who administer contracts, and who inspect or regulate private organizations as well as members of all state boards to complete an ethics training course within 30 days of their employment and once every four years thereafter. The bill also requires persons whose financial disclosure statements are public documents to complete an in-person ethics training course. The Commission, however, has concerns about its ability to implement the mandatory ethics training as required by the bill.

S.B. No. 290 requires employees responsible for procurement, employees who administer contracts, and employees involved in inspection or regulation to complete an online ethics training course. First, the Commission currently does not have online training modules. Second, the Commission will be required to identify and “track” the employees required to complete the online training course. The Commission has insufficient funds in its proposed budget for fiscal year 2015-2016 to develop an effective online training course and the requisite system to confirm that the mandated employees have satisfied the bill’s requirements. To develop an online training course and the requisite tracking system, the Commission will require an additional appropriation. The Commission has requested an additional one-time appropriation of \$130, 000 to develop an electronic filing system. See S.B. No. 996 and H.B. No. 826. The Commission believes that some of the development relating to the electronic filing system likely can be used to develop a means to identify and track the employees who complete the mandatory training course.

The Honorable Gilbert S. C. Keith-Agaran, Chair
The Honorable Maile S. L. Shimabukuro, Vice Chair
Honorable Members
Senate Committee on Judiciary and Labor
February 9, 2015
Page 2

S.B. No. 290 requires that all persons who are required to file a financial disclosure statement pursuant to section 84-17(d) “attend an ethics training course in person.” “Live” training is a more effective means to introduce the state ethics code and effectuate ethics education than on-line training. The Commission therefore submits that all persons who are required to complete an in person training should be required to do so as their first ethics training course. As written, the Commission submits that it is unclear whether those employees required to complete an in-person course can do so after first completing an on-line course.

S.B. No. 290 requires that the initial ethics training course be completed “within thirty days of taking office or an employee’s first day of employment.” The Commission lacks the resources to be able to provide in-person training to new legislators and employees who are required to complete an in-person course within thirty days of their taking office or employment. For instance, the Commission may be required to conduct an in-person session for one new board member to satisfy the “within thirty days of taking office” requirement. The Commission suggests that the bill be amended to require individuals who must attend an in-person training to participate in the first in-person training course that is offered to all employees after the date he or she takes office or starts employment.

The bill imposes the responsibility to notify the persons required to complete ethics training of that requirement on the Commission. The Commission, however, does not know the employees responsible for procurement in each state agency; the Commission does not know the employees responsible for administering contracts; the Commission does not know the employees who are inspector or regulators. The Commission suggests that the responsibility to identify and notify the employees required to complete an ethics training course is best placed on the employees’ respective agencies. The agencies should be required to provide the Commission with the name of each new employee who is required under the bill to complete mandatory ethics training and other relevant information no later than 30 days after the employee’s first day of employment.

Finally, the Commission does not believe it is necessary to require that the ethics training course include a “question and answer” segment. Question and answer sessions regarding common problems and situations are a necessary part of -- and therefore included -- any in-person ethics training course. For any online training course, the Commission would automatically include contact information to enable any individual who takes the course to submit questions to the Commission’s legal staff.

Thank you for considering of the Commission’s testimony.