



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

**H.B. No. 2600, Making Appropriations to Provide for the Expenses
of the Legislature, the Auditor, the Legislative Reference Bureau,
the Ombudsman, and the Ethics Commission**

Hearing: Thursday, February 01, 2018, 2:00 p.m.

The Office of Auditor **supports** Sections 6, 7, 8 and 12 of H.B. No. 2600, which appropriates to the Auditor: **\$3,007,127** 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; **\$6,300,000** out of the Audit Revolving Fund for us to conduct or complete our audit functions as provided by law; and **\$68,106** for accrued vacation payments and vacation transfer payments. 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 FY18-19 budget to perform our constitutional duties is **\$3,007,127**. That amount represents a "flat" budget, similar to the office's FY17-18 budget.

The FY18-19 budget includes the salary adjustments for the Auditor and Deputy Auditor in accordance with the schedule established by the 2013 Salary Commission.

Exhibit 1 presents our proposed budget by program and compares amounts to the FY17-18 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 2017 and 2018. We conducted a variety of assignments, including performance and financial audits, studies, a sunrise evaluation, a sunset evaluation, a study on proposed mandatory health insurance for cognitive rehabilitation therapy, follow-up reports on agencies' implementation of our recommendations contained in earlier audit reports, analyses of special or revolving funds proposed during the 2017 legislative session, and non-general fund reviews.

We will be contacting you if you have introduced a bill or bills for consideration during the 2018 legislative session that propose new special or revolving funds. Section 23-11, Hawai'i Revised Statutes, 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 scope our audit to examine the relevant aspect(s) 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 2017 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 2018 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. 2600.

OFFICE OF THE AUDITOR
Budget for FY2018-19
(With Comparative Amounts for FY2017-18)

Exhibit 1

AUDIT	2017-2018		2018-2019	
Personal services				
Staff	1,277,244	(18)	1,279,909	(18)
Contract	134,942		134,942	
Other expenses	88,191		88,191	
Total audit	1,500,377		1,503,042	
 PROGRAM EVALUATION AND SPECIAL STUDIES				
Personal services				
Staff	567,665	(8)	568,849	(8)
Contract	59,974		59,974	
Other expenses	39,197		39,197	
Total program evaluation and special studies	666,836		668,020	
 LEGISLATIVE SERVICES				
Personal services - staff	283,832	(4)	284,425	(4)
Other expenses	19,598		19,598	
Total legislative services	303,430		304,023	
 SUNSET EVALUATIONS AND SUNRISE ANALYSES				
Personal services - staff	70,958	(1)	71,106	(1)
Other expenses	4,900		4,900	
Total sunset evaluation and sunrise analyses	75,858		76,006	
 FOLLOW-UP				
Personal services - staff	212,875	(3)	213,319	(3)
Other expenses	14,699		14,699	
Total follow-up	227,574		228,018	
 GENERAL SUPPORT				
Personal services - staff	212,875	(3)	213,319	(3)
Other expenses	14,699		14,699	
Total general support	227,574		228,018	
 TOTAL OPERATING BUDGET				
	3,001,649	(37)	3,007,127	(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 FY2018-2019

Exhibit 2

Operating Budget

Personal services:

Staff salaries	\$2,625,449
Salary Commission Increase	5,478
Total personal services	<u>2,630,927</u>
Contractual Services	194,916
	<u>2,825,843</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	2,000
	<u>181,284</u>
Total other expenses	<u>181,284</u>

Total Operating Budget **\$3,007,127**

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 FY2017-2018

Exhibit 3

	Budget	Estimated	Variance
Personal services:			
Staff salaries	\$ 2,625,449	\$ 2,147,235	\$ 478,214
Contractual services	194,916	194,916	-
Total personal services	\$ 2,820,365	\$ 2,342,151	\$ 478,214
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	46,284	46,284	-
Miscellaneous	2,000	2,000	-
Total other expenses	\$ 181,284	\$ 181,284	\$ -
TOTAL	\$ 3,001,649	\$ 2,523,435	\$ 478,214
Special Studies Appropriation (Act 1, SLH 2017)	\$ 150,000	\$ 150,000	\$ -
Audit Revolving Fund Appropriation (Act 1, SLH 2017)	\$ 2,800,000	\$ 2,800,000	\$ -

Office of the Auditor
Current Projects and Reports Submitted to the 2017 and 2018 Legislatures

Performance audits, studies, and other projects

Report No.	Title	Work performed pursuant to:
Performance audits and other reports issued in 2017		
17-01	Sunrise Analysis: Regulation of Certified Professional Midwives	HB1899 HD1 (2016)
17-02	Financial and Program Audit of the Deposit Beverage Container Program, June 30, 2016	§342G-107, HRS
17-03	Analyses of Proposed Special and Revolving Funds 2017	§23-11, HRS
17-04	Follow-Up on Recommendations from Report No. 14-16, <i>Audit of the Department of Health's Glass Advance Disposal Fee Program</i>	§23-7.5, HRS
17-05	Audit of Hawai'i Department of Agriculture's Plant Quarantine Branch	Act 243, SLH 2016
17-06	Follow-Up on Recommendations from 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
17-07	Report of Hawai'i Superferry Final Expenses	§23-7.5, HRS
17-08	Sunset Evaluation: Regulation of Athletic Trainers	§23-4, HRS
17-09	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Human Resources Development	§23-12, HRS
17-10	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Taxation	§23-12, HRS
17-11	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Public Safety	§23-12, HRS
17-12	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Labor and Industrial Relations	§23-12, HRS

Office of the Auditor
Current Projects and Reports Submitted to the 2017 and 2018 Legislatures

Performance audits and other reports issued in 2017, continued		
17-13	Study of Proposed Mandatory Health Insurance for Cognitive Rehabilitation Therapy	SCR 105, SD1, HD1 (2017)
17-14	Audit of the Disease Outbreak Control Division of the Department of Health	§23-4, HRS
Performance audits and other reports issued and to be issued in 2018		Work performed pursuant to:
18-01	Audit of the Hawai'i State Energy Office	§23-4, HRS
18-02	Sunrise Analysis: Regulation of Dental Assistants	§26-H, HRS; HB 374
--	Audit of the Office of Hawaiian Affairs	§10-14.55 HRS
--	Audit of the Hawai'i Tourism Authority	§23-13, HRS
--	Audit of the Public Utilities Commission	SB 382 (2017)
--	Audit of the Department of the Attorney General's Asset Forfeiture Program	HCR 4 (2016)
--	Audit of the Department of Land and Natural Resources' Land Conversation Special Fund	HB 839 (2017)
--	Audit of the Department of Land and Natural Resources' Land and Development Special Fund	HB 839 (2017)
--	Audit of Adult Residential Care Homes - Part I	§23-4, HRS
--	Audit of Adult Residential Care Homes - Part II	§23-4, HRS
--	Financial and Program Audit of the Deposit Beverage Container Program, June 30, 2018	§342G-107, HRS
--	Follow-Up on Recommendations from 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 from 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 from Report No. 15-07, <i>Audit of the Research Corporation of the University of Hawai'i</i>	§23-7.5, HRS

Office of the Auditor
Current Projects and Reports Submitted to the 2017 and 2018 Legislatures

Performance audits and other reports issued and to be issued in 2018, continued		Work performed pursuant to:
--	Follow-Up on Recommendations from Report No. 15-18, <i>Audit of the Department of Transportation's Energy Performance Contracts: Improved Oversight is Needed to Ensure Savings</i>	§23-7.5, HRS
--	Follow-Up on Recommendations from Report No. 15-20, <i>Audit of the Department of Human Services' KOLEA System: \$155 Million KOLEA Project Does Not Achieve All ACA Goals</i>	§23-7.5, HRS
--	Audit of the Honolulu Authority for Rapid Transportation (HART)	SB 4 (2017 Special Session)
--	Review of Tax Incentives	SB 100, §23-71 to 81, HRS; §23-91 to 96, HRS
--	Hawai'i 2050 Sustainability Plan	Act 8 (2005 Special Session)
Proposed fund reviews		Work performed pursuant to:
--	We expect to perform approximately 40 - 50 reviews of proposed special and revolving funds during the 2018 legislative session.	§23-11, HRS

Office of the Auditor
Current Projects and Reports Submitted to the 2017 and 2018 Legislatures

Financial Statements and Single Audit Report

Financial statement audits issued in 2017	Performed by:
State of Hawai'i Comprehensive Annual Financial Report – June 30, 2017	Accuity LLP
State of Hawai'i Single Audit Report – June 30, 2016	Accuity LLP
Department of Accounting and General Services, Stadium Authority – June 30, 2016 Financial Statements	KKDLY LLC
Department of Accounting and General Services, State Motor Pool Revolving Fund – June 30, 2016 Financial Statements	Egami & Ichikawa CPAs, Inc.
Department of Accounting and General Services, State Parking Revolving Fund – June 30, 2016 Financial Statements	Egami & Ichikawa CPAs, Inc.
Department of the Attorney General – June 30, 2016 Financial Statements and Single Audit Report	Akamine, Oyadomari & Kosaki, CPAs
Department of Business, Economic Development and Tourism, Hawai'i Housing Finance and Development Corporation – June 30, 2016 Financial Statements and Single Audit Report	Accuity LLP
Department of Education – June 30, 2016 Financial Statements and Single Audit Report	N&K CPAs, Inc.
Department of Hawaiian Home Lands – June 30, 2016 Financial Statements and Single Audit Report	Accuity LLP
Department of Health – June 30, 2016 Financial Statements and Single Audit Report	N&K CPAs, Inc.
Department of Health, Drinking Water Treatment Revolving Fund – June 30, 2016 Financial Statements	N&K CPAs, Inc.
Department of Health, Water Pollution Control Revolving Fund – June 30, 2016 Financial Statements	N&K CPAs, Inc.
Department of Human Services – June 30, 2016 Financial Statements and Single Audit Report	KMH LLP

Office of the Auditor
Current Projects and Reports Submitted to the 2017 and 2018 Legislatures

Financial statement audits issued in 2017, continued	Performed by:
Department of Human Services, Hawai'i Public Housing Authority – June 30, 2016 Financial Statements and Single Audit Report	KMH LLP
Department of Transportation, Administration Division – June 30, 2016 Financial Statements and Single Audit Report	CW Associates
Department of Transportation, Airports Division – June 30, 2016 Financial Statements	KPMG LLP
Department of Transportation, Airports Division – June 30, 2016 Single Audit Report	KPMG LLP
Department of Transportation, Harbors Division – June 30, 2016 Financial Statements	KKDLY LLC
Department of Transportation, Highways Division – June 30, 2016 Financial Statements	KKDLY LLC
Department of Transportation, Highways Division – June 30, 2016 Single Audit Report	KKDLY LLC
Department of Transportation, O'ahu Metropolitan Planning Organization – June 30, 2016 Financial Statements and Single Audit Report	Choo, Osada, & Lee, CPAs, Inc.
Employees' Retirement System of the State of Hawai'i – June 30, 2016 Financial Statements	KPMG LLP
Hawai'i Community Development Authority –June 30, 2016 Financial Statements	CW Associates
Hawai'i Employer-Union Health Benefits Trust Fund – June 30, 2016 Financial Statements	KKDLY LLC
Hawai'i Tourism Authority – June 30, 2016 Financial Statements	CW Associates
Hawai'i Convention Center – December 31, 2016 Financial Statements	CW Associates

OFFICE OF THE AUDITOR
 AUDIT REVOLVING FUND
 FY2018 - BUDGET REQUEST

# of Contracts	Department - Agency Financial Statement (and Single Audits, as applicable) Audits	Expenditure Ceiling Request Projected FYE 2018 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	\$ 1,650,000	100.0%	0.0%	n/a	\$ 1,650,000
	ICSD - SSAE 16: IT Controls					
2	DAGS - Stadium Authority (& agreed upon procedures)	\$ 89,500	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	\$ 110,000	55.0%	45.0%	Federal	\$ 60,500
	Department of Budget and Finance					
5	Hawaii Employer - Union Health Benefits Trust Fund	\$ 250,000	0.0%	100.0%	Trust	\$ -
6	Employees' Retirement System	\$ 285,000	0.0%	100.0%	Other Non-GF	\$ -
	Department of Business, Economic Development & Tourism					
7	Hawaii Housing Finance & Development Corporation	\$ 235,000	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%	Special	\$ -
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	\$ -
12	Department of Health					
	Water Pollution Control Revolving Fund	\$ 390,000	70.0%	30.0%	Federal	\$ 273,000
	Drinking Water Treatment Revolving Loan Fund					
	Deposit Beverage Container Program	\$ 55,000	Charge back 100% to DBC program			\$ -
13	Department of Human Services	\$ 438,000	40.17%	59.83%	Federal	\$ 175,945
14	Hawaii Public Housing Authority	\$ 355,000	0.0%	100.0%	Various	\$ -
15	Department of Land and Natural Resources	\$ 65,000	0.0%	100.0%	Special	\$ -
	Department of Transportation					
16	Administration	\$ 37,000	0.0%	100.0%	Special	\$ -
17	Airports	\$ 434,000	0.0%	100.0%	Special	\$ -
18	Harbors	\$ 235,000	0.0%	100.0%	Special	\$ -
19	Highways	\$ 325,000	0.0%	100.0%	Special	\$ -
20	Oahu Metropolitan Planning Organization	\$ 25,000	0.0%	100.0%	Special	\$ -
TOTAL Managed 20 Contracts		\$ 5,731,500				\$ 2,519,445
Reserve for Estimated Adjustments/Overages:		\$ 568,500				\$ 280,555
TOTAL Requested Budget Amounts:		\$ 6,300,000				\$ 2,800,000

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HB2600

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

Thursday, February 1, 2018, 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 2018-2019.

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 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 data 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 \$3,707,995, in section 9 of H.B. No. 2600 (2018), includes pass-through appropriations of \$110,924 for CSG dues and \$137,333 for NCSL dues. If the pass-through dues appropriations are not counted, the total adjusted amount leaves \$3,459,738 for the operating expenses of the Bureau for fiscal year 2018-2019. The present appropriation reflects a small increase to the Bureau's overall budget compared to fiscal year 2017-2018, and is due to the factors discussed below.

Annual National Organization Dues for the Legislature

The CSG and NCSL have increased their dues from \$106,696 to \$110,924, and \$135,303 to \$137,333, respectively, for the upcoming year, resulting in a total increase of \$6,258 for these budgeted cost items.

Bureau-Related Increases

To cover its general operating costs and to improve the quality of services provided by the Bureau's Library, the Bureau respectfully requested an increase of \$25,550 for the Bureau's operating budget for fiscal year 2018-2019.

Salary Increases Mandated by Salary Commission

In accordance with sections 23G-1, 23G-2, and 26-56, Hawaii Revised Statutes, a total of \$5,550 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 \$20,000 for fiscal year 2018-2019 be added to the Library's base budget to provide funding to rebuild the LRB Library's Internet interface with the general public and expedite the ongoing conversion of the Library's electronic document catalog system.

Regarding the LRB Library's Internet interface with the general public, with the recent retirement of the Library's library information technology specialist, we found that it was an opportune time to review the Bureau's present general, Library, and Public Access Room websites. We note that the software used to develop and maintain the websites is over ten years old and in need of a refresh. After preliminary inquiries into this matter, we found that, due to the age of the website's software, at least two contractors, who have done work for other governmental agencies (UH and Department of Health), recommended a complete overhaul of the websites. Very rough cost estimates from the two vendors indicate a likely range of between \$2,000 - \$12,000. However, both companies did note that they would have to do a full review of our websites and discuss specifications before providing a more accurate quote. Factors that would alter cost estimates include: choosing a custom design or template, whether we remain with our current host, and changing our domain name.

Regarding the ongoing conversion of the Library's electronic document catalog system, as you already are aware from our 2017 budget testimony, the LRB Library embarked on an electronic catalog modernization project that became necessary when its legacy electronic catalog's operating system was determined to be unstable and incapable of keeping up with the needs of the Library and its users. In June 2016, the Library contracted the services of ByWater Solutions to provide a new Koha library catalog operating system and to batch convert a portion of the Library's data. Koha is an open source Integrated Library System (ILS), used worldwide by public, school, and special libraries, that includes a significant amount of enhanced data fields compared with the Library's previous electronic catalog system. Over the course of converting the Library's data, it was determined that, due to a number of reasons (e.g., unique nature of records, incomplete information was originally inputted, corrupted data, etc.), approximately 10,000 – 15,000 electronic files of the Library's

existing catalog could not be batch converted by ByWater Solutions and that our Library staff would have to convert each file individually. This process has proven to be more time consuming and resource-intensive than originally anticipated. In discussing possible solutions to expedite the data conversion process, the Bureau believes that it can possibly establish a partnership with the University of Hawaii's Library and Information Science Program to provide a hands-on learning opportunity for graduate level library science students to electronically convert and catalog the LRB Library's collection under the supervision of LRB Librarians. We anticipate that such an endeavor would require the Bureau to pay each graduate student-participant an hourly wage at an established graduate student rate. The Bureau believes that this collaboration would provide an excellent means to both expedite the completion of the Library's data conversion project and provide a valuable educational opportunity for library science graduate students. However, we note that, at this point, we have not yet approached the University of Hawaii with this proposal, and thus we would not anticipate being able to commence this project until after session ends.

Since we are at a very preliminary stage on these projects and so many variables may affect the cost of implementation, we are requesting, for the Bureau's Library, an amount of \$15,000 for the website rebuild and \$5,000 to hire possibly two, part-time, graduate library science students to assist with data input for the library catalog data conversion project, with the understanding that if the funds appropriated are not fully expended on these projects, we would lapse the remaining amount to the general fund at the end of the fiscal year.

Vacation Payouts/Employee Transfers

The Bureau also notes that an additional \$26,810 has been separately provided in section 12 of H.B. No. 2600 (2018) for fiscal year 2018-2019 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 is requesting a total increase in funding of \$31,814 for its 2018 2019 budget. The Bureau thanks the Chair and members of the Committee for its favorable consideration of the Bureau's budget request for fiscal year 2018-2019.

**LEGISLATIVE REFERENCE BUREAU
BUDGET REQUEST FOR FY 2018-2019**

	<u>2017-2018</u> <u>BUDGET REQUEST</u>	<u>2018-2019</u> <u>BUDGET REQUEST</u>
<u>BILL DRAFTING & RESEARCH</u>		
Personal Services:		
Staff	\$ 1,102,916 (13)	\$ 1,108,466 (13)
TOTAL BILL DRAFTING & RESEARCH	\$ 1,102,916	\$ 1,108,466
 <u>SYSTEMS OFFICE</u>		
Personal Services:		
Staff	368,969 (5)	368,969 (5)
Session Staff	70,000	70,000
Other Current Expenses	64,866	56,226
TOTAL SYSTEMS OFFICE	503,835	495,195
 <u>LIBRARY</u>		
Personal Services:		
Staff	382,155 (6)	382,155 (6)
Other Current Expenses	70,316	85,016
TOTAL LIBRARY	452,471	467,171
 <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	15,576
TOTAL PUBLIC ACCESS ROOM	160,992	159,552
 <u>GENERAL SUPPORT</u>		
Personal Services:		
Staff	345,939 (5.5)	345,939 (5.5)
Student Staff	30,000	35,000
Overtime	25,000	25,000
Other Current Expenses	95,135	105,515
TOTAL GENERAL SUPPORT	496,074	511,454
 <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	\$3,434,188 *	\$3,459,738 *
CSG Dues	106,696	110,924
NCSL Dues	135,303	137,333
TOTAL (LRB+CSG+NCSL)	\$3,676,187 **	\$3,707,995 **

*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 2018-2019

OTHER CURRENT EXPENSES

	<u>2017-2018</u> <u>APPROPRIATION</u>	<u>2018-2019</u> <u>BUDGET REQUEST</u>
Acquisition and Maintenance of Software/Hardware	\$22,044	\$22,044
Equipment Rental	4,320	4,320
Data Communication	2,520	2,520
General Supplies	4,102	4,102
Staff Training and Development	8,640	0 ¹
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	\$56,226

¹ Amount combined with general support other expenses.

EXHIBIT B

LIBRARY DIVISION
BUDGET REQUEST FOR FISCAL YEAR 2018-2019

OTHER CURRENT EXPENSES

	<u>2017-2018</u> <u>APPROPRIATION</u>	<u>2018-2019</u> <u>BUDGET REQUEST</u>
Books	\$17,936	\$17,536
Online Information Services		
Westlaw	33,900	34,700
Print Subscriptions and Dues	9,580	9,180
Web Catalog		
Maintenance	4,200	4,200
Enhancements	500	500
Website Rebuild	--	15,000
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>0¹</u>
TOTAL	\$70,316	\$85,016

¹ Amount combined with general support other expenses.

EXHIBIT C

PUBLIC ACCESS ROOM
BUDGET REQUEST FOR FISCAL YEAR 2018-2019

OTHER CURRENT EXPENSES

	<u>2017-2018</u> <u>APPROPRIATION</u>	<u>2018-2019</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	0 ¹
Other	<u>108</u>	<u>108</u>
TOTAL	\$17,016	\$15,576

¹ Amount combined with general support other expenses.

EXHIBIT D

REVISION OF STATUTES DIVISION
 BUDGET REQUEST FOR FISCAL YEAR 2018-2019

The requested appropriation by the Division includes \$268,251 in 2018-2019 for the production and printing of the Session Laws, the Hawaii Revised Statutes Supplement, and the Hawaii Revised Statutes Replacement Volume.

2018 Session Laws.....	\$ 35,000
2,000 volumes; 1,000 pages each volume.	
2018 HRS Supplement.....	\$168,000
2,275 sets; 3,500 pages each set.	
2018 HRS Replacement volume.....	\$ 65,251
2,475 volumes; 900 pages each volume.	

	\$268,251

OTHER CURRENT EXPENSES

	<u>2017-2018</u> <u>APPROPRIATION</u>	<u>2018-2019</u> <u>BUDGET REQUEST</u>
Office Supplies	\$ 378	\$ 800
Postage	756	340
Notices, Publication of	76	70
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 individual Legislators. The preference of Legislators to use a particular research/drafting agency may fluctuate over time based upon any number of factors. Further, many Legislators 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 2012-2013 and 2016-2017, the Research Division responded to 22,198 requests for services.³ In each year, the Research Division responded to an average of 4,440 requests for services. (See Table 1 for year-by-year totals.)

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

	FY 12-13 (2013)				FY 13-14 (2014)				FY 14-15 (2015)				FY 15-16 (2016)				FY 16-17 (2017)			
	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	851	63%	505	37%	737	62%	445	38%	1113	65%	597	35%	818	60%	544	40%	829	63%	496	37%
Bill Drafts (HDs, SDs, CDs) & Floor Amendments	114	25%	350	75%	127	20%	499	80%	152	27%	421	73%	405	58%	300	42%	112	26%	318	74%
Committee Reports	236	33%	470	67%	109	18%	512	82%	83	14%	502	86%	80	12%	575	88%	28	5%	524	95%
Resolutions	156	88%	22	12%	252	80%	61	19%	259	55%	208	45%	240	60%	157	40%	163	54%	138	46%
Certificates	6	100%	0	0%	4	100%	0	0%	7	100%	0	0%	6	100%	0	0%	5	100%	0	0%
Language--Bills, Resos, Legal Checks	7	88%	1	12%	1	100%	0	0%	3	100%	0	0%	21	66%	11	34%	2	100%	0	0%
Bill Reviews	497	57%	377	43%	455	50%	451	50%	419	49%	435	51%	409	51%	397	49%	457	55%	371	45%
Research Memos	54	76%	17	24%	95	80%	24	20%	87	38%	139	62%	65	69%	29	45%	62	78%	18	22%
TOTAL HOUSE & SENATE REQUESTS	1921	52%	1742	48%	1780	47%	1992	53%	2123	48%	2302	52%	2044	50%	2013	50%	1658	47%	1865	53%
Administration Measures (formatting and proofing; preparation for Legislature's website) ⁴	406		474		274		210		328											
Formatting Acts (preparation for publisher--session laws and supplements) ⁵	329		288		249		244		217											
Miscellaneous (projects, studies, task force reports, RFPs, etc.)	4		4		7		4		2											
TOTAL ALL REQUESTS	4514		4429		4302		4883		4070											

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 1905 requests for services for the House and 1,983 requests for services for the Senate each year.⁶ Of these requests received by the Research Division, a five-year average of 49.1% come from the House and 50.9% 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 37 requests for each Representative and 79 requests for each Senator each year.

Revision of Statutes 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 Revision of Statutes 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 an index, a table showing what statutes have been affected, and a list of committee reports pertaining to the laws enacted;
- 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 that have been 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 Revision of Statutes 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 annually publishes the Hawaii Administrative Rules Table of Statutory Sections Implemented and Directory, indicating administrative agency rules that implement 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. Revision of Statutes Division				
Requests for Assistance	No. of Requests FY 2013-2014	No. of Requests FY 2014-2015	No. of Requests FY 2015-2016	No. of Requests FY 2016-2017
Hawaii State Government	136	147	157	143
Other Governments*	14	17	7	10
Private	31	23	18	16
Materials Sent	3	16	11	3
Review of Administrative Rules	21	11	51	36
TOTALS	205	214	244	208

*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 data 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-four 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 766 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 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	Average per year
Information from Computer	235	209	153	96	92	157
Technical Assistance	450	428	432	413	373	419
Printouts	103	124	77	56	63	85
Training	25	14	18	78	50	37
General Information	84	111	100	12	27	67
TOTALS	897	891	780	655	605	766

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 32% of printout reports generated by the Systems Office have been at the request of members of the Senate. House members requested an average of 52% 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
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%)
FY16-17	44	24 (55%)	9 (20%)	11 (25%)

Library

The Legislative Reference Bureau is statutorily charged with maintaining a reference library as an information resource to serve and support the Legislature and legislative staff, including the other divisions within the Legislative Reference Bureau.¹⁴ In addition, the Library is available for use by other government agencies and the general public.¹⁵ Furthermore, the Bureau's Library is a major repository for government reports to the Legislature.¹⁶ We note that with the closure of the DBEDT's reference library some years ago and the limited availability of materials from the Honolulu Municipal Reference Center, the Library is one of the few remaining providers of 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. 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 hundreds 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, and, up until December 31, 2017, an Internet Specialist. One of the research librarians also provides technical assistance to the website and is the library catalog administrator.

The Library card catalog (a/k/a CARD) is available on the Internet, using the open source software Koha. In 2016, the Library contracted with a new vendor to provide the Library with a modernized Integrated Library System (ILS). The catalog was announced in May 2016, and through the new ILS, the Library has an improved online public catalog, circulation, and updated cataloging modules. The previous catalog, which was created in 1983, started with mainframe computing and received its last major update in 1999, when it was migrated to a web-based platform. However, that system does not meet the current library cataloging standard. Accordingly, we are in the process of updating our Library's cataloging practices to conform the current library cataloging standard. To assist the librarians with re-cataloging our records, we are researching the possibility of hiring graduate student interns from the University of Hawaii at Manoa, Library and Information Science Program.

In addition, the Library maintains the Legislative Reference Bureau's and Public Access Room websites. The Library is exploring a full rebuild and redesign of both websites through a private vendor as the websites were last redesigned in 2004. *iClips*, an electronic news headline service that was emailed to Legislators and legislative staff every weekday morning since 2003, has been discontinued due to the recent retirement of Library personnel. The Library staff is currently exploring other options to continue this popular service. In addition, the Library also distributes all LRB publications with the exception of the Hawaii Revised Statutes, its supplements, and the Session Laws of Hawaii, which, by law, are required to be distributed or sold by the Lieutenant Governor.¹⁷

The Library maintains records on several types of service requests: reference and research assistance, online database research (this involves more extensive research, including Westlaw searches, and is done only for Legislators or legislative staff), legislative staff orientation and training, distribution of publications, and documents borrowed. In addition, the Library keeps records of photocopying and printouts that it prepares in response to the various

requests. Over the past five years, the Library has responded to an average of over 2,500 informational and research requests each year, not including requests for photocopying or computer printouts. (See Table 5.) For the first time, we are including the Bureau's website statistics. Table 6 reflects the statistics for calendar year 2017.

Table 5. LRB Library Requests for Services						
Request Type	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	Average per Year
Reference/Research	1435	1370	1358	1180	1254	1319
Online Database Research	59	41	54	58	62	55
Orientation/Training	22	79	47	45	25	44
Publications Distributed ¹⁸	300 ¹⁹	1622	717 ²⁰	1259	943	968
Documents Borrowed	176	201	170	119	72	148
TOTALS	1992	3203	2346	2661	2356	2512
Photocopying (pages)	2520	2784	1406	1821	2072	2121
Comp. printouts (pages)	81	37	14	199	35	73
TOTALS	2601	2821	1420	2018	2107	2193

Table 6. LRB Library Website Statistics for 2017			
Month	²¹Unique Visitors	Number of Visits	Hits
January	11033	24866	51253
February	11018	22735	48859
March	13178	26085	58315
April	13311	26512	56987
May	12995	27017	56342
June	11954	25440	47980
July	12364	26277	49446
August	12634	26371	47218
September	12855	26821	50668
October	12076	25674	48703
November	12258	26867	49450
December	11434	24636	46556

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 7.)

Table 7. LRB Library Requests by Requestor										
Documents Borrowed										
	FY12-13	%	FY13-14	%	FY14-15	%	FY15-16	%	FY16-17	%
House	36	20%	25	12%	28	16%	17	14%	8	11%
Senate	40	22%	58	29%	70	41%	31	26%	14	19%
Legislative Agencies	33	18%	48	24%	9	5%	17	14%	12	17%
Other Gov't. Agencies	8	5%	13	6%	19	11%	5	4%	12	17%
Public	59	35%	57	28%	44	26%	49	41%	26	36%
TOTAL	176		201		170		119		72	
Reference/Research										
	FY12-13	%	FY13-14	%	FY14-15	%	FY15-16	%	FY16-17	%
House	148	10%	128	9%	82	6%	93	8%	108	9%
Senate	129	9%	116	8%	90	7%	88	7%	71	6%
Legislative Agencies	30	2%	42	3%	58	4%	47	4%	38	3%
Other Gov't. Agencies	210	15%	180	13%	202	15%	233	20%	252	20%
Public	918	64%	904	66%	926	68%	719	61%	785	62%
TOTAL	1435		1370		1358		1180		1254	
Publications Distributed										
	FY12-13	%	FY13-14	%	FY14-15	%	FY15-16	%	FY16-17	%
House	35	12%	292	18%	162	23%	328	26%	261	28%
Senate	17	6%	212	13%	106	15%	187	15%	166	18%
Legislative Agencies	61	20%	101	6%	123	17%	133	10%	60	6%
Other Gov't. Agencies	161	53%	959	59%	275	38%	562	45%	440	47%
Public	26	9%	58	4%	51	7%	49	4%	16	1%
TOTAL	300²³		1622		717²⁴		1259		943	
Online Database Research										
	FY12-13	%	FY13-14	%	FY14-15	%	FY15-16	%	FY16-17	%
House	10	17%	9	22%	14	26%	35	60%	33	53%
Senate	16	27%	9	22%	5	9%	3	5%	5	8%
Legislative Agencies	33	56%	23	56%	35	65%	20	34%	24	39%
TOTAL	59		41		54		58		62	

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 one of the few full-service taxpayer-funded resources of its kind in the country. Like all parts of the Bureau, PAR is nonpartisan. It 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 assisting 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 8. LRB Public Access Room Requests for Services					
Request Type	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17
Email Inquiries	429	571	570	277 ²⁶	292
Printing/Copying ²⁷	61,018	69,459	83,387	91,815	87,277
Workshop Participants <i>(Participants on Neighbor Islands)</i>	636 <i>(156)</i>	939 <i>(153)</i>	856 <i>(154)</i>	914 <i>(216)</i>	1,151 <i>(350)</i>
Telephone Inquiries ²⁸	2,302	1,978	1,891	1,392	1,679
PAR walk-in patrons ²⁹	4,441	4,699	4,388	4,685	4,648
Broadcasts ³⁰	99	156	132	130	145

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 a USB flash drive 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 USB flash drive 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 USB flash drive or do not match the official measures. In those instances, the Bureau contacts the appropriate department and requests submission of a corrected USB flash drive.
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 legislative 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. See section 23G-3(6), HRS.
15. *Id.*
16. Section 93-16, HRS, mandates that all government agency reports required to be submitted to the Legislature also be submitted to the LRB's library. Further, section 23G-5, HRS, requires the LRB to develop and maintain a system that can track reports by executive agencies and the judiciary that, by law, are required to be submitted to the Legislature.
17. See section 23G-18, HRS.
18. In an effort to reduce postage costs due to budget cuts in FY 09-10 and FY 10-11, the Bureau was forced to reduce the number of hard copies of printed reports. However, electronic copies of all Bureau publications are available online on the Bureau's website.
19. The publications distribution count 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.
20. 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.
21. Source: <https://www.tendenci.com/help-files/meaning-of-hits-visits-page-views-and-traffic-sources-web-analytics-definitions/> (1/10/18)
Visit - A visit is one individual visitor who arrives at your web site and proceeds to browse. A visit counts all visitors, no matter how many times the same visitor may have been to your site.
Unique Visit - A unique visit will tell you which visits from item 1 are visiting your site for the first time. The website can track this as unique by the IP address of the computer. *The number of unique visits will be far less than visits because a unique visit is only tracked if cookies are enabled on the visitors computer.
Hits - The average website owner thinks that a hit means a visit but it is very different (see item 1). A Hit actually refers to the number of files downloaded from your site; this could include photos, graphics, etc. Picture the average web page, it has photos (each photo is a file and hence a hit) and lots of buttons (each button is a file and hence a hit). On average, each page will include 15 hits.
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. *Id.*
30. 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.



HAWAII STATE ETHICS COMMISSION

State of Hawaii · Bishop Square, 1001 Bishop Street, ASB Tower 970 · Honolulu, Hawaii 96813
50th ANNIVERSARY 1968-2018

Committee: Committee on Finance
Bill Number: H.B. 2600
Hearing Date/Time: February 1, 2018, 2:00 p.m.
Re: Testimony of the Hawaii State Ethics Commission in **SUPPORT** of H.B.2600, 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. 2600, Section 11, which appropriates the amount of \$1,130,158 to the Commission for its operating and other expenses for FY 2018-2019. The Commission likewise supports Section 12, which appropriates an additional \$16,553 for vacation payouts/transfers. These figures do not include cost adjustments for staff salaries, which were appropriated through Act 21 of 2017.

Excluding cost adjustments for staff salaries, the Commission requests an overall budget increase of 1.6%, which includes an increase in the Commission’s office rent and other similar increases. Included in this amount is a requested increase of approximately \$12,000 to address any potential technical issues with implementation of its new electronic filing system, though the Commission hopes that these funds will not be necessary and will return any unused portion.

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.

Summary of Hawaii State Ethics Commission's Work, 2017

A. Advisory Opinions and Guidance:

1. Issued five formal Advisory Opinions (equal to the total number of Advisory Opinions issued from 2012-2016)
2. Responded to 1,146 requests for advice, including 136 requests for advice on travel (whether the Ethics Code permits acceptance of travel expenses paid for by another entity)

B. Ethics Education:

1. Tripled the number of trainings offered and increased the number of individuals trained by more than 50% compared with 2016:
2016: trained 1,516 individuals at 15 trainings
2017: trained 2,341 individuals at 46 trainings
2. Published five issues of *The High Road*

C. Enforcement: Charges and Investigations:

1. Assessed \$44,670.00 in administrative penalties (payable to the General Fund) and \$4,238.45 in restitution
 - a. Enforcement actions: \$38,250.00
 - b. Late filings of financial disclosures: \$6,420.00
2. Conducted investigations involving 97 complaints of alleged violations of the Ethics Code/Lobbyists Law; issued 16 charges and resolved 13 cases through agreements with respondents; received and resolved one charge filed by members of the public

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

1. Received 2,025 financial disclosure statements
2. Received and published 144 gifts disclosure statements
3. Received and published registrations from 406 lobbyists representing 366 organizations
4. Received and published 2,051 lobbyist expenditure reports

E. Judicial Candidates:

1. Responded to 27 Judicial Selection Commission requests for information on approximately 150 candidates for judicial office

I. Duties of the Hawaii State Ethics Commission

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

The Commission has five members who are nominated by the State Judicial Council and appointed by the Governor for four-year terms. The current members of the Commission are Reynaldo Grauly (Chairperson), Ruth Tschumy (Vice Chairperson), Susan DeGuzman, David O’Neal, and Melinda Wood.

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; an office manager; 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 more than 400 lobbyists representing over 350 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.¹ Every year, the Commission’s attorneys respond to more than one thousand requests for advice about these laws. In 2017, the Commission’s attorneys received and responded to more than 1,100 requests for advice from state legislators, state employees, lobbyists, and members of the public, including 136 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 considers its ability to provide timely and meaningful guidance and advice to be one of its most important functions.

¹ HRS §§ 84-31(a)(2) and 97-6(a)(3).

In 2017, the Commission also encouraged individuals requesting advice to seek formal Advisory Opinions from the Commission itself. The Commission issued a total of five formal Advisory Opinions, the same number as issued in the years 2012 through 2016 combined. The Commission also arranged to have all its Advisory Opinions uploaded to (and searchable through) Westlaw, a legal research platform; Westlaw will continue to publish new Advisory Opinions as they are issued by the Commission.

B. Ethics Education

The Commission is mandated by law to educate state officials and employees about ethics in government,² and to fulfill this mandate, the Commission conducts ethics training sessions throughout the year. The Commission has been expanding its educational efforts to reach as many state officials as possible. In 2017, the Commission tripled the number of trainings it offered in 2016 (from 15 in 2016 to 46 in 2017), increasing the number of individuals trained by over 50% (from 1,516 in 2016 to 2,341 in 2017). The Commission conducted ethics training for nearly the entire staffs of the Department of Taxation and the Office of Hawaiian Affairs, along with dozens of general ethics trainings for various groups of state officials and several presentations for state officials taking mandatory ethics training. 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 2017, the Commission began working with the Department of Human Resources Development (“DHRD”) to create an on-line training module for all state employees and board/commission members. The Commission hopes to have a one-hour on-line training available for all state officials in 2018. Insofar as DHRD can track which individuals complete trainings, individual departments could require all employees to complete this training – increasing awareness of the Ethics Code and, hopefully, reducing violations of the Code.

C. Enforcement: Charges and Investigations

The Commission is also mandated to enforce the State Ethics Code and the State Lobbyists Law.³ 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.⁴ If there is probable cause to believe that a violation of the law has occurred,

² HRS § 84-31(a)(7).

³ HRS §§ 84-31(a) and 97-6(a).

⁴ 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).

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

In 2017, the Commission received 97 complaints, issued 9 charges, and resolved a total of 9 charges and major investigations. The number of complaints and charges requires significant 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 2017, the Commission levied \$44,670.00 in fines (and \$4,238.45 in restitution negotiated as part of settlement agreements with respondents), including one case with a \$25,000 administrative penalty and another involving four individuals with a total of \$12,250 in penalties.

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 2017, the number of financial disclosure statements filed with the Commission exceeded 2,000 for the first time. The Commission also received and published 144 gifts disclosure statements, 406 lobbyist registrations, and more than 2,000 lobbying expenditure and contribution reports in 2017.

The Commission has just launched its new electronic filing system, allowing state officials to file their financial disclosure statements and gifts disclosure statements electronically. The Commission hopes to implement its electronic filing system for lobbying expenditure statements in mid-2018.

E. Judicial Candidate Reviews

The Commission provides information to the Judicial Selection Commission on applicants for judicial office. In 2017, the Hawaii State Ethics Commission provided information on approximately 150 applicants (including current judges seeking retention).

Additional information about the Commission's educational, advisory, and enforcement activities in 2017 is attached.

II. Budget Request for FY 2018-2019

The Commission is requesting an appropriation of \$1,130,158 for FY 2018-2019. This amount excludes \$52,397 appropriated through Act 21 of 2017 (cost adjustments for staff salaries) or vacation payouts/transfers.

The Commission has taken steps to reduce its expenses wherever possible. For example, the Commission cut its out-of-state travel budget by 40% for FY2017-2018, and maintains that

cut for 2018-2019; the Commission reduced its budget for Office Furniture and Equipment after a one-time increase in 2017-2018 to purchase new computer equipment; and the Commission cut its expenses by negotiating for a less expensive photocopier and cutting postage costs.

In contrast to most state agencies, including the other legislative service agencies, the Commission is 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. The Commission recently negotiated a five-year extension of its office lease, and for FY 2018-2019, the Commission anticipates its office rent and other lease-related expenses to be approximately \$102,500. The Commission notes that its proposed budget, minus its lease rent obligation and excluding cost adjustments for staff salaries, is \$1,027,658. 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.

Thank you for your continuing support of the Commission's work and for considering the Commission's testimony on H.B. 2600.

Very truly yours,

Daniel Gluck
Executive Director and General Counsel

Attachments:

1. Budget table, FY2017-2018 and FY2018-2019
2. Major functions of the Hawaii State Ethics Commission
3. Training summary, 2017
4. Summary of Resolutions of Charges and Resolutions of Investigations, 2017

Budget Projections for FY 2018-2019
Hawaii State Ethics Commission

	2017-2018 Approved <u>Budget</u>	2018-2019 Estimated <u>Budget</u>	<u>Increases/ Decreases</u>	<u>% Increase/ Decrease</u>
TOTAL BUDGET	\$ 1,112,093	1,130,158	18,065	1.6%
Excluding vacation payouts/transfers and cost adjustments for staff salaries				
A. PERSONAL SERVICES				
1. Staff Salaries ¹	919,600	925,048	5,448	0.6%
2. Cost Adjustments for staff salaries ²	24,802	52,397		
3. Vacation Payouts/Transfer	16,553	16,553		
TOTAL PERSONAL SERVICES	944,402	977,445	33,043	3.5%
Excluding vacation payouts/transfers				
B. MATERIALS AND SUPPLIES				
Office Expenses:	15,950	14,650	-1,300	-8.2%
Intrastate Transportation and Travel	8,500	9,250	750	8.8%
Out-of-State Travel ³	12,660	12,660	0	0.0%
Equipment Rental and Maintenance	10,985	13,850	2,865	26.1%
Dues, Subscriptions, Training	14,170	15,500	1,330	9.4%
Newspaper Advertisements	1,600	1,200	-400	-25.0%
Commission Meetings, Investigations and Hearings	9,370	9,100	-270	-2.9%
Consulting Services ⁴	10,258	22,400	12,142	118.4%
Office Rent:	98,000	102,500	4,500	4.6%
TOTAL MATERIALS AND SUPPLIES:	181,493	201,110	19,617	10.8%
C. CAPITAL OUTLAY				
Office Furn. & Equipment:	11,000	4,000	-7,000	-63.6%
TOTAL CAPITAL OUTLAY:	11,000	4,000	-7,000	-63.6%
GRAND TOTAL:	\$ 1,136,895	1,182,555	45,660	4.0%
Vacation Payouts/Transfer	16,553	16,553		

¹ Includes increase in Executive Director's salary, per HRS 84-35 & DHRD Salary Comm'n, and increase in Assoc. Director's salary

² Act 21 of 2017

³ Out-of-state travel budget cut by 40% from 2016-2017 to 2017-2018

⁴ Additional funds requested to address any potential technical issues with implementation of new electronic filing system

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
Annual Financial Interests Disclosures Statements	May 31	2,025
Candidates Financial Interests Disclosures Statements	20 days before primary*	--
Gifts Disclosure Statements	June 30	144
Lobbyist Registration Statements Registered Lobbyists	January**	921 406
Lobbying Organizations Expenditure Reports	January 31	301
Lobbying Organizations Expenditure Reports	March 31	333
Lobbying Organizations Expenditure Reports	May 31	323
Lobbyists Expenditure Reports	January 31	346
Lobbyists Expenditure Reports	March 31	379
Lobbyists Expenditure Reports	May 31	369

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

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

ETHICS COMMISSION STAFF: 11 Individuals (10 full-time, 1 part-time)

* Filed every even-numbered year only.

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

HAWAII STATE ETHICS COMMISSION 2017 EDUCATION PROGRAM (Ethics Workshops and Presentations)		
DATE	PRESENTATIONS	NO. OF PARTICIPANTS
01/05/17	Ethics Refresher Class for Legislators and Staff	21
01/06/17	Mandatory Ethics Training (new legislators and state officials)	23
01/10/17	Lobbyists Law Ethics Training	36
01/20/17	Ethics Training for Judiciary and Other State Employees	200
01/26/17	Ethics Training for U.H. Board of Regents	20
01/31/17	Ethics Training for Judiciary Employees (video conference to neighbor islands)	234
02/15/17	Ethics Training for Language Access Advisory Council	12
02/22/17	Ethics Training for Charter Schools/Commission	16
02/25/17	Ethics Training for Hawaii State Teachers Association (HSTA) Board of Directors	30
03/22/17	General Ethics Training – Oahu	155
03/28/17	Ethics Training for Employees' Union Trust Fund (EUTF) Board Meeting	20
03/31/17	Mandatory Ethics Training (new legislators and state officials)	15
04/05/17	General Ethics Training – Kona	44
04/07/17	Ethics Training for Windward Community College	42
05/10/17	Ethics Training for Department of Agriculture, Plant Quarantine Branch	33
05/17/17	Ethics Training for Department of Agriculture, Plant Quarantine Branch	15
05/24/17	General Ethics Training – Kapolei (morning session)	86
05/24/17	General Ethics Training – Kapolei (afternoon session)	80
05/25/17	General Ethics Training – Hilo	56
06/02/17	Ethics Training for Department of Agriculture, Plant Quarantine Branch	18

06/07/17	Mandatory Ethics Training (new legislators and state officials)	2
06/09/17	General Ethics Training – Maui (with video conference to Lanai and Molokai)	62
06/19/17	Ethics Training for Department of Land and Natural Resources, Division of Forestry and Wildlife	10
06/30/17	General Ethics Training – Kauai	36
07/07/17	Ethics Training for U.H. Campus Security	66
08/04/17	General Ethics Training – Kauai (morning session)	49
08/04/17	General Ethics Training – Kauai (afternoon session)	32
08/16/17	Ethics Training for U.H. Center for Hawaiian Studies	20
08/24/17	Mandatory Ethics Training (new legislators and state officials)	2
08/28/17	Presentation on Lobbyists Law to Hawaii Children’s Policy Agenda Conference	25
09/08/17	General Ethics Training – U.H. West Oahu (Kapolei)	78
09/27/17	General Ethics Training – Hilo	50
09/28/17	Ethics Training for Stadium Authority Board Members	27
09/29/17	General Ethics Training – Kona	11
10/17/17	Ethics Training for OHA Executive Office and Research	25
10/20/17	General Ethics Training – Maui	41
10/24/17	General Ethics Training - Oahu	193
10/24/17	Ethics Training for OHA Community Engagement & Advocacy	22
10/26/17	Ethics Training for OHA Board of Trustees and Staff	24
10/27/17	Ethics Training for Department of Taxation	105
10/30/17	Ethics Training for Department of Taxation	120
10/30/17	Lobbyists Law Training for Head Start Association Board	15
10/31/17	Ethics Training for Department of Taxation	100

Ethics Commission – Attachment #3

10/31/17	Ethics Training for OHA Resource Management - Finance & Land	40
12/01/17	Ethics Training for Department of Land and Natural Resources, Hawaii Historic Places Review Board	12
12/08/17	Ethics Refresher Class for Legislators and Staff	18
TOTAL	46 PRESENTATIONS	2,341 Participants

HAWAII STATE ETHICS COMMISSION: SUMMARY OF CHARGES AND INVESTIGATIONS RESOLVED IN 2017

In 2017, the Hawaii State Ethics Commission (“Commission”) conducted investigations involving 97 complaints of violations of the Ethics Code and Lobbyists Law, issued sixteen charges, and resolved a total of thirteen charges and major investigations, including those below.

Resolution of Investigation 2017-1: Harbor Agent’s acceptance of free parasailing rides. The Commission resolved an investigation involving a Harbor Agent with the Department of Land and Natural Resources, Division of Boating and Ocean Recreation. The Harbor Agent oversaw operations at a state harbor, including the operations of a parasailing company; the Harbor Agent accepted free parasailing rides for himself, another adult, and three minors, after which he e-mailed the company from his state e-mail account that then sent emails from his state email account that “I will find some way of giving back to you guys for sure” and “I’ll be sure to kick down some specialities [sic] for you and your staff as compensation” If these allegations were proven at a contested case hearing, the Commission likely would have found that these actions violated the Hawaii Ethics Code’s prohibition on improper gifts, HRS § 84-11, and the fair treatment law, HRS § 84-13. The resolution of the investigation included the Commission’s publication of information about the investigation, the Harbor Agent’s payment of an administrative penalty of \$1,000 to the State, and restitution of \$238.45 to the parasailing company.

Resolution of Investigation 2017-02: Office of Hawaiian Affairs Trustee’s use of state resources for private business purposes, conflicts of interests. The Commission resolved an investigation involving an Office of Hawaiian Affairs (“OHA”) Trustee. The Trustee admitted to conducting private business using state resources, including his Trustee Aide and his OHA e-mail account; hiring his Trustee Aide to perform work for his private consulting business; and soliciting private consulting work from a party with business before OHA. If these allegations were proven at a contested case hearing, the Commission likely would have found that these actions violated the Hawaii Ethics Code’s fair treatment law, HRS § 84-13, and the conflicts of interests law, HRS § 84-14. The resolution of the investigation included the Commission’s publication of information about the investigation and Trustee’s agreement to pay an administrative penalty of \$25,000 to the State.

Resolutions of Charges 2017-03, 2017-04, 2017-05, and 2017-06: Hawaii Tourism Authority officials' acceptance of premier-class flight upgrades. The Commission resolved charges against three current Hawaii Tourism Authority (“HTA”) personnel and one former HTA official. All four officials admitted that they accepted free business-class upgrades from one or more airlines with which HTA has a contractual relationship; several of the HTA officials requested the upgrades from the airlines. All four officials failed to file gift disclosure statements after receiving those upgrades. If these allegations were proven at a contested case hearing, the Commission likely would have found that these actions violated the Hawaii Ethics Code’s prohibition on improper gifts, HRS § 84-11, the gifts disclosure law, HRS § 84-11.5, and the fair treatment law, HRS § 84-13. The resolution of the charge included the Commission’s publication of information about each of the charges and payments totaling \$12,250, with payments ranging from \$1,750 to \$6,000.

Resolution of Charge 2017-07: Department of Public Safety – Adult Corrections Officer’s solicitation and acceptance of money from prisoner. The Commission resolved a charge against a former Adult Corrections Officer (“ACO”) of the Department of Public Safety (“DPS”). The charge alleged that the ACO solicited a total of \$4,000 from a prisoner within DPS’s custody, in violation of the Hawaii Ethics Code’s gifts law, HRS § 84-11, and fair treatment law, HRS § 84-13. The charge further alleged that the ACO violated the gifts reporting law, HRS § 84-11.5, by failing to report the money received. The resolution of the charge included the Commission’s publication of information about the charge, an administrative penalty of \$2,500, and restitution of the full \$4,000 to the prisoner.



Robin K. Matsunaga
Ombudsman

Melissa Chee
First Assistant

**OFFICE OF THE OMBUDSMAN
STATE OF HAWAII**

465 South King Street, 4th Floor
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**TESTIMONY OF ROBIN K. MATSUNAGA, OMBUDSMAN,
ON H.B. NO. 2600, 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 1, 2018

Chair Luke and Members of the Committee on Finance:

Thank you for the opportunity to present testimony in strong support of H.B. No. 2600. 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 \$1,322,205 for the operations of the Office of the Ombudsman for FY 2018-2019. 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, 2019.

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

The appropriation in Section 10 of this bill is the same amount provided in the current fiscal year for the operating budget of the Ombudsman through Act 1, SLH 2017, plus an additional \$5,406 for salary increases pursuant to the recommendations of the 2013 Commission on Salaries for the Ombudsman and First Assistant. The appropriation in Section 12 of this bill is the same amount provided through Act 1, SLH 2017, for vacation payouts and transfers. Attached for your information is a breakdown and comparison of my office's proposed budget for FY 2018-2019 and the current fiscal year.

Your support of this bill and the appropriations 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.

Thank you for your consideration of this testimony.

Attachment

OFFICE OF THE OMBUDSMAN
OPERATING BUDGET
FY 2018-2019 vs. FY 2017-2018

	<u>Proposed FY 2018-2019</u>	<u>FY 2017-2018</u>
A. PERSONAL SERVICES		
Staff Salaries	1,262,005 (14)	1,256,599 (14)
SUBTOTAL PERSONAL SERVICES	1,262,005	1,256,599
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>1,322,205</u>	<u>1,316,799</u>
Vacation payout / transfers	14,035	14,035
TOTAL BUDGET REQUEST	<u>1,336,240</u>	<u>1,330,834</u>



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COMMITTEE ON FINANCE
Thursday, February 1, 2018, 2:00pm, Room 308

H.B. 2600 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 2018-2019.** 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.

HB-2600

Submitted on: 1/30/2018 7:28:06 PM

Testimony for FIN on 2/1/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Urasaki		Support	No

Comments:

In support