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LEGISLATIVE REFERENCE BUREAU
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HB1530

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, Director

Presented to the House Committee on Finance

Friday, February 3, 2017, 2:00 p.m.
Conference Room 308

Chair Luke and Members of the Committee:

I am Charlotte Carter-Yamauchi, Director of the Legislative Reference Bureau (LRB). Thank you for this opportunity to comment on the Bureau's budget request for fiscal year 2017-2018.

The LRB provides comprehensive, impartial research and reference services on legislative matters, primarily for the Legislature, but occasionally 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, reports, and 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 \$3,676,187, in section 9 of H.B. No. 1530 (2017), includes pass-through appropriations of \$106,696 for CSG dues and \$135,303 for NCSL dues. If the pass-through dues appropriations are not counted, the total adjusted amount leaves \$3,434,188 for the operating expenses of the Bureau for fiscal year 2017-2018. The increase to the Bureau's overall budget is due to the factors outlined as follows:

Annual National Organization Dues for the Legislature

The CSG and NCSL have increased their dues from \$102,428 to \$106,696, and \$132,856 to \$135,303, respectively, for the upcoming year, resulting in a total increase of \$6,715 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 \$7,636 for the Bureau's operating budget for fiscal year 2017-2018 to cover certain expected salary increase costs and costs incurred by the Bureau's Library that are described below.

Salary Increases Mandated by Salary Commission

In accordance with sections 26-56, 23G-1, and 23G-2, Hawaii Revised Statutes, a total of \$5,436 is requested to offset the scheduled increases in salary costs for the Bureau's Director and Assistant Director positions as established in the Commission on Salaries' 2013 report.

LRB Library

The Bureau has requested that an additional \$2,200 for fiscal year 2017-2018 be added to the Library's base budget to provide funding to offset the increased costs incurred for the incremental increase in Westlaw subscription contract cost and the acquisition and implementation of a modern, web-based, document cataloging system.

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 2016-2017, the cost of the Library's Westlaw contract was \$31,500. We are asking for an increase of \$1,000 for fiscal year 2017-2018 to cover the cost of the subscription's annual incremental increase.

Document Cataloging System

The Library's card catalog (a/k/a CARD) is available on the Internet and networks with the Supreme Court Law Library. In 2016, because the existing platform was aging and had become unreliable, the Library contracted with a new vendor to provide the Library with a modernized Integrated Library System (ILS). Through the new ILS, the Library has an improved online public catalog, circulation, and updated cataloging modules. The new ILS has been going through an extensive testing phase and, while it is anticipated that additional adjustments will be made on an ongoing basis to fine tune the open source software to better suit the Library's needs, the system is ready to go live. The ILS should be available for public use sometime in the month of February. The cost associated with the new ILS necessitates an increase of \$1,200.

Vacation Payouts/Employee Transfers

The Bureau also notes that an additional \$26,810 has been separately provided in section 12 of H.B. No. 1530 (2017) for fiscal year 2017-2018 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 2017-2018.

**LEGISLATIVE REFERENCE BUREAU
BUDGET REQUEST FOR FY 2017-2018**

	<u>2016-2017</u> <u>APPROPRIATION</u>	<u>2017-2018</u> <u>BUDGET REQUEST</u>
<u>BILL DRAFTING & RESEARCH</u>		
Personal Services:		
Staff	\$ 1,097,480 (13)	\$ 1,102,916 (13)
TOTAL BILL DRAFTING & RESEARCH	\$ 1,097,480	\$ 1,102,916
 <u>SYSTEMS OFFICE</u>		
Personal Services:		
Staff	368,969 (6)	368,969 (6)
Session Staff	70,000	70,000
Other Current Expenses	64,866	64,866
TOTAL SYSTEMS OFFICE	503,835	503,835
 <u>LIBRARY</u>		
Personal Services:		
Staff	382,155 (6)	382,155 (6)
Other Current Expenses	68,116	70,316
TOTAL LIBRARY	450,271	452,471
 <u>PUBLIC ACCESS ROOM</u>		
Personal Services:		
Staff	118,976 (2)	118,976 (2)
Session Staff	25,000	25,000
Other Current Expenses	17,016	17,016
TOTAL PUBLIC ACCESS ROOM	160,992	160,992
 <u>GENERAL SUPPORT</u>		
Personal Services:		
Staff	345,939 (5.5)	345,939 (5.5)
Student Staff	30,000	30,000
Overtime	25,000	25,000
Other Current Expenses	95,135	95,135
TOTAL GENERAL SUPPORT	496,074	496,074
 <u>REVISOR OF STATUTES</u>		
Personal Services:		
Staff	448,439 (6.5)	448,439 (6.5)
Other Current Expenses	269,461	269,461
TOTAL REVISOR OF STATUTES	717,900	717,900
TOTAL LRB	\$3,426,552 *	\$3,434,188 *
CSG Dues	102,428	106,696
NCSL Dues	132,856	135,303
TOTAL (LRB+CSG+NCSL)	\$3,661,836	\$3,676,187 **

*Amount does not include CSG & NCSL Dues.

**Amount include appropriation of \$198,417 per Act 66, SLH 2015.

EXHIBIT A

SYSTEMS OFFICE
BUDGET REQUEST FOR FISCAL YEAR 2017-2018

OTHER CURRENT EXPENSES

	<u>2016-2017</u> <u>APPROPRIATION</u>	<u>2017-2018</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 2017-2018

OTHER CURRENT EXPENSES

	<u>2016-2017</u> <u>APPROPRIATION</u>	<u>2017-2018</u> <u>BUDGET REQUEST</u>
Books	18,736	17,936
Online Information Services		
Westlaw	31,700	33,900
Print Subscriptions and Dues	9,980	9,580
Web Catalog		
Maintenance	3,000	4,200
Enhancements	500	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	\$68,116	\$70,316

EXHIBIT C

PUBLIC ACCESS ROOM
BUDGET REQUEST FOR FISCAL YEAR 2017-2018

OTHER CURRENT EXPENSES

	<u>2016-2017</u> <u>APPROPRIATION</u>	<u>2017-2018</u> <u>BUDGET REQUEST</u>
Office supplies	\$ 800	\$ 800
Equipment maintenance	7,868	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	\$17,016	\$17,016

EXHIBIT D

REVISOR OF STATUTES DIVISION
 BUDGET REQUEST FOR FISCAL YEAR 2017-2018

The requested appropriation by the Division includes \$268,251 in 2017-2018 for the production and printing of the Session Laws, the Hawaii Revised Statutes Supplement, and the Hawaii Revised Statutes Replacement Volume.

2017 Session Laws.....	\$ 35,000
2,200 volumes; 1,200 pages each volume.	
2017 HRS Supplement.....	\$178,000
2,400 sets; 5,000 pages each set.	
2017 HRS Replacement volume.....	\$ 55,251
2,500 volumes; 900 pages each volume.	
	<u>\$268,251</u>

OTHER CURRENT EXPENSES

	<u>2016-2017</u> <u>APPROPRIATION</u>	<u>2017-2018</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.¹

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

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

Research Division

The Research Division assists the Legislature through comprehensive, nonpartisan research memoranda and reports and drafting of various legislative documents. The Research Division's work includes drafting bills, resolutions, bill reviews and legal checks, committee reports 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.²

Between fiscal years 2011-2012 and 2015-2016, the Research Division responded to 22,775 requests for services.³ In each year, the Research Division responded to an average of 4,555 requests for services. (See Table 1 for year-by-year totals.)

Table 1. Research Division Requests (FY 2011-2012 - FY 2015-2016)

	FY 11-12 (2012)				FY 12-13 (2013)				FY 13-14 (2014)				FY 14-15 (2015)				FY 15-16 (2016)			
	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	844	64%	466	36%	851	63%	505	37%	737	62%	445	38%	1113	65%	597	35%	818	60%	544	40%
Bill Drafts (HDs, SDs, CDs) & Floor Amendments	127	26%	361	74%	114	25%	350	75%	127	20%	499	80%	152	27%	421	73%	405	58%	300	42%
Committee Reports	41	8%	468	92%	236	33%	470	67%	109	18%	512	82%	83	14%	502	86%	80	12%	575	88%
Resolutions	254	71%	106	29%	156	88%	22	12%	252	80%	61	19%	259	55%	208	45%	240	60%	157	40%
Certificates	1	100%	0	0%	6	100%	0	0%	4	100%	0	0%	7	100%	0	0%	6	100%	0	0%
Language--Bills, Resos, Legal Checks	n/a	n/a	n/a	n/a	7	88%	1	12%	1	100%	0	0%	3	100%	0	0%	21	66%	11	34%
Bill Reviews	578	57%	431	43%	497	57%	377	43%	455	50%	451	50%	419	49%	435	51%	409	51%	397	49%
Research Memos	68	79%	30	30%	54	76%	17	24%	95	80%	24	20%	87	38%	139	62%	65	69%	29	45%
TOTAL HOUSE & SENATE REQUESTS	1913	51%	1862	49%	1921	52%	1742	48%	1780	47%	1992	53%	2123	48%	2302	52%	2044	50%	2013	50%
Administration Measures (formatting and proofing; preparation for Legislature's website) ⁴			406				474				274				210				318	
Formatting Acts (preparation for publisher--session laws and supplements) ⁵			329				288				249				244				265	
Miscellaneous (projects, studies, task force reports, RFPs, etc.)			4				4				7				4				7	
TOTAL ALL REQUESTS			4514				4429				4302				4883				4647	

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 1956 requests for services for the House and 1,982 requests for services for the Senate each year.⁶ Of these requests received by the Research Division, a five-year average of 49.7% come from the House and 50.3% come from the Senate (other requests such as formatting Administration bills and other tasks are not included in this calculation). 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 38 requests for each Representative and 79 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.⁷ 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.⁸

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;⁹ and publishes an annual table indicating administrative agency rules that implement or interpret state laws.¹⁰ 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 the uniform format.

Finally, during the legislative session, staff members from the Division frequently assist Research Division researchers with requests for legislative drafting.

Table 2. Revisor of Statutes Division				
Requests for Assistance	No. of Requests FY 2012-2013	No. of Requests FY 2013-2014	No. of Requests FY 2014-2015	No. of Requests FY 2015-2016
Hawaii State Government	81	136	147	157
Other Governments*	4	14	17	7
Private	16	31	23	18
Materials Sent	2	3	16	11
Review of Administrative Rules	15	21	11	51
TOTALS	118	205	214	244

*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,¹¹ 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,¹² 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).¹³ 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 during session 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 817 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.)

Table 3. LRB Systems Office Requests						
Request Type	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	Average per year
Information from Computer	246	235	209	153	96	188
Technical Assistance	444	450	428	432	413	433
Printouts	90	103	124	77	56	90
Training	0	25	14	18	78	27 ¹⁴
General Information	86	84	111	100	12	79
TOTALS	844	897	891	780	655	817

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 39% of printout reports generated by the Systems Office have been at the request of members of the Senate. House members requested an average of 39% of report requests, and the remainder was provided to other governmental agencies. (See Table 4.)

Table 4. LRB Systems Office Requests for Printouts				
Year	Total Printouts	For House (%)	For Senate (%)	Other
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%)
FY15-16	56	22 (39%)	22 (39%)	12 (21%)

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.¹⁵ In addition, the Library is available for use by other government agencies and the general public.¹⁶ Furthermore, the Bureau's Library is a major repository for government reports to the Legislature.¹⁷ 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 networks with the Supreme Court Law Library. In 2016, the Library contracted with a new vendor to provide the library with a modernized Integrated Library System (ILS). Through the new ILS, the Library has an improved online public catalog, circulation, and updated cataloging modules. The new ILS has been going through an extensive testing phase and, while it is anticipated that additional adjustments will be made on an ongoing basis to fine tune the open source software to better suit the Library's needs, the system is ready to go live. The ILS should be available for public use sometime in the month of February. In addition, 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.¹⁸

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 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	Average per Year
Reference/Research	1714	1435	1370	1358	1180	1411
Online Database Research	65	59	41	54	58	55
Orientation/Training	65	22	79	47	45	52
Publications Distributed ¹⁹	987	300 ²⁰	1622	717 ²¹	1259	977
Documents Borrowed	256	176	201	170	119	184
TOTALS	3087	1992	3203	2346	2661	2658
Photocopying (pages)	3989	2520	2784	1406	1821	2504
Comp. printouts (pages)	40	81	37	14	199	74
TOTALS	4029	2601	2821	1420	2018	2578

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.²² 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										
	FY11-12	%	FY12-13	%	FY13-14	%	FY14-15	%	FY15-16	%
House	53	21%	36	20%	25	12%	28	16%	17	14%
Senate	37	14%	40	22%	58	29%	70	41%	31	26%
Legislative Agencies	52	20%	33	18%	48	24%	9	5%	17	14%
Other Gov't. Agencies	46	18%	8	5%	13	6%	19	11%	5	4%
Public	68	27%	59	35%	57	28%	44	26%	49	41%
TOTAL	256		176		201		170		119	
Reference /Research										
	FY11-12	%	FY12-13	%	FY13-14	%	FY14-15	%	FY15-16	%
House	182	10%	148	10%	128	9%	82	6%	93	8%
Senate	115	7%	129	9%	116	8%	90	7%	88	7%
Legislative Agencies	29	2%	30	2%	42	3%	58	4%	47	4%
Other Gov't. Agencies	267	16%	210	15%	180	13%	202	15%	233	20%
Public	1121	65%	918	64%	904	66%	926	68%	719	61%
TOTAL	1714		1435		1370		1358		1180	

Table 6. LRB Library Requests by Requestor (continued)										
Publications Distributed										
	FY11-12	%	FY12-13	%	FY13-14	%	FY14-15	%	FY15-16	%
House	181	18%	35	12%	292	18%	162	23%	328	26%
Senate	81	8%	17	6%	212	13%	106	15%	187	15%
Legislative Agencies	105	11%	61	20%	101	6%	123	17%	133	10%
Other Gov't. Agencies	592	60%	161	53%	959	59%	275	38%	562	45%
Public	28	3%	26	9%	58	4%	51	7%	49	4%
TOTAL	987		300²³		1622		717²⁴		1259	
Online Database Research										
	FY11-12	%	FY12-13	%	FY13-14	%	FY14-15	%	FY15-16	%
House	7	11%	10	17%	9	22%	14	26%	35	60%
Senate	12	19%	16	27%	9	22%	5	9%	3	5%
Legislative Agencies	45	70%	33	56%	23	56%	35	65%	20	34%
TOTAL	64		59		41		54		58	

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 1996,²⁵ 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 for services peak during the legislative session. In addition to members of the general public, PAR staff responds to numerous requests for information from legislative offices, executive branch agencies, and the media. PAR also collaborates with the Legislature's data systems offices to increase ease of access to information.

Table 7. LRB Public Access Room Requests for Services					
Request Type	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16
Email Inquiries	571	429	571	570	277 ²⁶
Printing/Copying ²⁷	60,902	61,018	69,459	83,387	91,815
Workshop Participants <i>(Participants on Neighbor Islands)</i>	626 <i>(116)</i>	636 <i>(156)</i>	939 <i>(153)</i>	856 <i>(154)</i>	914 <i>(216)</i>
Telephone Inquiries ²⁸	1,245	2,302	1,978	1,891	1,392
PAR walk-in patrons ²⁶	3,243	4,441	4,699	4,388	4,685
Broadcasts ²⁹	123	99	156	132	130

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 appropriate 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. It includes formatting of acts from Special Sessions and constitutional amendments.
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 had typically been printed and distributed in March of each year, was not printed and distributed until July/August of FY 13-14.
21. The publications distribution count for FY 14-15 is significantly less compared to previous fiscal years because it does not include the Directory of State, County and Federal Officials, which was not published and distributed until July/August of FY 15-16.
22. 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 LRB's Research Division.
23. See note 20 *supra*.
24. See note 21 *supra*.
25. See sections 21G-2 and 23G-3(12), HRS.
26. New method of tracking and counting instituted to more accurately reflect email inquiries.
27. Does not include pages printed directly from public terminals. Includes copies made for Legislators to distribute to constituents.
28. Actual numbers are estimated to be considerably higher; data has been difficult to capture and reflects only confirmed instances.
29. As contract coordinator for the Legislative Broadcast Program, PAR selects events for broadcast, monitors 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. 1530, 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 3, 2017

Chair Luke and Members of the Committee on Finance:

Thank you for the opportunity to present testimony in strong support of H.B. No. 1530. 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 \$1,316,799 for the operations of the Office of the Ombudsman for FY 2017-2018. Section 12 of this bill appropriates an additional \$14,035 for accrued vacation payments and vacation transfer payments for employees who leave employment with the Office of the Ombudsman prior to June 30, 2018.

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

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 through Act 1, SLH 2016, and Act 66, SLH 2015, excluding the funding for vacation payouts and transfers, plus an additional \$5,436 for salary increases pursuant to the recommendations of the 2013 Commission on Salaries for the Ombudsman and First Assistant.

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 2017-2018 and the current fiscal year.

Thank you for your consideration of this testimony.

Attachment

OFFICE OF THE OMBUDSMAN
OPERATING BUDGET
FY 2017-2018 vs. FY 2016-2017

	<u>Proposed FY 2017-2018</u>	<u>FY 2016-2017</u>
A. PERSONAL SERVICES		
Staff Salaries	1,256,599 (14)	1,251,163 (14)
SUBTOTAL PERSONAL SERVICES	1,256,599	1,251,163
 B. OTHER CURRENT EXPENSES		
Office Supplies & Postage	6,600	6,600
Telephone	6,000	6,000
Intra-state Transportation & Subsistence	2,000	2,000
Out-of-state Transportation & Subsistence	6,000	6,000
Printing, Advertising & Publications	5,000	5,000
Maintenance - Office Equipment	4,000	4,000
Equipment Rental	4,500	4,500
Training/Subscriptions/Dues	6,800	6,800
Other Miscellaneous Current Expense	1,100	1,100
Computer Services	15,000	15,000
Risk Management	<u>(included w/Other)</u>	<u>(included w/Other)</u>
SUBTOTAL OTHER CURRENT EXPENSES	57,000	57,000
 C. EQUIPMENT, FURNISHINGS, & BOOKS		
Equipment	2,100	2,100
Furnishings	550	550
Books	<u>550</u>	<u>550</u>
SUBTOTAL EQUIP, FURNISHINGS, BOOKS	3,200	3,200
 TOTAL OPERATING BUDGET	<u><u>1,316,799</u></u>	<u><u>1,311,363</u></u>
 Vacation payout / transfers	14,035	11,662
 TOTAL BUDGET REQUEST	<u><u>1,330,834</u></u>	<u><u>1,323,025</u></u>



HAWAII STATE ETHICS COMMISSION

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

Committee: Committee on Finance
Bill Number: H.B. 1530
Hearing Date/Time: February 3, 2017, 2:00 p.m.
Re: Testimony of the Hawaii State Ethics Commission in **SUPPORT** of H.B. 1530, Making Appropriations to Provide for the Expenses of the Legislature, the Auditor, the Legislative Reference Bureau, the Ombudsman, and the Ethics Commission

Dear Chair Luke and Committee Members:

The Hawaii State Ethics Commission (“Commission”) supports H.B. 1530, Section 11, which appropriates the amount of \$1,112,093 to the Commission for its operating and other expenses for FY 2017-2018. This figure does not include cost adjustments for staff salaries, which the Commission understands may be appropriated separately in H.B.110. The Commission likewise supports Section 12, which appropriates an additional \$16,553 for vacation payouts/transfers.

The Commission first notes that it has taken steps to cut its budget wherever possible. For example, the Commission has reduced its out-of-state travel budget by 40% and has drastically cut its publications and subscriptions (including canceling \$3,654 in annual print subscriptions from Westlaw).

The Commission respectfully requests additional funding of \$40,200 to hire a 0.6 FTE investigator.¹ The Commission also respectfully requests \$8,000 to purchase new computers to replace 8-year-old desktop machines for staff members, though the Commission is not requesting an additional appropriation for this purpose (the budget cuts noted above more than cover the costs of new computers for staff). See Attachments 1(a) and 1(b).

The Commission 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 Hawaii’s Constitution.

¹ The Commission used a full-time staff attorney position to create two part-time positions: a part-time staff attorney and a part-time investigator. The Commission would like to continue to employ both these individuals, but would like to increase the staff attorney to full-time and increase the investigator to 0.6 FTE.

I. Summary of Ethics Commission's Work, 2016

As more fully set forth below and in Attachments 2-4, the Ethics Commission performed the following services in 2016:

A. Advisory Opinions and Guidance:

1. Responded to 1,297 requests for advice
2. Responded to an additional 152 requests for advice on travel (whether state official could accept travel paid for by another entity)

B. Ethics Education (see Attachment 3):

1. Trained 1,516 individuals at fifteen separate trainings, including web-cast trainings and in-person trainings throughout Hawaii
2. Published four issues of *The High Road*

C. Enforcement: Charges and Investigations (see Attachment 4):

1. Assessed \$47,424 in administrative penalties (payable to the General Fund) and \$3,000 in restitution
 - a. Enforcement actions: \$46,039.00
 - b. Late filings of financial disclosures: \$1,385.00
 - i. Employees and Board/Commission members: \$960.00
 - ii. Candidates: \$425.00
2. Initiated 96 investigations of alleged violations of the Ethics Code/Lobbyists Law; issued 10 charges and resolved 16 cases through agreements with respondents
3. Resolved teacher chaperone case with Hawaii State Teachers Association

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

1. Received 1,930 financial disclosures
2. Received and published 172 candidate financial disclosures
3. Received and published 153 gift disclosures
4. Received and published registrations from 452 lobbyists representing 392 clients
5. Received and published 1,894 lobbyist expenditure reports

E. Judicial Candidates:

1. Responded to Judicial Selection Commission requests for information on approximately 162 candidates for judicial office

II. 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 eleven: an executive director and an associate director; four staff attorneys; a computer specialist; a part-time investigator; 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 more than 50,000 state officials and employees. This includes 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; in that capacity, the Commission has jurisdiction over approximately 450 lobbyists and nearly 400 organizations that lobby the state legislature or executive branch.

A. Advisory Opinions and Guidance

The Commission issues advisory opinions and other types of guidance about the application of the State Ethics Code and the State Lobbyists Law.² Every year, the Commission’s attorneys respond to more than one thousand requests for advice about these laws. In 2016, the Commission’s attorneys received and responded to nearly 1,300 requests for advice from state legislators, state employees, lobbyists, and members of the public, and an additional 152 requests for advice on whether state officials could accept a particular gift of travel (where travel is paid for by a non-state entity). The Commission’s attorneys also issued 261 staff opinion letters advising state

² HRS §§ 84-31(a)(2) and 97-6(a)(3).

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.

B. Ethics Education

The Commission is mandated by law to educate state officials and employees about ethics in government.³ To fulfill this mandate, the Commission conducts ethics training sessions throughout the year. In 2016, the Commission conducted ethics training for over 1,200 state officials and employees, including workshops for the Judiciary, the Department of Agriculture, the Department of Transportation, the Research Corporation of the University of Hawaii, multiple sessions for University of Hawaii employees (including sessions on Maui, Kauai, Hawaii Island, and Oahu), lobbyists, Board/Commission orientation for DCCA/Professional and Vocational Licensing Division appointees, and a refresher course for legislators and legislative staff. The Commission also held three general ethics training sessions for state employees and for state board members at the Mission Memorial Auditorium and the State Capitol Auditorium, and held an accredited Continuing Legal Education session for more than 100 government attorneys.

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 many 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. In 2017, the Commission also intends to explore developing online training modules to enhance its ethics education program.

C. Enforcement: Charges and Investigations

The Commission is also mandated to enforce the State Ethics Code and the State Lobbyists Law.⁴ The Commission receives and reviews complaints and conducts investigations on a confidential basis concerning alleged violations of the law. When appropriate, the Commission initiates formal charges against individuals who appear to have violated the law.⁵ If there is probable cause to believe that a violation of the law

³ HRS § 84-31(a)(7).

⁴ HRS §§ 84-31(a) and 97-6(a).

⁵ A "charge" is a formal complaint alleging a violation of one or more provisions of the State Ethics Code or the Lobbyists Law. Charges may be filed by the Commission or by an individual or organization. Charges must be in writing and must be signed by the person making the charge under oath or, if initiated by the Commission, must be signed by three or more members of the Commission. HRS §§ 84-31(b) and 97-6(b).

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

In 2016, the Commission initiated 96 investigations, issued 10 charges, and resolved 16 charges and major investigations. 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. Indeed, in 2016, the Commission levied \$47,424 in fines (and an additional \$3,000 in restitution), including one case with a \$15,000 administrative penalty and another with a \$13,000 penalty.

D. Financial Interests Disclosures, Gifts Disclosures, Lobbying Registrations and Reports, and Judicial Candidate Reviews

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 2016, the Commission received 1,930 financial disclosure statements from state officials and employees, and 153 gifts disclosure statements. The Commission also received 452 lobbyist registrations and 1,894 lobbying expenditures and contributions reports in 2016.

The Commission is in the process of working with the Office of Enterprise Technology Services, as well as a private contractor, to create a system that will allow filers to complete and file their documents electronically. When it is completed, this will include all financial disclosures, all gift disclosures, lobbyist registration statements, and lobbying expenditure statements.

The Commission is also in the process of streamlining the reporting process for lobbying expenditures. Currently, if a business hires a lobbying firm to lobby on its behalf, three separate expenditure reports are required for each reporting period: one from the business, one from the lobbying firm, and one from the individual lobbyist her- or himself. The new process will require only one form, to be submitted on behalf of the entity expending money for the purposes of lobbying, which will list any lobbying firms and any lobbyists all in one place. The new process will be more user-friendly, both for those completing the disclosure forms and for those reviewing the filings.

E. Judicial Candidate Reviews

The Commission provides information to the Judicial Selection Commission on applicants for judicial office. In 2016, the Hawaii State Ethics Commission provided information on approximately 162 applicants.

Additional information about the Commission's educational, advisory, and enforcement activities in 2016 is attached.

III. Budget Request for FY 2017-2018

The Commission is requesting an appropriation of \$1,112,093 for FY 2017-2018, which includes the addition of \$40,200 for a part-time (0.6 FTE) investigator.⁶ The investigator permits the Commission to analyze complex, resource-intensive cases more efficiently (and more cost-effectively) than with attorneys alone; our current investigator holds a Ph.D. and has decades of experience conducting complex investigations.

This amount does not include anticipated cost adjustments for staff salaries, which the Commission anticipates will be appropriated separately in alignment with collective bargaining agreements.

The Commission has taken steps to reduce its expenses wherever possible. For example, this year's budget reflects a 40% cut in its out-of-state travel budget (a savings of \$8,440); a cut of \$3,220 in dues, subscriptions, and staff training; and elimination altogether of the Commission's cable television subscription (a savings of \$960 annually). These expenses more than cover the request in the FY 2017-2018 budget for the purchase of new computers to replace 8-year-old desktop machines for Ethics Commission staff.

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 2017-2018, the Commission anticipates its office rent and other lease-related expenses to be approximately \$98,000. The Commission notes that its proposed budget, minus its lease rent obligation, is \$1,014,093. The Commission has the smallest budget of the legislative service agencies. The Commission supports the operations and missions of the other legislative service agencies, and the Commission respectfully believes that its operations and mission are equally important and should be funded accordingly.

As always, the Commission is committed to adjusting its budget, as necessary, to perform its statutory duties within the confines of the State's financial resources.

⁶ The Commission currently employs an investigator – hired in the fall of 2016 – at 0.4 FTE; the Commission accomplished this by splitting an existing full-time staff attorney position into two part-time positions: a part-time attorney and a part-time investigator. The additional funding will allow the Commission to increase the hours for both the investigator (to 0.6 FTE) and for the staff attorney (to full-time).

Thank you for your continuing support of the Commission's work and for considering the Commission's testimony on H.B. 1530.

Very truly yours,

Daniel Gluck
Executive Director and General Counsel

Attachments:

1. Budget tables, FY2016-2017 and FY2017-2018
2. Major functions of the Hawaii State Ethics Commission
3. Training summary, 2016
4. Summary of Resolutions of Charges and Resolutions of Investigations, 2016

HAWAII STATE ETHICS COMMISSION
Budget For FY 2017-18
(With Comparative Amounts for FY 2016-17)

	2016-2017 Approved Budget	2017-2018 Estimated Budget	Variance
OPERATION BUDGET			
A. PERSONAL SERVICES:			
1. Staff Salaries Excluding Executive Director ¹	734,848	734,848	-
2. Additional Staff position: Investigator, 0.6 FTE		40,200	40,200
3. Cost Adjustments for staff salaries ²		TBD	-
4. Executive Director Salary ³	141,720	144,552	2,832
5. Vacation Payouts/Transfer	<u>16,958</u>	<u>16,553</u>	<u>(405)</u>
TOTAL PERSONAL SERVICES:	<u>893,526</u>	<u>936,153</u>	<u>42,627</u>
B. OTHER EXPENSES:			
Office Expenses:	15,524	15,950	426
Intrastate Transportation and Travel	8,000	8,500	500
Out-of-State Travel	21,100	12,660	(8,440)
Equipment Rental and Maintenance	10,985	10,985	-
Dues, Subscriptions, Training	16,560	14,170	(2,390)
Newspaper Advertisements	1,600	1,600	-
Commission Meetings, Investigations and Hearings	8,100	9,370	1,270
Consulting Services	10,258	10,258	-
Office Rent:	<u>98,000</u>	<u>98,000</u>	<u>-</u>
TOTAL MATERIALS AND SUPPLIES:	<u>190,127</u>	<u>181,493</u>	<u>(8,634)</u>
C. CAPITAL OUTLAY:			
Furniture and Equipment	<u>3,000</u>	<u>11,000</u>	<u>8,000</u>
TOTAL CAPITAL OUTLAY:	<u>3,000</u>	<u>11,000</u>	<u>8,000</u>
GRAND TOTAL:	<u>\$ 1,069,695</u>	<u>\$ 1,112,093</u>	<u>42,398</u>
Vacation Payouts/Transfer	<u>16,958</u>	<u>16,553</u>	<u>(405)</u>

¹ Includes Cost Adjustment of \$60,000, Act 66, 2015 Session Laws of Hawaii
Cost adjustments for legislative officers and employees excluded from collective bargaining

² To be determined by Legislature in H.B. 110

³ Per HRS 84-35 and DHRD Salary Commission

HAWAII STATE ETHICS COMMISSION
Budget for Office Operations
By Object of Exenditure for FY17-18

2017-2018
 Estimated
Budget

OPERATIONG BUDGET

A.	PERSONAL SERVICES	
	1. Staff Salaries ¹	\$ 919,600.00
	5. Vacation Payouts/Transfer	<u>16,553</u>
	TOTAL PERSONAL SERVICES:	<u>919,600</u>
B.	MATERIALS AND SUPPLIES	
	Office Expenses:	15,950
	Intrastate Transportation and Travel	8,500
	Out-of-State Travel	12,660
	Equipment Rental and Maintenance	10,985
	Dues, Subscriptions, Training	14,170
	Newspaper Advertisements	1,600
	Commission Meetings, Investigations and Hearings	9,370
	Consulting Services	10,258
	Office Rent:	<u>98,000</u>
	TOTAL MATERIALS AND SUPPLIES:	<u>181,493</u>
C.	CAPITAL OUTLAY	
	Office Furn. & Equipment: ²	<u>11,000</u>
	TOTAL CAPITAL OUTLAY:	<u>11,000</u>
	TOTAL OPERATING BUDGET	<u>\$ 1,112,093</u>
	Vacation Payouts/Transfer	16,553

¹ Includes Cost Adjustment of \$60,000, Act 66, 2015 Session Laws of Hawaii
 Cost adjustments for legislative officers and employees excluded from collective bargaining

² Upgrade 8-year-old desktop computers for staff

Hawaii State Ethics Commission Major Functions

I ETHICS LAW	II LOBBYISTS LAW	III FINANCIAL DISCLOSURE LAW	IV GIFTS DISCLOSURE LAW	V CANDIDATE FINANCIAL DISCLOSURE LAW	VI EDUCATION	VII LEGISLATION	VIII WEBSITE
Duties: • Administration • Legal Opinions • Enforcement • Rules	Duties: • Administration • Legal Opinions • Enforcement • Auditing • Rules	Duties: • Administration • Legal Opinions • Enforcement • Auditing • Rules	Duties: • Administration • Legal Opinions • Enforcement • Auditing • Rules	Duties: • Administration • Legal Opinions • Enforcement • Auditing • Rules	Duties: • Mandatory Training • Sessions Developed by Office • Publications	Duties: • State Ethics Code • State Lobbying Law • Financial Disclosure Law • Gifts Disclosure Law • Candidates Financial Disclosure Law	Duties: • Publishing filings, news, Commission meeting materials • Portal for e-filing

IX DISCLOSURE FILINGS	Disclosure Filing Date	Approximate Number of Disclosures	X ADMINISTRATION
Annual Financial Interests Disclosures Statements	May 31	1930	Duties: • Management • Supervision • Fiscal • Personnel • Procurement • Technology • Planning
Candidates Financial Interests Disclosures Statements	20 days before primary*	172	
Gifts Disclosure Statements	June 30	153	
Lobbyist Registration Statements	January**	452	
Lobbying Organizations Expenditure Reports	March 31	323	
Lobbying Organizations Expenditure Reports	May 31	307	
Lobbying Organizations Expenditure Reports	January 31	284	
Lobbyists Expenditure Reports	March 31	307	
Lobbyists Expenditure Reports	May 31	348	
Lobbyists Expenditure Reports	January 31	325	

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

ETHICS COMMISSION STAFF: 11 Individuals (9 full-time, 2 part-time)

* Filed every even-numbered year only.

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

HAWAII STATE ETHICS COMMISSION 2016 EDUCATION PROGRAM (Ethics Workshops and Presentations)		
DATE	PRESENTATIONS	NO. OF PARTICIPANTS
03/15/16	General Ethics Training for State Employee	189
03/15/16	Lobbyists Law Training	49
04/14/16	Judiciary – Fiscal Officers’ Annual Meeting	40
07/08/16	Research Corporation of the University of Hawaii	218
07/26/16	University of Hawaii	100
08/16/16	University of Hawaii (including video conference to all sites)	205
08/30/16	Boards and Commissions Orientation	30
09/14/16	General Ethics Training for State Employees	231
10/18/16	DOH Sanitation Branch	45
10/18/16	Kona State Employees	52
10/21/16	Maui – DOT Employees/State Employees	54
10/26/16	Hilo – State Employees	83
10/28/16	Kauai – DOT Employees/State Employees	88
12/02/16	Ethics Training for State Government Attorneys	111
12/06/16	Ethics Refresher Class for Legislators and Staff	21
TOTAL	15 PRESENTATIONS	1,516 Participants

HAWAII STATE ETHICS COMMISSION: SUMMARY OF CHARGES AND INVESTIGATIONS RESOLVED IN 2016

The Hawaii State Ethics Commission (“Commission”) initiated 96 investigations in 2016, and resolved a total of 16 charges and major investigations, including those below. The Commission also worked with the Hawaii State Teachers Association to resolve the issue of teachers serving as chaperones on school trips; the settlement agreement in that case is available on the Commission’s website at <http://tinyurl.com/HSEC-HSTA>.

I. Resolutions of Charges in 2016

Resolution of Charge 2016-2: Charter School Governing Board Member’s Conflicts of Interests. The Commission issued a charge against a member of a charter school governing board for allegedly (1) taking action as a board member directly affecting his private employer and his spouse’s employment with the school; and (2) representing his private employer in lease negotiations and other transactions with the school. The charge alleged that these actions violated the Hawaii Ethics Code’s prohibitions on conflicts of interest, Hawaii Revised Statutes (HRS) § 84-14. The resolution of the charge included the Commission’s publication of information about the charge and the board member’s payment of an administrative penalty of \$2,500 to the State.

Resolution of Charge 2016-3: Former Deputy Director’s Conflicts of Interests. The Commission issued a charge against a former deputy director for allegedly (1) taking action directly affecting her spouse’s private employer on numerous projects involving the deputy director’s state agency; and (2) taking action directly affecting a business in which she and her spouse owned stock. The charge alleged that these actions violated the conflicts of interests law, HRS § 84-14. The resolution of the charge included the Commission’s publication of information about the charge, including the former deputy director’s name and her payment of an administrative penalty of \$13,000 to the State.

Resolution of Charge 2016-4: Supervisor’s Use of State Vehicles and Subordinate State Employees for Personal Purposes. The Commission issued a charge against a state supervisor for allegedly using state vehicles (including a semi-trailer used to haul heavy equipment), subordinate state employees, and state work time to transport his personal pickup truck from Kona to Hilo for repairs. The charge alleged that the supervisor misused his official position to obtain unwarranted personal privileges and advantages for himself, in violation of the fair treatment law, HRS § 84-13. The resolution of the charge included the Commission’s publication of information about the charge, including the supervisor’s name and state position, and the supervisor’s payment of an administrative penalty of \$3,000 to the State.

Resolution of Charge 2016-5: Legislator’s Acceptance of Improper Gifts. The Commission issued a charge against a legislator for allegedly accepting improper gifts from a law firm that lobbies the legislature. The charge alleged that these actions violated the gifts law, HRS § 84-11. The resolution of the charge included the Commission’s publication of information about the charge and the payment of \$739, equivalent to the value of the gift received, to the State.

Resolution of Charge 2016-6: Community College Professor’s Misuse of Student Lab Fees. The Commission issued a charge against a state community college professor for allegedly misusing lab fees and other monies he collected from his students for his own personal benefit and other unauthorized purposes. The charge alleged that these actions violated the fair treatment law, HRS § 84-13, and the conflicts of interests law, HRS § 84-14. The resolution of the charge included the Commission’s publication of information about the charge, including the professor’s name, and his agreement to pay an administrative penalty of \$15,000 to the State.

Resolution of Charge 2016-7: Chief Financial Officer’s Conflict of Interest. The Commission issued a charge against a state chief financial officer for allegedly (1) taking action with respect to his spouse’s prospective employment with a business under contract with his state agency, and (2) taking action affecting that business at the time his spouse was being hired by, or had become an employee of, that business. The charge alleged that these actions violated the conflicts of interests law, HRS § 84-14. The resolution of the charge included the Commission’s publication of information about the charge, including the chief financial officer’s name, and his payment of an administrative penalty of \$1,000 to the State.

Resolution of Charge 2016-8: Adult Correction Officer’s Acceptance of \$3,000 from Inmate. The Commission issued a charge against an Adult Corrections Officer (“ACO”) for allegedly violating the fair treatment law (HRS § 84-13), the gifts law (HRS § 84-11), and the gifts disclosure law (HRS § 84-11.5) in connection with the ACO’s receipt of \$3,000 from an inmate in his custody. The charge alleged that the ACO violated the fair treatment law by: (1) planning with two other ACOs to obtain a power of attorney from an inmate in their custody where the power of attorney was for the purpose of withdrawing money from the inmate’s credit union account for the purpose of giving the money to the three ACOs; and (2) soliciting, accepting, or receiving a monetary gift from the inmate for his personal benefit. The charge further alleged that the ACO violated the gifts law by soliciting, accepting, or receiving \$3,000 from the inmate. Finally, the charge alleged that the ACO violated the gifts disclosure law by failing to disclose the receipt of the \$3,000 from the inmate. The resolution of the charge included publication of information about the charge, the payment of a \$1,500 administrative penalty to the State, and restitution of \$3,000 to the inmate.

Resolution of Charge 2016-9: State Engineer’s Personal Assistance to Tenant on Pending Application Before State Agency. The Commission issued a charge against a state engineer for allegedly violating the fair treatment law, HRS § 84-13, by improperly assisting a state tenant on a pending application. The resolution of the charge included the Commission’s publication of the employee’s name and information about the charge and the employee’s payment of an administrative penalty of \$1,000 to the State.

II. Resolutions of Investigations in 2016

Resolution of Investigation 2016-1: Lobbying Activities by Association’s Director. The Commission resolved investigations regarding alleged violations of the registration and reporting requirements of the Lobbyists Law, HRS § 97-2 and 97-3, including (1) the failure by the Director of an association to register as a lobbyist and to file lobbying expenditures reports; and (2) the failure by a nonprofit organization that contracted and paid for the Director’s lobbying services to file lobbying expenditures reports. The resolution of the investigations included the payment of administrative penalties of \$2,000 each by the Director and the nonprofit organization; the filing of the delinquent lobbyist registrations and lobbying reports; and the Commission’s publication of information about the investigations.

Resolution of Investigation 2016-2: Legislator’s Alleged Failure to Report Interest in Real Property on Annual Disclosure of Financial Interests. The Commission resolved an investigation regarding a legislator’s alleged failure to report his interest in a condominium unit on his annual disclosure of financial interests, in violation of the financial disclosure law, HRS § 84-17. The legislator later amended his financial disclosure statements to report all required information about his interest in the property. The resolution of the investigation included the Commission’s publication of information about the investigation and the legislator’s payment of an administrative penalty of \$300 to the State.

Resolution of Investigation 2016-3: Employee’s Improper Use of State Resources for Campaign Purposes. The Commission resolved an investigation regarding a Dean within the University of Hawaii, who allegedly used University letterhead and his University e-mail address to endorse a candidate for political office (in violation of the fair treatment law, HRS § 84-13). The resolution of the investigation included payment of a \$500 administrative penalty to the State and publication of information about the investigation; the Dean also instructed the candidate to cease using his endorsement letter.



49 South Hotel Street, Room 314 | Honolulu, HI 96813
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COMMITTEE ON FINANCE
Friday, February 3, 2017, 2:00pm, Room 308

H.B. 1530 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 Luke, Vice-Chair Cullen, 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 2017-2018.** 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.



House Finance Committee
Chair Sylvia Luke, Vice Chair Ty Cullen

Thursday 02/03/2017 at 2:00 PM in Room 308
HB1530 – Making Appropriations to Provide for the Expenses of the Legislature, The Auditor, The Legislative Reference Bureau, The Ombudsman, and the Ethics Commission

TESTIMONY --COMMENTS
Corie Tanida, Executive Director, Common Cause Hawaii

Dear Chair Luke, Vice Chair Cullen, and members of the House Finance Committee:

Common Cause Hawaii offers comments on HB1530, which makes appropriations to the Legislature, Auditor, Legislative Reference Bureau, Ombudsman, and Ethics Commission.

Common Cause Hawaii notes that many of the entities and programs funded by this bill will see a slight increase in the amount of funds appropriated to them. However, the amount appropriated to both the House and Senate's legislative broadcasting program has remained the same. We believe that this program, which provides the public with vital information and access to the Legislature, deserves to be increased as well. By increasing funding, more hearings can be broadcast, increasing transparency and thereby the public's confidence in our state government, which is particularly important during this time of political uncertainty.

Thank you for the opportunity to offer comments on HB1530.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2017 5:37 PM
To: FINTestimony
Cc: arvidtadaokitty@gmail.com
Subject: Submitted testimony for HB1530 on Feb 3, 2017 14:00PM

HB1530

Submitted on: 1/31/2017

Testimony for FIN on Feb 3, 2017 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Arvid Tadao Youngquist	Individual	Support	Yes

Comments: Chair and Vice Chair, house Finance Committee This is a testimony in support of HB No. 1530, the portion of which relates mostly to the legislative Reference Bureau. I continue to support the invaluable service and unique value of our PAC (public access room). Please continue to fund it and perhaps, if appropriate, extend the staffing level and the hours of operation. Mahalo nui loa, Arvid Tadao Youngquist Kalihi Valley resident & Voter 1725-F Perry Street Honolulu, HI 96819 845-2495 (unlisted)

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



HOUSE COMMITTEE ON FINANCE
The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair

**H.B. No. 1530, Making Appropriations to Provide for the Expenses
of the Legislature, the Auditor, the Legislative Reference Bureau,
the Ombudsman, and the Ethics Commission**

Hearing: Friday, February 3, 2017, 2:00 p.m.

The Office of Auditor **supports** Sections 6, 7, and 8 of H.B. No. 1530, which appropriates to the Auditor **\$3,001,649** for the office's expenses, both personnel and operational; **\$150,000** for special studies and other requests by the legislature; **\$2,800,000** to be deposited in the Audit Revolving Fund, which moneys are expended to pay the cost of the financial audits of state departments and political subdivisions performed by private certified public accountants; and **\$6,300,000** out of the Audit Revolving Fund for us to conduct or complete our audit functions as provided by law. We strongly support the work of the legislature and the other legislative services agencies, but without any information about the financial requirements of those organizations, we have no position with respect to the portions of the bill that relate to those organizations' appropriations.

Budget request

The FY17-18 budget to perform our constitutional duties is **\$3,001,649**. That amount represents a "flat" budget, similar to the office's FY16-17 budget, with certain relatively minor adjustments.

The FY17-18 budget includes the appropriation to the office for permanent staff salary adjustments through Act 66, Session Laws of Hawai'i 2015, as well as the salary adjustments for the Auditor and Deputy Auditor in accordance with the schedule established by the 2013 Salary Commission.

The FY17-18 budget does not include \$30,000 for computer and other IT upgrades that the legislature appropriated for FY16-17.

Exhibit 1 presents our proposed budget by program and compares amounts to the FY16-17 budget. Exhibit 2 presents our budget request by objects of expenditure. Exhibit 3 shows our current appropriation and estimated expenditures.

Our Work

Exhibit 4 lists the reports that we provided to the legislature in 2016 and 2017. We conducted a variety of assignments, including performance and financial audits, studies, a sunrise evaluation, follow-up reports on agencies' implementation of our audit recommendations, analyses of special or revolving funds proposed during the 2016 legislative session, and non-general fund reviews.

We currently are working on matters pending before the 2017 legislature. We will be contacting you if you have introduced a bill or bills for consideration during the 2017 legislative session that propose new special or revolving funds. Section 23-11, HRS, requires us to analyze those bills and submit our analyses as to whether the proposed funds meet certain criteria by 30 days prior to *sine die*. This year, we expect to submit these assessments by February 28 so that they may be considered by the relevant committees.

We also will be requesting meetings with you about bills or resolutions that you introduce requesting an audit. We are committed to providing you with meaningful audit findings that address and answer the issues that you intend. For us to do so, it is imperative that we understand the specific concerns that you may have so that we are able to focus our audit to examine the specific aspect of a program's performance.

Financial audits

The financial statement audit contracts that we administer through our audit revolving fund are listed on Exhibit 5. One of those contracts involves the State of Hawai'i's Comprehensive Annual Financial Report (CAFR), which was delivered before the end of December 2016 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. On-time issuance of the CAFR and achievement of this award can positively affect the State's ability to issue general obligation bonds to fund capital improvement projects. We also expect to issue the statewide Single Audit by its March 2017 deadline.

Thank you for your support of the office and for considering the testimony in support of the appropriations to the Auditor in H.B. No. 1530.

OFFICE OF THE AUDITOR
Budget for FY2017-18
(With Comparative Amounts for FY2016-17)

Exhibit 1

AUDIT	2016-2017		2017-2018	
Personal services				
Staff	1,178,440	(18)	1,277,244	(18)
Contract	134,942		134,942	
Other expenses	102,787		88,191	
Total audit	1,416,169		1,500,377	
 PROGRAM EVALUATION AND SPECIAL STUDIES				
Personal services				
Staff	523,751	(8)	567,665	(8)
Contract	59,974		59,974	
Other expenses	45,683		39,197	
Total program evaluation and special studies	629,408		666,836	
 LEGISLATIVE SERVICES				
Personal services - staff	261,876	(4)	283,832	(4)
Other expenses	22,842		19,598	
Total legislative services	284,718		303,430	
 SUNSET EVALUATIONS AND SUNRISE ANALYSES				
Personal services - staff	65,469	(1)	70,958	(1)
Other expenses	5,710		4,900	
Total sunset evaluation and sunrise analyses	71,179		75,858	
 FOLLOW-UP				
Personal services - staff	196,407	(3)	212,875	(3)
Other expenses	17,131		14,699	
Total follow-up	213,538		227,574	
 GENERAL SUPPORT				
Personal services - staff	196,406	(3)	212,875	(3)
Other expenses	17,131		14,699	
Total general support	213,537		227,574	
 TOTAL OPERATING BUDGET				
	2,828,549	(37)	3,001,649	(37)
 AUDIT REVOLVING FUND				
	2,800,000		2,800,000	

OFFICE OF THE AUDITOR
Statement Showing Budget for Office Operations
By Object of Expenditure for FY2017-18

Exhibit 2

Operating Budget

Personal services:

Staff salaries	\$2,422,349
FY2017 Collective Bargaining (Act 66, SLH 2015)	197,664
Salary Commission Increase	5,436
Total personal services	<u>2,625,449</u>
Contractual Services	194,916
	<u>2,820,365</u>

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	46,284
Miscellaneous	<u>2,000</u>
Total other expenses	<u>181,284</u>

Total Operating Budget **\$3,001,649**

Audit Revolving Fund **\$2,800,000**
Expenditure Ceiling *\$6,300,000*

OFFICE OF THE AUDITOR
Statement Showing Budget and Estimated Expenditures
By Object of Expenditure for FY2016-2017

Exhibit 3

	Budget	Estimated	Variance
Personal services:			
Staff salaries	\$ 2,422,349	\$ 1,977,538	\$ 444,811
Contractual services	194,916	194,916	-
Total personal services	\$ 2,617,265	\$ 2,172,454	\$ 444,811
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	13,200	13,200	-
Printing	5,000	5,000	-
Rental and maintenance of equipment	20,000	20,000	-
Books	500	500	-
Equipment	76,284	76,284	-
Miscellaneous	2,000	2,000	-
Total other expenses	\$ 211,284	\$ 211,284	\$ -
TOTAL	\$ 2,828,549	\$ 2,383,738	\$ 444,811
Special Studies Appropriation (Act 1, SLH 2016)	\$ 150,000	\$ 150,000	\$ -
Audit Revolving Fund Appropriation (Act 1, SLH 2016)	\$ 2,800,000	\$ 2,800,000	\$ -

Office of the Auditor
Current Projects and Reports Submitted to the 2016 and 2017 Legislatures

Performance audits, studies, and other projects

Report No.	Title	Work performed pursuant to
Performance audits and other reports issued in 2016		
16-01	Report on Selected Executive Branch Department's Information Technology Expenditures	SCR 162 (2015)
16-02	Analysis of Proposed Special and Revolving Funds 2016	§23-11, HRS
16-03	Follow-Up on Recommendations Made in Report No. 13-06, <i>Audit of the Kaho'olawe Rehabilitation Trust Fund</i>	§23-7.5, HRS
16-04	Follow-Up on Recommendations Made in Report No. 13-02, <i>Audit of the Department of Hawaiian Home Lands' Homestead Services Division</i>	§23-7.5, HRS
16-05	Follow-Up on Recommendations Made in Report No. 13-09, <i>Audit of Major Contracts and Agreements of the Hawai'i Tourism Authority</i>	§23-7.5, HRS
16-06	Follow-Up on Recommendations Made in Report No. 13-01, <i>Audit of the Department of Agriculture's Measurement Standards Branch</i>	§23-7.5, HRS
16-07	Follow-Up on Recommendations Made in Report No. 13-04, <i>Procurement Examination of the Department of Transportation</i>	§23-7.5, HRS
16-08	Audit of Hawai'i's Motion Picture, Digital Media, and Film Production Income Tax Credit	§23-4, HRS
16-09	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Offices of the Governor and Lieutenant Governor	§23-12, HRS
16-10	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Office of Hawaiian Affairs	§23-12, HRS
16-11	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Education and the Hawai'i State Public Library System	§23-12, HRS
Performance audits and other reports issued in 2017		
17-01	Sunrise Analysis: Regulation of Certified Professional Midwives	HB1899 HD1 (2016)

Office of the Auditor
Current Projects and Reports Submitted to the 2016 and 2017 Legislatures

Report No.	Title	Work performed pursuant to
Performance audits and other reports to be issued in 2017		
--	Financial and Program Audit of the Deposit Beverage Container Program, June 30, 2016	§342G-107, HRS
--	Management Audit of Leave and Staffing at Correctional Facilities	§23-4, HRS
--	Management Audit of the Plant Quarantine Branch	Act 243, SLH 2016
--	Audit of the Asset Forfeiture Program of the Department of the Attorney General	HCR 4 (2016)
--	Follow-Up on Recommendations Made in Report No. 14-02, <i>Audit of the Department of Human Services' Med-Quest Division and Its Medicaid Program</i>	§23-7.5, HRS
--	Follow-Up on Recommendations Made in Report No. 14-07, <i>Follow-Up Audit of the Management of Mauna Kea and the Mauna Kea Science Reserve</i>	§23-7.5, HRS
--	Follow-Up on Recommendations Made in Report No. 14-11, <i>Audit of the Hawai'i State Foundation on Culture and Arts</i>	§23-7.5, HRS
--	Follow-Up on Recommendations Made in Report No. 14-16 <i>Audit of the Department of Health's Glass Advance Disposal Fee Program</i>	§23-7.5, HRS
Proposed fund reviews		
--	We expect to perform approximately 40 - 50 reviews of proposed special and revolving funds during the 2017 legislative session.	§23-11, HRS

Financial Statements and Single Audit Report

Report No.	Title	Work performed by
Financial statement audits issued in 2016		
--	State of Hawai'i Comprehensive Annual Financial Report – June 30, 2016	Accuity LLP
--	State of Hawai'i Single Audit Report – June 30, 2015	Accuity LLP
--	Department of Accounting and General Services, Stadium Authority – June 30, 2015 Financial Statements	KKDLY LLC
--	Department of Accounting and General Services, State Motor Pool Revolving Fund – June 30, 2015 Financial Statements	Egami & Ichikawa CPAs, Inc.

Office of the Auditor
Current Projects and Reports Submitted to the 2016 and 2017 Legislatures

Report No.	Title	Work performed by
--	Department of Accounting and General Services, State Parking Revolving Fund – June 30, 2015 Financial Statements	Egami & Ichikawa CPAs, Inc.
--	Department of the Attorney General – June 30, 2015 Financial Statements and Single Audit Report	Akamine, Oyadomari & Kosaki, CPAs
--	Department of Business, Economic Development & Tourism, Hawai'i Housing Finance and Development Corporation – June 30, 2015 Financial Statements and Single Audit Report	Accuity LLP
--	Department of Education – June 30, 2015 Financial Statements and Single Audit Report	N&K CPAs, Inc.
--	Department of Hawaiian Home Lands – June 30, 2015 Financial Statements and Single Audit Report	Accuity LLP
--	Department of Health – June 30, 2015 Financial Statements and Single Audit Report	N&K CPAs, Inc.
--	Department of Health, Drinking Water Treatment Revolving Fund – June 30, 2015 Financial Statements	N&K CPAs, Inc.
--	Department of Health, Water Pollution Control Revolving Fund – June 30, 2015 Financial Statements	N&K CPAs, Inc.
--	Department of Human Services – June 30, 2015 Financial Statements and Single Audit Report	KMH LLP
--	Department of Human Services, Hawai'i Public Housing Authority – June 30, 2015 Financial Statements and Single Audit Report	KMH LLP
--	Department of Transportation, Administration Division – June 30, 2015 Financial Statements and Single Audit Report	CW Associates
--	Department of Transportation, Airports Division – June 30, 2015 Financial Statements	KPMG LLP
--	Department of Transportation, Airports Division – June 30, 2015 Single Audit Report	KPMG LLP
--	Department of Transportation, Harbors Division – June 30, 2015 Financial Statements	KKDLY LLC
--	Department of Transportation, Highways Division – June 30, 2015 Financial Statements	KKDLY LLC
--	Department of Transportation, Highways Division – June 30, 2015 Single Audit Report	KKDLY LLC

Office of the Auditor
Current Projects and Reports Submitted to the 2016 and 2017 Legislatures

Report No.	Title	Work performed by
--	Department of Transportation, O'ahu Metropolitan Planning Organization – June 30, 2015 Financial Statements and Single Audit Report	Gilford Sato & Associates, CPAs, Inc.
--	Employees' Retirement System of the State of Hawai'i – June 30, 2015 Financial Statements	KPMG LLP
--	Employees' Retirement System of the State of Hawaii – June 30, 2014 Financial Statements	KPMG LLP
--	Hawai'i Employer-Union Health Benefits Trust Fund – June 30, 2015 Financial Statements	KKDLY LLC
--	Hawai'i Tourism Authority – June 30, 2015 Financial Statements	KPMG LLP
--	Hawai'i Convention Center – December 31, 2015 Financial Statements	KPMG LLP
--	Hawai'i Convention Center – December 31, 2014	KPMG LLP

OFFICE OF THE AUDITOR
 AUDIT REVOLVING FUND
 FY2018 - BUDGET REQUEST

Exhibit 5

# of Contracts	Department - Agency Financial Statement (and Single Audits, as applicable) Audits	Expenditure Ceiling Request Projected FYE 2017 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)	\$ 86,900	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	\$ 132,000	0.0%	100.0%	Trust	\$ -
6	Employees' Retirement System	\$ 274,000	0.0%	100.0%	Other Non-GF	\$ -
	Department of Business, Economic Development & Tourism					
7	Hawaii Housing Finance & Development Corporation	\$ 245,000	0.0%	100.0%	Special	\$ -
8	HTA - Hawaii Tourism Authority	\$ 92,000	0.0%	100.0%	Special	\$ -
	Hawaii Convention Center - Special Purpose F/S					\$ -
9	Hawaii Community Development Authority	\$ 41,000	0.0%	100.0%		\$ -
10	Department of Education	\$ 400,000	90.0%	10.0%	Federal	\$ 360,000
11	Department of Hawaiian Home Lands	\$ 170,000	0.0%	100.0%	Trust	\$ -
	Department of Health					
12	Water Pollution Control Revolving Fund	\$ 390,000	70.0%	30.0%	Federal	\$ 273,000
	Drinking Water Treatment Revolving Loan Fund					
	Deposit Beverage Container Program					
13	Department of Human Services	\$ 433,000	40.600%	59.400%	Federal	\$ 175,798
14	Hawaii Public Housing Authority	\$ 355,000	0.0%	100.0%	Various	\$ -
	Department of Transportation					
15	Administration	\$ 37,000	0.0%	100.0%	Special	\$ -
16	Airports	\$ 415,000	0.0%	100.0%	Special	\$ -
17	Harbors	\$ 232,000	0.0%	100.0%	Special	\$ -
18	Highways	\$ 324,000	0.0%	100.0%	Special	\$ -
19	Oahu Metropolitan Planning Organization	\$ 24,000	0.0%	100.0%	Special	\$ -
TOTAL Managed 19 Contracts:		\$ 5,407,900				\$ 2,467,648
Reserve for Estimated Adjustments/Overages:		\$ 892,100				\$ 332,352
TOTAL Requested Budget Amounts:		\$ 6,300,000				\$ 2,800,000