



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 Ways and Means
Bill Number: H.B. 1
Hearing Date/Time: February 5, 2019, 10:00 a.m.
Re: Testimony of the Hawaii State Ethics Commission in **SUPPORT** of H.B. 1, Making Appropriations to Provide for the Expenses of the Legislature, the Auditor, the Legislative Reference Bureau, the Ombudsman, and the Ethics Commission

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members:

The Hawaii State Ethics Commission (“Commission”) supports H.B. 1, Section 11, which appropriates the amount of \$1,202,065 to the Commission for its operating and other expenses for FY 2019-2020. The Commission likewise supports Section 12, which appropriates an additional \$16,553 for vacation payouts/transfers. These figures do not include anticipated cost adjustments for staff salaries.

Excluding cost adjustments for staff salaries, the Commission requests an overall budget increase of \$19,510, which includes an increase in the Commission’s office rent (\$3,000), unexpected licensing fees for the Commission’s e-filing system for financial disclosures and lobbying reports (\$12,600), and an increase in fees for court reporting services for contested case hearings (\$2,500).

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, 2018

A. Advisory Opinions and Guidance:

1. Responded to 1,213 requests for advice, including 192 requests for advice on travel (whether the Ethics Code permits acceptance of travel expenses paid for by another entity).
2. Issued three formal Advisory Opinions.

B. Ethics Education:

1. Trained 1,536 individuals at 32 training sessions, including two sessions with CLE credits for government attorneys.
2. Published four issues of *The High Road* newsletter.

C. Enforcement: Charges and Investigations:

1. Assessed \$35,920 in administrative penalties (payable to the General Fund) and \$7,000 in restitution:
 - a. Enforcement actions: \$34,500
 - b. Late filings of financial disclosures: \$1,420
2. Conducted investigations involving 68 new complaints alleging violations of the Ethics Code/Lobbyists Law and continued multiple investigations ongoing from previous years. Issued 14 charges and conducted a four-day contested case hearing. Resolved 18 cases through agreements with respondents. Received and resolved one charge filed by member of the public.

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

1. Received 1,956 financial disclosure statements.
2. Received and published 210 gifts disclosure statements.
3. Received and published 1,166 lobbyist registration statements from 445 lobbyists representing more than 300 organizations.
4. Received and published 988 lobbyist expenditure reports.

E. Judicial Candidates:

1. Responded to 29 Judicial Selection Commission requests for information on approximately 99 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 Reynard Grauly (Chairperson), Ruth Tschumy (Vice Chairperson), Susan DeGuzman, Melinda Wood, and Wesley Fong.

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 two 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 (except for 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 300 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 2018, the Commission’s attorneys received and responded to 1,213 requests for advice from state legislators, state employees, lobbyists, and members of the public, including 192 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 essential functions.

¹ HRS §§ 84-31(a)(2) and 97-6(a)(3).

In 2018, the Commission also encouraged individuals requesting advice to seek formal Advisory Opinions from the Commission itself. The Commission issued a total of three formal Advisory Opinions; all the Commission’s Advisory Opinions are available on its website and on Westlaw, a legal research platform.

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 2018, the Commission offered 32 training sessions for 1,536 individuals, including two sessions offering CLE credits for government attorneys. The Commission believes that it is critical to provide ethics training for state employees to improve their general awareness of ethics and to prevent unknowing violations of the State ethics laws. In fact, for many employees, the ethics training is their first exposure to the State Ethics Code.

The Commission is working to develop and implement on-line training modules to be available to all state employees.

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

In 2018, the Commission received 67 complaints, issued 14 charges, and resolved a total of 18 matters. 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

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).

of the State Lobbyists Law. Indeed, in 2018, the Commission levied \$35,920 in fines (and \$7,000.00 in restitution negotiated as part of a settlement agreement with a respondent).

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 2018, the Commission received 1,956 financial disclosures, 210 gifts disclosure statements, 1,166 lobbyist registrations from 445 lobbyists, and 988 lobbying expenditure and contribution reports.

The Commission has launched its new electronic filing system, allowing state officials to file their financial disclosure statements and gifts disclosure statements electronically. The Commission will be rolling out its electronic filing system for lobbying registration and expenditure reports in early 2019.

E. Judicial Candidate Reviews

The Commission provides information to the Judicial Selection Commission on applicants for judicial office. In 2018, the Hawaii State Ethics Commission provided information on approximately 99 applicants (including current judges seeking retention).

Additional information about the Commission's educational, advisory, and enforcement activities in 2018 is attached.

II. Budget Request for FY 2019-2020

The Commission is requesting an appropriation of \$1,202,065 for FY 2019-2020. This amount excludes cost adjustments for staff salaries and vacation payouts/transfers.

The Commission continues to take steps to reduce its expenses wherever possible. 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. 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.

Very truly yours,

Daniel Gluck
Executive Director and General Counsel

Attachments:

1. Budget table, FY2018-2019 and FY2019-2020
2. Major functions of the Hawaii State Ethics Commission
3. Training summary, 2018
4. Summary of Resolutions of Charges and Resolutions of Investigations, 2018

Hawaii State Ethics Commission - Budget Projections for FY 2019-2020

	2018-2019 Approved Budget	2019-2020 Estimated Budget	Increases/ Decreases	% Increase/ Decrease
TOTAL BUDGET (excluding vacation payouts/transfers)	\$ 1,182,555	1,202,065	19,510	1.6%
A. PERSONAL SERVICES				
1. Staff Salaries ¹	977,445	977,445	0	0.0%
2. Cost Adjustments for staff salaries (included above)		TBD		
3. Vacation Payouts/Transfer	16,553	16,553		
TOTAL PERSONAL SERVICES (excluding vacation payouts)	977,445	977,445	0	0.0%
B. MATERIALS AND SUPPLIES				
Office Expenses:				
1. Office Supplies	3,000	3,000	0	0.0%
2. Postage	1,500	1,500	0	0.0%
3. Telephone	7,500	7,500	0	0.0%
4. Internet Access	2,650	2,650	0	0.0%
Subtotal:	14,650	14,650	0	0.0%
Intrastate Transportation and Travel				
1. Commissioners / Staff	8,500	8,500	0	0.0%
2. Car Mileage and Parking	750	750	0	0.0%
Subtotal:	9,250	9,250	0	0.0%
Out-of-State Travel				
1. Airfare (6 @ \$1,000 ea.)	6,000	6,000	0	0.0%
2. Lodging and per diem for 5.5 days (6 @ \$145/day x 5.5 days)	4,800	4,800	0	0.0%
3. Excess Hotel and Increases in per diem/airfare	1,700	1,700	0	0.0%
4. Taxi/bus fare	160	160	0	0.0%
Subtotal:	12,660	12,660	0	0.0%
Equipment Rental and Maintenance				
1. Postage Meter	750	750	0	0.0%
2. Copier	3,600	3,600	0	0.0%
3. Typewriter	-	0	0	
4. ReporterDeck Recorder	200	200	0	0.0%
5. Computer Equipment Maintenance	5,100	5,100	0	0.0%
6. Misc. (time clock, projector, etc.)	200	200	0	0.0%
7. Case mapping software	4,000	3,100	-900	-22.5%
8. Salesforce Licenses ²	-	12,600	12,600	-
Subtotal:	13,850	25,550	11,700	84.5%
Dues, Subscriptions, Training				
1. COGEL Membership	460	470	10	2.2%
2. COGEL Conference Registration (6 x \$600)	2,400	3,600	1,200	50.0%
3. Attorney Registration Fees	3,400	3,400	0	0.0%
4. Training	3,000	3,000	0	0.0%
5. Legal Reference Publications	5,200	4,900	-300	-5.8%
6. Newspaper Subscriptions, etc.	240	240	0	0.0%
7. Disruptive Behavior Training	800	800	0	0.0%
Subtotal:	15,500	16,410	910	5.9%
Newspaper Advertisements				
Subtotal:	1,200	1,100	-100	-8.3%
Subtotal:	1,200	1,100	-100	-8.3%

	2018-2019 Approved Budget	2019-2020 Estimated Budget	Increases/ Decreases	% Increase/ Decrease
Commission Meetings, Investigations and Hearings				
1. Subpoena Fees	900	900	0	0.0%
2. Court Reporter	5,000	7,500	2,500	50.0%
3. Witness Fees, Travel, Mileage	600	600	0	0.0%
4. Hearings Officer	1,500	1,500	0	--
5. Lunches for Commission Mtgs.	1,100	1,100	0	0.0%
Subtotal:	9,100	11,600	2,500	27.5%
Consulting Services				
1. MD&A	0	0	0	--
2. Computer Consulting ³	22,000	23,500	1,500	6.8%
3. Other Services (Interpreting, shredding)	400	400	0	0.0%
Subtotal:	22,400	23,900	1,500	6.7%
Office Rent:	102,500	105,500	3,000	2.9%
TOTAL MATERIALS AND SUPPLIES:	201,110	220,620	19,510	9.7%
C. CAPITAL OUTLAY				
Office Furn. & Equipment:	4,000	4,000	0	0.0%
TOTAL CAPITAL OUTLAY:	4,000	4,000	0	0.0%
GRAND TOTAL:	\$ 1,182,555	1,202,065	19,510	1.6%
Vacation Payouts/Transfer	16,553	TBD		

¹ Staff Salaries for 2018-2019: \$925,048 (2016-2017 salaries) + \$52,397 (cost adjustments for staff salaries per Act 21 of 2017).

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	1,956
Candidates Financial Interests Disclosures Statements	20 days before primary*	241
Gifts Disclosure Statements	June 30	210
Lobbyist Registration Statements Registered Lobbyists	January**	1,166 445
Lobbying Organizations Expenditure Reports	January 31	290
Lobbying Organizations Expenditure Reports	March 31	314
Lobbying Organizations Expenditure Reports	May 31	311
Lobbyists Expenditure Reports	January 31	324
Lobbyists Expenditure Reports	March 31	332
Lobbyists Expenditure Reports	May 31	332

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 2018 EDUCATION PROGRAM (Ethics Workshops and Presentations)		
DATE	PRESENTATIONS	NO. OF PARTICIPANTS
01/05/18	Lobbyists Law Ethics Training	57
01/08/18	Ethics Refresher Class for Legislators and Staff	15
01/11/18	Mandatory Ethics Training (new legislators and state officials)	4
02/09/18	Commission on Fatherhood Ethics Training	6
03/14/18	Ethics Training for Department of Education Senior Staff	15
03/15/18	Ethics Training for Charter Schools/Commission	17
03/20/18	General Ethics Training – Oahu	150
03/22/18	Ethics Training for Department of Health – Statewide Health Coordinating Council	15
04/26/18	Ethics Training for Department of Health – State Laboratories Division/Hazard Evaluation and Emergency Response	100
05/03/18	General Ethics Training – Kapolei	92
05/14/18	General Ethics Training - Hilo	81
05/22/18	General Ethics Training – Maui	70
05/25/18	General Ethics Training – Kauai (morning session)	37
05/25/18	General Ethics Training – Kauai (afternoon session)	26
06/01/18	Ethics Training for the Department of the Attorney General (CLE)	60
06/08/18	General Ethics Training – Kona	31
06/22/18	Ethics Training for Department of Education - Human Resources Staff	35
08/28/18	Ethics Training for University of Hawaii at Manoa	50
09/07/18	General Ethics Training – Kona	16
09/27/18	General Ethics Training – Kapolei	95

09/27/18	Ethics Training for the Hawaii Tourism Authority	40
09/28/18	Ethics Training for the Department of Education - New Complex Area Superintendents	8
10/23/18	General Ethics Training – Oahu	122
10/26/18	General Ethics Training – Maui	20
10/26/18	Introduction and Ethics Training for Department of Education - Maui Complex	50
11/02/18	Ethics Training for Kapiolani Community College	92
11/13/18	Ethics Training for Public Charter Schools Governing Boards	25
11/19/18	Ethics Training for Department of Health – Sanitation Branch	40
12/3/18	Ethics Training for State Government Attorneys (CLE)	65
12/5/18	Ethics Refresher Class for Legislators and Staff	12
12/14/18	Ethics Training for University of Hawaii at Manoa	25
12/17/18	General Ethics Training – Hilo	65
TOTAL	32 Presentations	1,536 Participants

HAWAII STATE ETHICS COMMISSION: SUMMARY OF CHARGES AND INVESTIGATIONS RESOLVED IN 2018

In 2018, the Hawaii State Ethics Commission (“Commission”) conducted investigations involving 68 complaints of violations of the Ethics Code and Lobbyists Law, issued fourteen charges, and resolved a total of eighteen charges and major investigations, including those below.

Resolution of Charges 2018-04 and 2018-05 and Resolution of Investigation 2018-05: Department of Land and Natural Resources (“DLNR”), Division of Boating and Ocean Recreation (“DOBOR”), Kauai Office. The Commission resolved cases involving three DOBOR-Kauai officials. The District Manager resigned and agreed to pay a \$15,000 administrative penalty for submitting false bid information on state procurement documents; using state funds to purchase first-class plane tickets for state travel; accepting and failing to report improper gifts from contractors and permittees; and using state resources for the benefit of a private, non-profit organization. Two other employees were fined \$1,500 and \$2,000, respectively, for using state resources (including tools and equipment) for personal and/or private business purposes.

Resolution of Charge 2018-03: Department of Public Safety – Deputy Sheriff’s approval of compensation for himself and others for more hours than were worked. The Commission resolved a charge against a Deputy Sheriff who authorized payments for himself and his subordinates for more hours than he and his subordinates worked. The resolution of the charge included the Commission’s publication of information about the charge and an administrative penalty of \$6,000.

Resolution of Investigation 2018-2: Sexual harassment by state legislator. The Commission resolved an investigation involving allegations of sexual harassment by a state legislator. The resolution of the investigation included the Commission’s publication of information about the investigation, the legislator’s resignation from the legislature and issuance of an apology letter, and the legislator’s payment of an administrative penalty of \$5,000 to the State.

Resolution of Charge 2018-02: 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 and accepted a total of \$7,000 (in two installments) 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 \$7,000 to the prisoner.



Robin K. Matsunaga
Ombudsman

Melissa Chee
First Assistant

**OFFICE OF THE OMBUDSMAN
STATE OF HAWAII**

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

SENATE COMMITTEE ON WAYS AND MEANS

FEBRUARY 5, 2019

Chair Dela Cruz and Members of the Committee on Ways and Means:

Thank you for the opportunity to present testimony in strong support of H.B. No. 1. The purpose of this bill is to provide appropriations for the legislative branch, including the Office of the Ombudsman. Section 10 of this bill appropriates \$1,388,394 for the operations of the Office of the Ombudsman for FY 2019-2020. 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, 2020.

The Office of the Ombudsman was created to receive and investigate complaints about the administrative acts of State executive branch and County government agencies and employees. While we do not substantiate every complaint that we investigate, by independently and impartially investigating, we level the playing field for Hawaii's citizens who have complaints about their government and ensure that they are being treated lawfully, fairly, and reasonably. During the past year, we have been able to successfully persuade agencies to take corrective action when necessary.

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 2018, plus an additional \$66,189 provided through Act 21, SLH 2017 for salary adjustments for staff of the office. The appropriation in Section 12 of this bill is the same amount provided through Act 1, SLH 2018, for vacation payouts and transfers. Attached for your information is a breakdown and comparison of my office's proposed budget for FY 2019-2020 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 2019-2020 vs. FY 2018-2019

	<u>Proposed FY 2019-2020</u>	<u>FY 2018-2019</u>
A. PERSONAL SERVICES		
Staff Salaries	1,328,194 (14)	1,328,194 (14)
SUBTOTAL PERSONAL SERVICES	1,328,194	1,328,194
 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>1,388,394</u>	<u>1,388,394</u>
 Vacation payout / transfers	14,035	14,035
 TOTAL BUDGET REQUEST	<u>1,402,429</u>	<u>1,402,429</u>

Charlotte A. Carter-Yamauchi
Director

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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol, Room 446
415 S. Beretania Street
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HB1

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 Senate Committee on Ways and Means

Tuesday, February 5, 2019, 10:00 a.m.
Conference Room 211

Chair Dela Cruz 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 2019-2020.

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 facilitate 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 \$3,918,862, in section 9 of H.B. No. 1 (2019), includes pass-through appropriations of \$115,358 for CSG dues and \$141,380 for NCSL dues. If the pass-through dues appropriations are not counted, the total adjusted amount leaves \$3,662,124 for the operating expenses of the Bureau for fiscal year 2019-2020. The present appropriation reflects a small increase to the Bureau's overall budget compared to fiscal year 2018-2019, and is due to the factors discussed below.

Annual National Organization Dues for the Legislature

The CSG and NCSL have increased their dues from \$110,924 to \$115,358, and \$137,333 to \$141,380, respectively, for the upcoming year, resulting in a total increase of \$8,481 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 \$34,061 for the Bureau's operating budget for fiscal year 2019-2020.

LRB Library - \$12,061

The Bureau has requested that an additional \$12,061 for fiscal year 2019-2020 be added to the Library's base budget to provide funding to continue the ongoing project of completely rebuilding the LRB Library's Internet interface with the general public and to offset rising Westlaw subscription costs for fiscal year 2019-2020.

Last year, with the Legislature's approval of \$15,000 in funding, the LRB Library commenced a website modernization project in order to totally redesign its antiquated website. While the Bureau originally estimated in 2018 that an update of its existing website would only cost approximately \$15,000, it was unaware at that time of certain inherent deficiencies in its existing website. Upon a comprehensive review by the potential website development vendor and Library staff, it was discovered that, among other things, the existing website, which is hosted by a private company, is not in compliance with security protocols established by the State's Office of Enterprise Technology Services (ETS). Based on this discovery, the Bureau has determined that the existing website will need to be abandoned and an entirely new website will need to be built on a new content management system to be hosted by Office of Enterprise Technology Services or the potential website development vendor.

Furthermore, the potential website development vendor determined that the unique website design needs of the Bureau's Public Access Room (PAR) necessitates PAR having its own separate website. The vendor estimated that it could concurrently design and implement PAR's website for an additional \$8,000 for the website project, bringing the total second year website redesign cost estimate to \$23,000. However, we note that, due to the manner in which the Bureau's budget is calculated, \$15,000 of the \$23,000 needed is already included in the Bureau's 2019-2020 base budget, so in actuality only an additional \$8,000 is being requested for fiscal year 2019-2020.

With regard to the LRB Library's need to keep pace with the rising online and book subscription costs, we note that Thomson West will be increasing their annual online subscription fee by 3%, and their annual book subscription fee by 5%, thus increasing the LRB Library's cost for these same services by a total of 8% over its 2018-2019 fiscal year cost. The total amount being requested to offset rising Westlaw costs is \$4,061 for fiscal year 2019-2020.

Finally, while the following is not considered a budget increase over last year's budget, the Bureau would like to note that the Library is requesting that we carry over to the 2019-2020 fiscal year, the unexpended \$5,000 that was appropriated in the 2018-2019 fiscal year operating budget for University of Hawaii School of Library and Information Science (LIS) students to assist with electronically cataloging the Library's documents. The Library fully intended to expend the funds during the 2018-2019 fiscal year. However, although the Library advertised for the cataloging intern position with the LIS Program beginning in August 2018, it did not receive any responses. The job listing was again reposted in September and November 2018, from which it received several inquiries, but no actual applications. The Library subsequently learned that the University of Hawaii did not offer a cataloging class during the Fall 2018 Semester, which was a required qualification in the job announcements. The Library has since changed this requirement to a desired qualification and understands that the class will be taught during the Spring 2019 Semester, which will probably result in increased interest from qualified applicants for the position.

Accordingly, the Library's total net requested increase is \$12,061 over its 2018-2019 fiscal year budget.

Legislative Reference Bureau Systems Office and Public Access Room- \$22,000

The LRB Systems Office (LRBSO) and the Public Access Room (PAR) need to attract and retain qualified session staff. The Bureau notes that both LRBSO and PAR have found it increasingly difficult to attract and retain qualified session staff to perform session bill status and indexing (LRBSO) and Assistant Legislative Researcher (PAR) duties since the pay these offices offer to session employees has not kept pace with the session hire compensation offered by other employers within the Legislature. For example, in many recent cases, offers were made to applicants, which were initially accepted, and then subsequently rejected when the applicant was offered higher compensation from another legislative office.

The total amount being requested by LRBSO and PAR is \$22,000 for fiscal year 2019-2020 to provide additional compensation for their session hire staff positions.

Vacation Payouts/Employee Transfers

The Bureau also notes that an additional \$26,810 has been separately provided in section 12 of H.B. No. 1 (2019) for fiscal year 2019-2020 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 \$42,542 (inclusive of CSG/NCSL dues increase costs) for its 2019 2020 budget. The Bureau thanks the Chair and members of the Committee for its favorable consideration of the Bureau's budget request for fiscal year 2019-2020.

**LEGISLATIVE REFERENCE BUREAU
BUDGET REQUEST FOR FY 2019-2020**

	<u>2018-2019</u> <u>BUDGET REQUEST</u>	<u>2019-2020</u> <u>BUDGET REQUEST</u>
<u>BILL DRAFTING & RESEARCH</u>		
Personal Services:		
Staff	\$ 1,108,466 (13)	\$ 1,108,466 (13)
TOTAL BILL DRAFTING & RESEARCH	\$ 1,108,466	\$ 1,108,466
 <u>SYSTEMS OFFICE</u>		
Personal Services:		
Staff	368,969 (5)	368,969 (5)
Session Staff	70,000	85,000
Other Current Expenses	56,226	53,486
TOTAL SYSTEMS OFFICE	495,195	507,455
 <u>LIBRARY</u>		
Personal Services:		
Staff	382,155 (6)	382,155 (6)
Other Current Expenses	85,016	99,817
TOTAL LIBRARY	467,171	481,972
 <u>PUBLIC ACCESS ROOM</u>		
Personal Services:		
Staff	118,976 (2)	118,976 (2)
Session Staff	25,000	32,000
Other Current Expenses	15,576	15,576
TOTAL PUBLIC ACCESS ROOM	159,552	166,552
 <u>GENERAL SUPPORT</u>		
Personal Services:		
Staff	345,939 (5.5)	345,939 (5.5)
Student Staff	35,000	35,000
Overtime	25,000	25,000
Other Current Expenses	105,515	105,515
TOTAL GENERAL SUPPORT	511,454	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
Act 21, SLH 2017		168,325
TOTAL LRB	\$3,459,738 *	\$3,662,124 *
CSG Dues	110,924	115,358
NCSL Dues	137,333	141,380
TOTAL (LRB+CSG+NCSL)	\$3,707,995	\$3,918,862 **

*Amount does not include CSG & NCSL Dues.

**Amount include appropriation of \$168,325 per Act 21, SLH 2017.

EXHIBIT A

SYSTEMS OFFICE
BUDGET REQUEST FOR FISCAL YEAR 2019-2020

OTHER CURRENT EXPENSES

	<u>2018-2019</u> <u>APPROPRIATION</u>	<u>2019-2020</u> <u>BUDGET REQUEST</u>
Acquisition and Maintenance of Software/Hardware	\$22,044	\$19,751
Equipment Rental	4,320	3,873
Data Communication	2,520	2,520
General Supplies	4,102	4,102
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	\$56,226	\$53,486*

*Transferred \$2740 to the Library's budget for printer/copier monthly lease and meter usage charge.

EXHIBIT B

LIBRARY DIVISION
BUDGET REQUEST FOR FISCAL YEAR 2019-2020

OTHER CURRENT EXPENSES

	<u>2018-2019</u> <u>APPROPRIATION</u>	<u>2019-2020</u> <u>BUDGET REQUEST</u>
Books	\$17,536	\$ 2,086
Online Information Services		
Westlaw	34,700	36,550
Print Subscriptions and Dues*	9,180	26,741
Web Catalog		
Maintenance	4,200	4,200
Enhancements	500	500
Website Rebuild**	15,000	23,000
Computer Hardware, Software, Maintenance and Supplies	500	500
Copier Maintenance and Supplies+	3,000	5,740
Office and Library Supplies	<u>400</u>	<u>500</u>
 TOTAL	 \$85,016	 \$99,817

*The annual Westlaw online service increase is 3% and the annual WestLibrary (book subscription) increase is 5%.

**\$8000 added for website rebuild.

+Reflects a transfer of \$2740 from the Systems Office budget to the Library's budget for the Library's printer/copier monthly lease and meter usage charge.

EXHIBIT C

PUBLIC ACCESS ROOM
BUDGET REQUEST FOR FISCAL YEAR 2019-2020

OTHER CURRENT EXPENSES

	<u>2018-2019</u> <u>APPROPRIATION</u>	<u>2019-2020</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
Other	<u>108</u>	<u>108</u>
TOTAL	\$15,576	\$15,576

EXHIBIT D

REVISION OF STATUTES DIVISION
 BUDGET REQUEST FOR FISCAL YEAR 2019-2020

The requested appropriation by the Division includes \$268,251 in 2019-2020 for the production and printing of the Session Laws, the Hawaii Revised Statutes Supplement, and the Hawaii Revised Statutes Replacement Volume.

2019 Session Laws.....	\$ 35,000
2,200 volumes; 1,200 pages each volume.	
2019 HRS Supplement.....	\$168,000
2,400 sets; 4,000 pages each set.	
2019 HRS Replacement volume.....	\$ 65,251
2,500 volumes; 1,100 pages each volume.	

	\$268,251

OTHER CURRENT EXPENSES

	<u>2018-2019</u> <u>APPROPRIATION</u>	<u>2019-2020</u> <u>BUDGET REQUEST</u>
Office Supplies	\$ 800	\$ 800
Postage	340	340
Notices, Publication of	70	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 legislatively created 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 2013-2014 and 2017-2018, the Research Division responded to 22,266 requests for services.³ In each year, the Research Division responded to an average of 4,453 requests for services. (See Table 1 for year-by-year totals.)

Table 1. Research Division Requests (FY 2013-2014 - FY 2017-2018)

	FY 13-14 (2014)				FY 14-15 (2015)				FY 15-16 (2016)				FY 16-17 (2017)				FY 17-18 (2018)			
	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	737	62%	445	38%	1113	65%	597	35%	818	60%	544	40%	829	63%	496	37%	718	64%	411	36%
Bill Drafts (HDs, SDs, CDs) & Floor Amendments	127	20%	499	80%	152	27%	421	73%	405	58%	300	42%	112	26%	318	74%	77	13%	523	87%
Committee Reports	109	18%	512	82%	83	14%	502	86%	80	12%	575	88%	28	5%	524	95%	14	2%	585	98%
Resolutions	252	80%	61	19%	259	55%	208	45%	240	60%	157	40%	163	54%	138	46%	203	65%	109	35%
Certificates	4	100%	0	0%	7	100%	0	0%	6	100%	0	0%	5	100%	0	0%	26	100%	0	0%
Language--Bills, Resos, Legal Checks	1	100%	0	0%	3	100%	0	0%	21	66%	11	34%	2	100%	0	0%	9	69%	4	31%
Bill Reviews	455	50%	451	50%	419	49%	435	51%	409	51%	397	49%	457	55%	371	45%	463	48%	504	52%
Research Memos	95	80%	24	20%	87	38%	139	62%	65	69%	29	45%	62	78%	18	22%	72	84%	14	16%
TOTAL HOUSE & SENATE REQUESTS	1780	47%	1992	53%	2123	48%	2302	52%	2044	50%	2013	50%	1658	47%	1865	53%	1582	42%	2150	58%
Administration Measures (formatting and proofing; preparation for Legislature's website) ⁴	474				274				210				328				228			
Formatting Acts (preparation for publisher--session laws and supplements) ⁵	288				249				244				217				220			
Miscellaneous (projects, studies, task force reports, RFPs, etc.)	4				7				4				2				8			
TOTAL ALL REQUESTS	4538				4955				4515				4070				4188			

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 1,837 requests for services for the House and 2,064 requests for services for the Senate each year.⁶ Of these requests received by the Research Division, a five-year average of 47.1% come from the House and 52.9% 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 36 requests for each Representative and 83 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 2014-2015	No. of Requests FY 2015-2016	No. of Requests FY 2016-2017	No. of Requests FY 2017-2018
Hawaii State Government	147	157	143	89
Other Governments*	17	7	10	9
Private	23	18	16	14
Materials Sent	16	11	3	0
Review of Administrative Rules	11	51	36	32
TOTALS	214	244	208	144

*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 frequently use Concordance to access information on current and past legislation, as well as to conduct searches in the Hawaii Revised Statutes and the Session Laws of Hawaii databases.

Requests for services of the Systems Office are captured according to five broad categories: information from computer, technical assistance, printouts, training, 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 684 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 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	Average per year
Information from Computer	209	153	96	92	74	124
Technical Assistance	428	432	413	373	310	391
Printouts	124	77	56	63	50	74
Training	14	18	78	50	10	34
General Information	111	100	12	27	45	59
TOTALS	891	780	655	605	489	684

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 37% of printout reports generated by the Systems Office have been at the request of members of the Senate. House members requested an average of 49% 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
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%)
FY17-18	50	23 (46%)	24 (48%)	3 (6%)

Library

The Legislative Reference Bureau is statutorily charged with maintaining a reference library as an information resource to serve and support the Legislature and legislative staff, including the other divisions within the Legislative Reference Bureau.¹⁴ In addition, the Library is available for use by other government agencies and the general public.¹⁵ Furthermore, the Bureau's Library is a major repository for government reports to the Legislature.¹⁶ We note that with the closure of the DBEDT's reference library some years ago and the limited availability of materials from the Honolulu Municipal Reference Center, the Bureau's Library 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 has historically maintained 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 and, among other inherent deficiencies, are not compliant with existing security protocols established by the State's Office of Enterprise Technology Services. *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 has been 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 2,600 informational and research requests each year, not including requests for photocopying or computer printouts. (See Table 5.) We are including the Bureau's website statistics in Table 6, which reflects the statistics for calendar years 2017 and 2018.

Table 5. LRB Library Requests for Services						
Request Type	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	Average per Year
Reference/Research	1370	1358	1180	1254	1183	1269
Online Database Research	41	54	58	62	24	48
Orientation/Training	79	47	45	25	30	45
Publications Distributed ¹⁸	1622	717 ¹⁹	1259	943	964	1101
Documents Borrowed	201	170	119	72	263	165
TOTALS	3313	2346	2661	2356	2464	2628
Photocopying (pages)	2784	1406	1821	2072	861	1789
Comp. printouts (pages)	37	14	199	35	115	80
TOTALS	2821	1420	2018	2107	976	1868

Table 6. LRB Library Website Statistics for 2018						
Month	²⁰Unique Visitors		Number of Visits		Hits	
	2017	2018	2017	2018	2017	2018
January	11033	12868	24866	25610	51253	55531
February	11018	12626	22735	26208	48859	51519
March	13178	12810	26085	28509	58315	52877
April	13311	12848	26512	29048	56987	53583
May	12995	13198	27017	29889	56342	55681
June	11954	12405	25440	27912	47980	49717
July	12364	12469	26277	27978	49446	48972
August	12634	11007	26371	24865	47218	46074
September	12855	10716	26821	24799	50668	46447
October	12076	10046	25674	22447	48703	50213
November	12258	10274	26867	22583	49450	46805
December	11434	9130	24636	21242	46556	46682

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.²¹ 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										
	FY13-14	%	FY14-15	%	FY15-16	%	FY16-17	%	FY17-18	%
House	25	12%	28	16%	17	14%	8	11%	104	39%
Senate	58	29%	70	41%	31	26%	14	19%	25	10%
Legislative Agencies	48	24%	9	5%	17	14%	12	17%	20	8%
Other Gov't. Agencies	13	6%	19	11%	5	4%	12	17%	26	10%
Public	57	28%	44	26%	49	41%	26	36%	88	33%
TOTAL	201		170		119		72		263	
Reference/Research										
	FY13-14	%	FY14-15	%	FY15-16	%	FY16-17	%	FY17-18	%
House	128	9%	82	6%	93	8%	108	9%	117	10%
Senate	116	8%	90	7%	88	7%	71	6%	76	6%
Legislative Agencies	42	3%	58	4%	47	4%	38	3%	50	4%
Other Gov't. Agencies	180	13%	202	15%	233	20%	252	20%	255	22%
Public	904	66%	926	68%	719	61%	785	62%	685	58%
TOTAL	1370		1358		1180		1254		1183	
Publications Distributed										
	FY13-14	%	FY14-15	%	FY15-16	%	FY16-17	%	FY17-18	%
House	292	18%	162	23%	328	26%	261	28%	280	29%
Senate	212	13%	106	15%	187	15%	166	18%	142	15%
Legislative Agencies	101	6%	123	17%	133	10%	60	6%	57	6%
Other Gov't. Agencies	959	59%	275	38%	562	45%	440	47%	471	49%
Public	58	4%	51	7%	49	4%	16	1%	14	1%
TOTAL	1622		717²²		1259		943		964	
Online Database Research										
	FY13-14	%	FY14-15	%	FY15-16	%	FY16-17	%	FY17-18	%
House	9	22%	14	26%	35	60%	33	53%	5	21%
Senate	9	22%	5	9%	3	5%	5	8%	3	12%
Legislative Agencies	23	56%	35	65%	20	34%	24	39%	16	67%
TOTAL	41		54		58		62		24	

Table 7 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 1996,²³ 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.

In addition to the abovementioned duties, PAR staff acts as the contract administrator for the Legislature's Legislative Broadcast Project, the responsibilities of which include selecting events to broadcast, monitoring production activity, and approving all contractor billing.

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.

The Bureau would like to note that the statistics for telephone inquiries and PAR walk-in patrons are incomplete for fiscal year 2017-2018. It seems that a former session hire employee inadvertently deleted the information from PAR's database last year.

Table 8. LRB Public Access Room Requests for Services					
Request Type	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18
Email Inquiries	571	570	277 ²⁴	292	346
Printing/Copying ²⁵	69,459	83,387	91,815	87,277	80,460
Workshop Participants <i>(Participants on Neighbor Islands)</i>	939 <i>(153)</i>	856 <i>(154)</i>	914 <i>(216)</i>	1,151 <i>(350)</i>	1,145 ²⁶ <i>(212)</i>
Telephone Inquiries ²⁷	1,978	1,891	1,392	1,679	1,044 ²⁸
PAR walk-in patrons ²⁹	4,699	4,388	4,685	4,648	1,713 ³⁰
Broadcasts ³¹	156	132	130	145	149

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 three 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 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.
20. Source: <https://www.tendenci.com/help-files/meaning-of-hits-visits-page-views-and-traffic-sources-web-analytics-definitions/> (12/31/18)
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.
21. It is not clear what percentage of research requests are made by the Research Division of LRB; however, the volume and complexity of research conducted by that division would suggest that a significant percentage of research and online research requests completed by the Library are in support of the LRB's Research Division.
22. See note 21 *supra*.
23. See sections 21G-2 and 23G-3(12), HRS.
24. New method of tracking and counting instituted to more accurately reflect email inquiries.
25. Does not include pages printed directly from public terminals. Includes copies made for Legislators to distribute to constituents.
26. Neighbor Island participants = 212. In addition, PAR presents an overview of its services and the importance of citizen involvement to upwards of a thousand people each year.
27. Actual numbers are estimated to be considerably higher; data has been difficult to capture and reflects only confirmed instances.
28. Data for July through December 2017 has been lost.

29. Actual numbers are estimated to be considerably higher; data has been difficult to capture and reflects only confirmed instances.
30. Data for July through December 2017 has been lost.
31. 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.



SENATE COMMITTEE ON WAYS AND MEANS
The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair

**H.B. No. 1, Making Appropriations to Provide for the Expenses
of the Legislature, the Auditor, the Legislative Reference Bureau,
the Ombudsman, and the Ethics Commission.**

Hearing: Tuesday, February 5, 2019, 10:00 a.m.

The Office of the Auditor **supports** Sections 6, 7, 8, and 12 of H.B. No. 1, which appropriates to the Office of the Auditor for FY2019-20: **\$3,133,899** for expenses, including 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 independent certified public accountants; **\$6,300,000** out of the Audit Revolving Fund to conduct or complete our audit functions as provided by law; and **\$68,106** for employees' 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.

Operating Budget

The proposed FY19-20 budget to perform our constitutional duties and other work is **\$3,133,899**. That amount represents a "flat" budget, identical to our current fiscal year budget. The proposed FY19-20 budget does not include salary adjustments for the Auditor and Deputy Auditor yet to be determined by the Salary Commission.

Exhibit 1 presents the proposed budget by program and compares amounts to the current fiscal year 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 2018 and 2019. We conducted a variety of work, including performance and financial audits, a sunrise analysis on the proposed regulation of dental assistants, a study on proposed mandatory health insurance for port-wine stains, reports assessing agencies' implementation of our recommendations contained in earlier audit reports, analyses of special or revolving funds proposed during the 2018 legislative session, and non-general fund (i.e., special funds, trust funds, revolving funds, and trust accounts) reviews.

During the current legislative session, we will be contacting you if you have introduced a bill or bills for consideration that propose new special or revolving funds. Section 23-11, Hawai'i Revised Statutes, requires us to analyze those bills and report as to whether the proposed funds meet certain criteria no later than 30 days prior to *sine die*. This year, we expect to submit these assessments to the legislature by February 28 to allow the relevant committees opportunities to consider our reports.

We also may be asking to meet 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 and that the bill or resolution clearly identifies those areas of concern.

Financial Audits

We contract with independent certified public accountants for the financial audits of 18 departments, agencies, and programs as well as the State of Hawai'i's Comprehensive Annual Financial Report (CAFR). The financial statement audit contracts that we administer through our audit revolving fund are listed on Exhibit 5.

The CAFR was issued on December 14, 2018, before the end of 2018 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 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 2019 deadline.

Thank you for your support of the office and for considering the testimony in support of the appropriations to the Office of the Auditor in H.B. No. 1.

OFFICE OF THE AUDITOR
Budget for FY2019 - 2020
(With Comparative Amounts for FY2018-19)

Exhibit 1

AUDIT	2018-2019		2019-2020	
Personal services				
Staff	1,341,582	(18)	1,341,582	(18)
Contract	134,942		134,942	
Other expenses	88,191		88,191	
Total audit	1,564,715		1,564,715	
 PROGRAM EVALUATION AND SPECIAL STUDIES				
Personal services				
Staff	596,259	(8)	596,259	(8)
Contract	59,974		59,974	
Other expenses	39,197		39,197	
Total program evaluation and special studies	695,430		695,430	
 LEGISLATIVE SERVICES				
Personal services - staff	298,130	(4)	298,130	(4)
Other expenses	19,598		19,598	
Total legislative services	317,728		317,728	
 SUNSET EVALUATIONS AND SUNRISE ANALYSES				
Personal services - staff	74,532	(1)	74,532	(1)
Other expenses	4,900		4,900	
Total sunset evaluation and sunrise analyses	79,432		79,432	
 FOLLOW-UP				
Personal services - staff	223,598	(3)	223,598	(3)
Other expenses	14,699		14,699	
Total follow-up	238,297		238,297	
 GENERAL SUPPORT				
Personal services - staff	223,598	(3)	223,598	(3)
Other expenses	14,699		14,699	
Total general support	238,297		238,297	
 TOTAL OPERATING BUDGET				
	3,133,899	(37)	3,133,899	(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 FY2019-2020

Exhibit 2

Operating Budget

Personal services:

Staff salaries	\$2,757,699
Salary Commission Increase	0
Total personal services	<u>2,757,699</u>
Contractual Services	194,916
	<u>2,952,615</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 **\$3,133,899**

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 FY2018-2019

Exhibit 3

	<u>Budget</u>	<u>Estimated</u>	<u>Variance</u>
Personal services:			
Staff salaries	\$ 2,757,699	\$ 2,147,235	\$ 610,464
Contractual services	194,916	194,916	-
Total personal services	<u>\$ 2,952,615</u>	<u>\$ 2,342,151</u>	<u>\$ 610,464</u>
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	<u>\$ 181,284</u>	<u>\$ 181,284</u>	<u>\$ -</u>
TOTAL	<u>\$ 3,133,899</u>	<u>\$ 2,523,435</u>	<u>\$ 610,464</u>
Special Studies Appropriation (Act 1, SLH 2018)	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>
Audit Revolving Fund Appropriation (Act 1, SLH 2018)	<u>\$ 2,800,000</u>	<u>\$ 2,800,000</u>	<u>\$ -</u>

Office of the Auditor
Current Projects and Reports Submitted to the 2018 and 2019 Legislatures

Performance audits, studies, and other projects

Report No.	Title	Work performed pursuant to:
Performance audits and other reports issued in 2018		
18-01	Audit of the Hawai'i State Energy Office	§ 23-4, HRS
18-02	Sunrise Analysis: Regulation of Dental Assistants	Act 84 (2017 Regular Session)
18-03	Audit of the Office of Hawaiian Affairs	§ 10-14.55, HRS
18-04	Audit of the Hawai'i Tourism Authority	§ 23-13, HRS
18-05	Audit of the Public Utilities Commission	Act 198 (2017 Regular Session)
18-06	Analyses of Proposed Special and Revolving Funds 2018	§ 23-11, HRS
18-07	Follow-Up on Recommendations from Report No. 16-01, <i>Report on Selected Executive Branch Departments' Information Technology Expenditures</i>	§ 23-7.5, HRS
18-08	Audit of the Office of Hawaiian Affairs' Competitive Grants and Report on the Implementation of 2013 Audit Recommendations	§§ 10-14.55 and 23-7.5, HRS
18-09	Audit of the Department of the Attorney General's Asset Forfeiture Program	HCR No. 4 (2016)
18-10	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
18-11	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Defense	§ 23-12, HRS
18-12	Follow-Up on Recommendations from Report No. 15-20, <i>Audit of the Department of Human Services' KOLEA System</i>	§ 23-7.5, HRS
18-13	Follow-Up on Recommendations from Report No. 15-09, <i>Procurement Examination of the Department of Health: Lack of Procurement Controls Exposes Health Department to Waste and Abuse</i>	§ 23-7.5, HRS

Office of the Auditor
Current Projects and Reports Submitted to the 2018 and 2019 Legislatures

Performance audits and other reports issued in 2018, continued

18-14	Follow-Up Report 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
18-15	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Agriculture	§ 23-12, HRS
18-16	Report on the Implementation of State Auditor's Recommendations 2012 - 2016	§ 23-7.5, HRS
18-17	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Budget and Finance	§ 23-12, HRS
18-18	Audit of the Office of Health Care Assurance's Adult Residential Care Homes Program	§ 23-4, HRS
18-19	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Land and Natural Resources	§ 23-12, HRS
18-20	Study of Proposed Mandatory Health Insurance for Port-Wine Stains	SCR No. 83, SD 1, HD 1 (2018)
18-21	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Accounting and General Services	§ 23-12, HRS

Office of the Auditor
Current Projects and Reports Submitted to the 2018 and 2019 Legislatures

Performance audits and other reports issued and to be issued in 2019		Work performed pursuant to:
19-01	Audit of the Department of Land and Natural Resources' Land Conversation Fund	Act 209 (2017 Regular Session)
19-02	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
19-03	Audit of the Honolulu Authority for Rapid Transportation: Report 1	Act 1 (2017 First Special Session)
19-04	Audit of the Honolulu Authority for Rapid Transportation: Report 2	Act 1 (2017 First Special Session)
19-XX	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Transportation	§ 23-12, HRS
19-XX	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
19-XX	Financial and Compliance Audit of the Deposit Beverage Container Program, June 30, 2018	§ 342G-107, HRS
19-XX	Study of Proposed Mandatory Health Insurance Coverage for Medically Necessary Transportation from the State to the Continental United States for " <i>Qualifying Patients</i> "	HCR No. 52, HD 1, SD 1 (2018)
19-XX	Sunrise Analysis: Regulation of Home Inspectors	SCR 27, SD 1 (2018)
19-XX	Audit of the Department of Land and Natural Resources' Special Land and Development Fund	Act 209 (2017 Regular Session)
19-XX	Audit of the Honolulu Authority for Rapid Transportation: Report 3	Act 1 (2017 First Special Session)
19-XX	Audit of the Honolulu Authority for Rapid Transportation: Report 4	Act 1 (2017 First Special Session)
--	Review of Tax Incentives	§§ 23-71 to -81, HRS; §§ 23-91 to -96, HRS
Proposed fund reviews		Work performed pursuant to:
--	We expect to perform approximately 60 - 70 reviews of proposed special and revolving funds during the 2019 legislative session.	§ 23-11, HRS

Office of the Auditor
Current Projects and Reports Submitted to the 2018 and 2019 Legislatures

Financial Statements and Single Audit Report

Financial statement audits issued in 2018	Performed by:
State of Hawai'i Comprehensive Annual Financial Report – June 30, 2018	Accuity LLP
State of Hawai'i Single Audit Report – June 30, 2017	Accuity LLP
Department of Accounting and General Services, Stadium Authority – June 30, 2017 Financial Statements	KKDLY LLC
Department of Accounting and General Services, State Motor Pool Revolving Fund – June 30, 2017 Financial Statements	KPMG LLP
Department of Accounting and General Services, State Parking Revolving Fund – June 30, 2017 Financial Statements	KPMG LLP
Department of the Attorney General – June 30, 2017 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, 2017 Financial Statements and Single Audit Report	Accuity LLP
Department of Education – June 30, 2017 Financial Statements and Single Audit Report	N&K CPAs, Inc.
Department of Hawaiian Home Lands – June 30, 2017 Financial Statements and Single Audit Report	Accuity LLP
Department of Health – June 30, 2017 Financial Statements and Single Audit Report	KMH LLP
Department of Health, Drinking Water Treatment Revolving Fund – June 30, 2017 Financial Statements	KMH LLP
Department of Health, Water Pollution Control Revolving Fund – June 30, 2017 Financial Statements	KMH LLP
Department of Human Services – June 30, 2017 Financial Statements and Single Audit Report	KMH LLP

Office of the Auditor
Current Projects and Reports Submitted to the 2018 and 2019 Legislatures

Financial statement audits issued in 2018, continued	Performed by:
Department of Human Services, Hawai'i Public Housing Authority – June 30, 2017 Financial Statements and Single Audit Report	KMH LLP
Department of Transportation, Administration Division – June 30, 2017 Financial Statements and Single Audit Report	Egami and Ichikawa CPAs, Inc.
Department of Transportation, Airports Division – June 30, 2017 Financial Statements	BKD LLP
Department of Transportation, Airports Division – June 30, 2017 Single Audit Report	BKD LLP
Department of Transportation, Harbors Division – June 30, 2017 Financial Statements	KKDLY LLC
Department of Transportation, Highways Division – June 30, 2017 Financial Statements	KKDLY LLC
Department of Transportation, Highways Division – June 30, 2017 Single Audit Report	KKDLY LLC
Department of Transportation, O'ahu Metropolitan Planning Organization – June 30, 2017 Financial Statements and Single Audit Report	N&K CPAs, Inc.
Employees' Retirement System of the State of Hawai'i – June 30, 2017 Financial Statements	KPMG LLP
Hawai'i Community Development Authority -June 30, 2017 Financial Statements	CW Associates
Hawai'i Employer-Union Health Benefits Trust Fund – June 30, 2017 Financial Statements	KKDLY LLC
Hawai'i Tourism Authority – June 30, 2017 Financial Statements	CW Associates
Hawai'i Convention Center – December 31, 2017 Financial Statements	CW Associates

OFFICE OF THE AUDITOR
 AUDIT REVOLVING FUND
 FY2020 - BUDGET REQUEST

# of Contracts	Department - Agency Financial Statement (and Single Audits, as applicable) Audits	Expenditure Ceiling Request Projected FYE 2019 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)	\$ 89,000	0.0%	100.0%	Special	\$ -
	Schedule of gross receipts & percentage rent reported and paid by the Concessionaire					
	Agreed-upon proc: Reserve acct of Concessionaire & F&B operations of the Concessionaire					
	Schedule of gross receipts & percentage commission paid by the Swap Meet Mgt Co.					
3	DAGS - State Parking Revolving Fund	\$ 50,000	0.0%	100.0%	Special	\$ -
	DAGS - State Motor Pool Revolving Fund					\$ -
4	Department of the Attorney General	\$ 108,000	55.0%	45.0%	Federal	\$ 59,400
	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	\$ 95,000	0.0%	100.0%	Special	\$ -
	Hawaii Convention Center - Special Purpose F/S					\$ -
9	Hawaii Community Development Authority	\$ 42,000	0.0%	100.0%	Special	\$ -
10	Department of Education	\$ 405,000	90.0%	10.0%	Federal	\$ 364,500
11	Department of Hawaiian Home Lands	\$ 175,000	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	\$ -	Charge back 100% to DBC program			\$ -
13	Department of Human Services	\$ 440,000	47.28%	52.72%	Federal	\$ 208,032
14	Hawaii Public Housing Authority	\$ 335,000	0.0%	100.0%	Various	\$ -
15	Department of Land and Natural Resources	\$ 65,000	0.0%	100.0%	Special	\$ -
	Department of Transportation					
16	Administration	\$ 40,000	0.0%	100.0%	Special	\$ -
17	Airports	\$ 440,000	0.0%	100.0%	Special	\$ -
18	Harbors	\$ 242,000	0.0%	100.0%	Special	\$ -
19	Highways	\$ 334,000	0.0%	100.0%	Special	\$ -
20	Oahu Metropolitan Planning Organization	\$ 40,000	0.0%	100.0%	Special	\$ -
TOTAL Managed 20 Contracts		\$ 5,710,000				\$ 2,554,932
Reserve for Estimated Adjustments/Overages:		\$ 590,000				\$ 245,068
TOTAL Requested Budget Amounts:		\$ 6,300,000				\$ 2,800,000

HB-1

Submitted on: 2/1/2019 3:34:32 PM

Testimony for WAM on 2/5/2019 10:00:00 AM

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

Comments:

LATE

HB-1

Submitted on: 2/5/2019 10:05:55 AM

Testimony for WAM on 2/5/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Rachel L. Kailianu	Testifying for Ho`omana Pono, LLC	Support	Yes

Comments:

LATE

HB-1

Submitted on: 2/5/2019 3:28:41 PM

Testimony for WAM on 2/5/2019 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Nicole Correa	Individual	Oppose	No

Comments: