

## HAWAI'I STATE ETHICS COMMISSION

State of Hawai'i · Bishop Square, 1001 Bishop Street, ASB Tower 970 · Honolulu, Hawai'i

Committee: Committee on Finance  
Bill Number: H.B. 1, Proposed H.D.1  
Hearing Date/Time: March 3, 2021, 2:00 p.m.  
Re: Testimony of the Hawai'i State Ethics Commission in **SUPPORT** of H.B. 1, Proposed H.D.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 Luke, Vice Chair Cullen, and Committee Members:

The Hawai'i State Ethics Commission ("Commission") supports H.B. 1, Proposed H.D.1, Section 11, which appropriates the amount of \$1,152,454 to the Commission for its operating and other expenses for FY 2021-2022. The Commission likewise supports Section 12, which appropriates an additional \$16,553 for vacation payouts/transfers. The Commission recognizes that this represents an 8% cut from its current budget; the Commission and its staff are committed to cutting as much of its operating expenses as possible considering the ongoing COVID-19 crisis.

The Commission's 2020 Annual Report is attached. Among other things, the Commission received twice the number of complaints in 2020 as it did in 2019; launched its on-line training program (taken by nearly 1,700 people in 2020); and initiated an Anti-Fraud Hotline with the Department of the Attorney General.

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.

### **Budget for FY 2021-2022**

The Commission understands that the Legislature has proposed an across-the-board cut of 8% for the Legislature and the legislative agencies. While this will undoubtedly impact the Commission's operations – for example, the Commission has already lost one staff person and intends to keep the position vacant to help cover the budget shortfall – the Commission and its staff will do everything possible to continue to provide its services without interruption.

Thank you for your continuing support of the Commission's work.

Very truly yours,

A handwritten signature in black ink, appearing to read 'D. Gluck', written in a cursive style.

Daniel Gluck  
Executive Director and General Counsel

Attachments:

1. Budget table, FY 2020-2021 and FY 2021-2022
2. Hawai'i State Ethics Commission, 2020 Annual Report

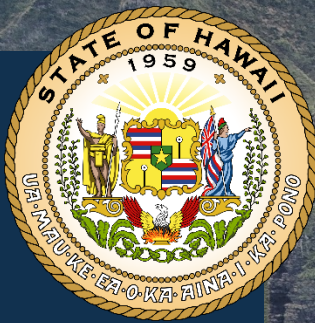
## Hawai'i State Ethics Commission - Budget Projections for FY 2021-2022

	2020-2021 Approved Budget	2021-2022 Estimated Budget	Increases/ Decreases	% Increase/ Decrease
<b>TOTAL BUDGET</b> (excluding vacation payouts/transfers)	<b>\$ 1,252,667</b>	<b>\$ 1,152,454</b>	<b>-\$ 100,213.36</b>	<b>-8.0%</b>
<b>A. PERSONNEL</b>				
1. Staff Salaries	1,012,719	977,445	(35,274)	-3.5%
2. Cost Adjustments for staff salaries	-			
3. Vacation Payouts/Transfer	16,553	16,553		
<b>TOTAL PERSONNEL</b> (excluding vacation payouts)	<b>1,012,719</b>	<b>977,445</b>	<b>(35,274)</b>	<b>-3.5%</b>
<b>B. MATERIALS AND SUPPLIES</b>				
<b>Office Expenses:</b>				
1. Office Supplies	3,500	900	(2,600)	-74.3%
2. Postage	1,500	1,113	(387)	-25.8%
3. Telephone & Internet	7,500	8,900	1,400	18.7%
Subtotal:	<u>12,500</u>	<u>10,913</u>	<u>(1,587)</u>	<u>-12.7%</u>
<b>Intrastate Transportation and Travel</b>				
1. Commissioners / Staff	8,500	900	(7,600)	-89.4%
2. Car Mileage and Parking	750	500	(250)	-33.3%
Subtotal:	<u>9,250</u>	<u>1,400</u>	<u>(7,850)</u>	<u>-84.9%</u>
<b>Out-of-State Travel</b>				
1. Airfare (6 @ \$1,000 ea.)	6,000	-	(6,000)	-100.0%
2. Lodging and per diem for 5.5 days (6 @ \$145/day x 5.5 days)	4,800	-	(4,800)	-100.0%
3. Excess Hotel and Increases in per diem/airfare	1,700	-	(1,700)	-100.0%
4. Taxi/bus fare	160	-	(160)	-100.0%
Subtotal:	<u>12,660</u>	<u>-</u>	<u>(12,660)</u>	<u>-100.0%</u>
<b>Equipment Rental and Maintenance</b>				
1. Copier	3,600	3,200	(400)	-11.1%
2. ReporterDeck Recorder	200	100	(100)	-50.0%
3. Computer Equipment Maintenance	3,500	3,200	(300)	-8.6%
4. Misc. (time clock, projector, etc.)	700	150	(550)	-78.6%
5. Investigation Software	3,100	2,300	(800)	-25.8%
6. Software License Renewals	20,500	20,500	-	0.0%
7. Videoconferencing software for training	-	600	600	
Subtotal:	<u>31,600</u>	<u>30,050</u>	<u>(1,550)</u>	<u>-4.9%</u>

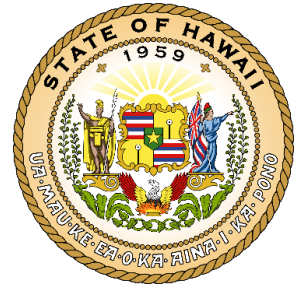
	2020-2021 Approved Budget	2021-2022 Estimated Budget	Increases/ Decreases	% Increase/ Decrease
<b>Dues, Subscriptions, Training</b>				
1. COGEL Membership	470	470	-	0.0%
2. COGEL Registration (6 x \$600)	3,600	-	(3,600)	-100.0%
3. Attorney Registration Fees	3,400	3,400	-	0.0%
4. Training	3,000	500	(2,500)	-83.3%
5. Legal Reference Publications	4,900	4,900	-	0.0%
6. Newspapers Subscriptions, etc.	240	240	-	0.0%
7. Disruptive Behavior Training	800	-	(800)	-100.0%
Subtotal:	16,410	9,510	(6,900)	-42.0%
<b>Newspaper Advertisements</b>				
	1,100	500	(600)	-54.5%
	1,100	500	(600)	-54.5%
<b>Commission Meetings, Investigations and Hearings</b>				
1. Subpoena Fees	900	800	(100)	-11.1%
2. Court Reporter	7,500	4,000	(3,500)	-46.7%
3. Witness Fees, Travel, Mileage	600	500	(100)	-16.7%
4. Hearings Officer	1,500	0	(1,500)	--
5. Lunches for Commission Mtgs.	1,100	-	(1,100)	-100.0%
Subtotal:	11,600	5,300	(6,300)	-54.3%
<b>Consulting Services</b>				
1. Computer Consulting	26,500	-	(26,500)	-100.0%
2. Other Services (Interpreting, shredding)	400	400	-	0.0%
Subtotal:	26,900	400	(26,500)	-98.5%
<b>Office Rent<sup>1</sup></b>	113,928	116,936	3,008	2.6%
<b>TOTAL MATERIALS AND SUPPLIES:</b>	235,948	175,009	(60,939)	-25.8%
<b>C. CAPITAL OUTLAY</b>				
<b>Office Furniture &amp; Equipment</b>	4,000	-	(4,000)	-100.0%
<b>TOTAL CAPITAL OUTLAY:</b>	4,000	-	(4,000)	-100.0%
<b>GRAND TOTAL:</b>	<b>\$ 1,252,667</b>	<b>\$ 1,152,454</b>	<b>\$ (100,213)</b>	<b>-8.0%</b>

<sup>1</sup> Lease rent increases 2.5% each fiscal year, CAM increases 2.68% each calendar year and fluctuates. Building management performs reconciliations and issues credits or charges accordingly.

# HAWAI'I STATE ETHICS COMMISSION



2020 Annual Report



# Hawai‘i State Ethics Commission

## Mission & Duties

Established in 1968, the Hawai‘i State Ethics Commission – the first state ethics commission in the United States – represents a commitment by the people of Hawai‘i to the principles that “public officers and employees must exhibit the highest standards of ethical conduct[,] and that these standards come from the personal integrity of each individual in government.” Hawai‘i Constitution, article XIV. The constitution further requires that the State, and each of its subdivisions, establish a code of ethics for public officers and employees.

Pursuant to this constitutional mandate, the Commission is responsible for the administration and enforcement of the State Ethics Code and the State Lobbyists Law, chapters 84 and 97, Hawai‘i Revised Statutes (“HRS”), respectively. The Ethics Code includes laws relating to the acceptance and reporting of gifts, confidential information, fair treatment (the prohibited misuse of official position), conflicts of interests, state contracts, and post-employment restrictions, along with a requirement that state legislators, candidates for state elective office, and certain state employees file financial disclosure statements.

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, HRS chapter 97, which applies to lobbying activities at the state level. The Lobbyists Law 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 jurisdiction over nearly 500 lobbyists representing more than 400 organizations that lobby the state legislature or executive branch.

## Ethics Advice

The Commission issues advisory opinions and other types of guidance (including written staff opinion letters by the Commission's attorneys) about the application of the State Ethics Code and the State Lobbyists Law. In 2020, the Commission's attorneys received and responded to 950 requests for advice from state legislators, state employees, lobbyists, members of the public, and candidates for state elective office. The Commission considers its ability to provide timely and meaningful guidance and advice to be one of its most essential functions.

In 2020, the Commission issued two formal Advisory Opinions, both of which are available via the Commission's [public data website](#) and on Westlaw, a legal research platform:

1. [Advisory Opinion 2020-1](#), advising that a member of a state board may vote on the approval of online continuing education courses – and administrative rules pertaining to those courses – notwithstanding the member's personal connections to the president of a professional association, provided that the member does not provide any unwarranted benefits to the president or professional association.
2. [Advisory Opinion 2020-2](#), discussing the prohibition against substantial financial transactions between supervisors and subordinates, and advising that a member of the state legislature may not use private funds to compensate a legislative intern.

## Ethics Survey of State Employees

The Commission values receiving input from state officials and recognizes that constant dialogue is imperative to fostering high ethical standards in government. With this in mind, the Commission worked in partnership with Professors Sonia Ghumman and Hannah-Hahn Nguyen from the University of Hawai'i to design and disseminate an ethics survey to a sample of state employees across Hawai'i.

The Commission developed the ethics survey in order to gain a better awareness of the areas of concern that need to be further addressed through enforcement or education. This includes the general level of familiarity with the State Ethics Code among state workers, potential ethics infractions that may be of concern, and any large or long-standing ethics problems that may exist in a particular state agency. The survey was distributed electronically and took an estimated ten minutes to complete. Survey respondents were provided assurance of anonymity as all identifying information associated with a survey response was removed.

Approximately 2,300 state officials completed the survey, and the Commission is currently collaborating with the University of Hawai'i to analyze the results and develop meaningful recommendations. The University researchers and the Commission are also working together on a journal article discussing this research and plan to submit the article for publication in early 2021.



950

**Requests for  
Advice**



2

**Advisory  
Opinions**



2,300+

**Employees  
Surveyed**



20

**Interactive  
Trainings**



2,888

**Individuals  
Trained**

## Ethics Education

The Commission is charged with educating state officials and employees about ethics in government, HRS § 84-31(a)(7). To fulfill this mandate, the Commission conducts ethics trainings throughout the year. Traditionally, the Commission holds in-person trainings throughout the islands, providing participants an interactive education in a face-to-face setting. In March 2020, the Commission had to suspend all its in-person trainings because of COVID-19. The Commission pivoted to using videoconference technology to train state officials in real-time – allowing for interactive question-and-answer sessions while adhering to COVID-19 safety regulations.

In addition, the Commission launched an on-demand, on-line training module that is available to all state employees to complete at their convenience. This 30-minute on-line training module can be accessed from any device with an internet connection and is available on the Commission’s website at <https://ethics.hawaii.gov/ethiconlinetraining/>. The on-line training module is available to participants from all state departments on all islands, and a total of 1,692 individuals received a certificate of completion in 2020. The Commission expects to launch a new on-line training specifically for Board and Commission members in early 2021.

The Commission reached a total of 2,888 individuals through its in-person training, web-based training, and videoconference training programs in 2020, an increase of over 750 people when compared to 2019. The Commission held ten in-person trainings and ten videoconference training sessions, reaching 1,196 individuals in a live, interactive format. Two of the videoconference sessions offered Continuing Legal Education (“CLE”) credits for government attorneys. The Commission also conducted mandatory ethics training sessions for all newly elected state officials as required by HRS § 84-42.



## Enforcement

The Commission enforces the State Ethics Code, HRS chapter 84, and the State Lobbyists Law, HRS chapter 97. 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. 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 2020, the Commission received 129 new complaints of violations of the Ethics Code and Lobbyists Law – double the number of complaints received in 2019 (65). The Commission issued thirty-three Resolutions authorizing staff to conduct investigations, issued four Charges (and received one Charge filed by members of the public), and closed 112 cases (up from 75 cases closed in 2019). The Commission publicly resolved thirteen Charges and investigations (including those below) by issuing a Resolution of Investigation/Charge document. The Commission resolved another fourteen matters by issuing ethics guidance and closed 85 other matters for lack of jurisdiction, lack of supporting evidence, or another reason. Many of those cases were referred to other government agencies for action). The Commission assessed a total of \$47,225 in administrative penalties, payable to the General Fund. Notable enforcement actions include:



### Department of Health (“DOH”), Office of Health Care Assurance: [Resolution of Investigation 2020-05](#)

The Commission resolved an investigation involving a DOH employee who used his official position as a state inspector to obtain unwarranted advantages for himself and his private employer, a real estate brokerage firm. The respondent admitted to multiple violations of the Fair Treatment law, HRS § 84-13, including soliciting private real estate business from two adult residential care home (“ARCH”) operators while conducting state inspections of their care homes and using state time for private business. The respondent admitted to personally receiving a commission of \$9,947.50 (out of a total commission of \$22,750 received by his real estate brokerage firm) from one private real estate transaction that resulted from him soliciting business from an ARCH operator. The respondent agreed to pay an administrative penalty of \$25,000, and the matter was referred to DOH for disciplinary action as appropriate.

**Department of Land and Natural Resources (“DLNR”), Division of Conservation and Resources Enforcement (“DOCARE”): [Resolution of Charge 2020-03](#)**

The Commission resolved a Charge involving a DOCARE Officer who admitted to (1) assisting his private employer for pay in obtaining a marine/ocean event permit from DLNR and (2) taking official state action affecting his private employer. The Officer used his state position and resources to assist in his private work (as an ocean risk management and marine reconnaissance vehicles trainer). The DOCARE officer admitted to violating the Conflicts of Interests law, which prohibits state employees from (1) being paid to assist or represent another person or business in transactions or proposals before their own state agency and (2) taking official action affecting a business in which they have a substantial financial interest, such as outside private employment. The respondent also admitted to violating the Fair Treatment law, which prohibits state employees from using state resources for private business purposes. The respondent agreed to pay an administrative penalty of \$10,000 and the matter was referred to DLNR-DOCARE for further action as appropriate.

**Department of Commerce and Consumer Affairs (“DCCA”), Insurance Division: [Resolution of Charge 2020-05](#)**

The Commission resolved a Charge regarding a DCCA employee’s violation of the Gifts Law, HRS § 84-11, and the Gifts Reporting law, HRS § 84-11.5, related to gifts of hundreds of dollars of meals from a state vendor. As part of his duties as Chief Examiner, the respondent oversaw the vendor’s contract with DCCA, and was responsible for negotiating the rate paid to the vendor and monitoring the performance of the vendor’s work. The Gifts law prohibits state employees from soliciting or accepting any gift “under circumstances in which it can reasonably be inferred that the gift is intended to influence the . . . employee . . . or is intended as a reward for any official action[.]” The respondent, who had retired from the State of Hawai‘i prior to the resolution of this Charge, agreed to pay an administrative penalty of \$5,000.

**Department of Transportation (“DOT”), Highways Division, O‘ahu District: [Resolution of Investigation 2020-07](#) and [2020-08](#)**

The Commission resolved a case involving a DOT employee’s use of state-owned equipment for personal purposes. The employee admitted to using a DOT truck and trailer to transport a DOT Bobcat skid-steer from a nearby job site to his personal residence. The Bobcat was then used to clear rocks, mud, and debris from the employee’s personal property. The employee’s supervisor, a Superintendent for the DOT Highways Division, admitted to authorizing the employee to transport the Bobcat to the employee’s personal residence, store the Bobcat outside of work hours, and utilize the Bobcat for personal use. The employee and the supervisor agreed to pay administrative penalties of \$1,500 and \$1,000, respectively.

## Financial & Gifts Disclosures

The Commission administers the filing requirements of the financial disclosure law and the gifts disclosure law, which help provide accountability and transparency in government.

In 2020, the Commission received 1,859 financial disclosure statements, including 181 disclosure statements for candidates of state elective office. Public disclosure statements (for elected officials, department directors, and other designated state officials) are available on the Commission's [public data website](#).

The Commission received and published 188 gifts disclosure statements, all of which are available on the Commission's [public data website](#).

## Lobbyists Law: Registration & Expenditure Reports

The Commission administers HRS chapter 97, the Lobbyists Law, which requires lobbyists to register with the Commission and file periodic expenditure reports. In 2019, the Commission launched its new electronic filing system for lobbying registration and reporting, allowing lobbyists to register and file their periodic expenditure reports electronically. The Commission is continually upgrading and improving the e-filing system for lobbying, financial disclosures, and gifts disclosures; the Commission launched a series of enhancements in December 2020 to make it easier for filers to complete their forms.

In 2020, the Commission received and published 1,018 lobbyist registration statements from 486 lobbyists, representing 435 organizations, along with 1,207 lobbyist expenditure reports. Each of these figures represents a year-over-year increase when compared to 2019 (950 registration statements, 438 lobbyists, 415 organizations, and 1,009 lobbyist expenditure reports).

## 2020 LOBBYING REPORTS AND FINANCIAL/GIFTS DISCLOSURES

Lobbyist Registration Statements Filed	1,018
Lobbying Expenditure Reports Filed	1,207
Total Number of Registered Lobbyists	486
Lobbying Organizations Represented	435
Financial Disclosure Statements Filed	1,859
Candidate Financial Disclosure Statements Filed	181
Gifts Disclosure Statements Filed	188

## Administrative Rules

After a three-year process of research, drafting, and deliberation, the Commission considered and promulgated a comprehensive package of administrative rules pursuant to HRS chapter 91. The Commission held a public hearing on May 7, 2020 to gather testimony from all interested persons and discuss the potential implications of the proposed changes. The rules were signed by Governor Ige in November 2020 and took effect on November 28, 2020.

The new rules provide updated procedures for the issuance of advisory opinions, investigations, and contested case hearings. The rules also clarify many of the ethics and lobbyists laws administered by the Commission, and address topics such as gifts, fair treatment, conflicts of interests, and post-employment restrictions. The updated rules are available on the Commission's website at <https://ethics.hawaii.gov/wp-content/uploads/2019/07/TITLE21.pdf>

## Anti-Fraud Initiative

The Commission partnered with the Department of the Attorney General to launch an anti-fraud hotline aimed at identifying fraud, waste, and abuse of government funds. The agencies developed a website and online complaint form ([antifraud.hawaii.gov](http://antifraud.hawaii.gov)), dedicated phone hotline (587-0000), and dedicated email address ([antifraud@hawaii.gov](mailto:antifraud@hawaii.gov)) where individuals can confidentially report suspected violations. These anti-fraud resources were created to complement the state's efforts to use CARES Act funds responsibly and empower the public with confidential, easy-to-use methods to report potential violations.

Within the first four months of establishing these anti-fraud resources (September to December 2020), the Commission fielded 41 anti-fraud complaints, including 19 complaints submitted using the online complaint form. These 41 complaints were in addition to the 129 complaints received by the Commission through the Commission's normal complaint channels. Many of the anti-fraud complaints were referred to the relevant administrative agencies for action, and several of those cases resulted in action (policy changes and/or disciplinary action) by the agencies themselves.

## Judicial Candidate Reviews

The Commission provides information to the Judicial Selection Commission on applicants for judicial office. In 2020, the Hawai'i State Ethics Commission provided information on approximately 87 applicants (including current judges seeking retention).

## Legislation

In 2020, the Commission successfully advocated for the passage of [Act 39 \(House Bill 2125\)](#), which requires financial disclosure filers to report the names of clients they assist or represent for pay before state agencies and updates the law to provide for electronic filing of disclosures. The Legislature also passed [House Bill 2124](#) without a single “no” vote; the bill would have strengthened Hawaii’s post-employment laws by prohibiting high-level state officials from lobbying the Legislature for one year after leaving state service, but the bill was vetoed by the Governor for its possible effects on recruitment for volunteer boards and commissions. The Commission intends to support a revised version of this measure in 2021 that would exclude volunteer members of boards and commissions but retain the strong post-employment restrictions for high-level government employees.

## Commissioners and Staff

The Commission is comprised of five members nominated by the State Judicial Council and appointed by the Governor for four-year terms. The current members of the Commission are Ruth Tschumy (Chairperson), Melinda Wood (Vice Chairperson), Reynard Grauly, and Wesley Fong. There is currently a vacancy on the Commission. Former member Susan DeGuzman completed her second term on June 30, 2020.

As of February 2021, the Commission employs a staff of ten: Executive Director Daniel Gluck, Associate Director Susan Yoza, four staff attorneys (Nancy Neuffer, Virginia Chock, Bonita Chang, and Kee Campbell); Computer Specialist Patrick Lui; Office Manager Caroline Choi; Secretary Lynnette Santiago; and Investigator Jason Kamisugi. The Commission has a vacancy for an administrative position that will remain unfilled because of the COVID-19 budget crisis. As the COVID-19 crisis unfolded at the end of the 2019-2020 fiscal year, the Commission cut its expenses and returned \$50,177.44, or approximately 4.2% of the budget (1,202,065) to the General Fund. The Commission expects to return funds to the General Fund at the end of the current fiscal year as well.



Robin K. Matsunaga  
Ombudsman

Melissa Chee  
First Assistant

**OFFICE OF THE OMBUDSMAN  
STATE OF HAWAII**

465 South King Street, 4<sup>th</sup> Floor  
Honolulu, Hawaii 96813  
Tel: 808-587-0770 Fax: 808-587-0773 TTY: 808-587-0774  
complaints@ombudsman.hawaii.gov

**TESTIMONY OF ROBIN K. MATSUNAGA, OMBUDSMAN,  
ON PROPOSED H.B. NO. 1, H.D. 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**

**HOUSE COMMITTEE ON FINANCE**

**MARCH 3, 2021**

Chair Luke and Members of the Committee on Finance:

Thank you for the opportunity to present testimony in strong support of the proposed H.D. 1 to 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 \$1,327,566 for the operations of the Office of the Ombudsman for FY 2021-2022. 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, 2022.

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. The importance and value of the services our office provides to the public has become more evident during the ongoing coronavirus pandemic, as citizens search for assistance in accessing government services and benefits.

During the past year, the number of jurisdictional complaints that we received increased by over 15 percent, which is actually less than I had anticipated. However, complainants, in general, have followed up more frequently, in some cases with multiple telephone calls or emails daily, requiring my staff to spend significantly more time on each case just in responding to and documenting the inquiries. Altogether, our workload has increased by approximately 40 percent over the past year. Of greater concern is that the frequency of threats by complainants against my staff when we are unable to provide the complainant the desired remedy has also increased significantly. In some cases, I have been forced to restrict communications from some individuals to writing only, as their language and behavior during telephone calls have created a

hostile work environment for my staff. I am fortunate to have staff who are tolerant of the abusive language directed toward them and who understand the important role we serve and continue to treat each complainant respectfully and professionally, while remaining empathetic to the complainant's situation.

The appropriation in Section 12 of this bill is the same amount provided through Act 1, SLH 2020, for vacation payouts and transfers. The appropriation in Section 10 of this bill is eight percent less than the amount provided in the current fiscal year for the operating budget of the Ombudsman through Act 1, SLH 2020. Although this is a significant decrease in the funds available to support our office operations, I believe that with careful budget management, my office will be able to continue to timely, independently, and impartially investigate citizen complaints about the administrative acts of state and county agencies and their employees.

Attached for your information is a breakdown and comparison of my office's proposed budget for FY 2021-2022 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 provide services to the public and will be greatly appreciated.

Thank you for your consideration of this testimony.

## Attachment

OFFICE OF THE OMBUDSMAN  
OPERATING BUDGET  
FY 2021-2022 vs. FY 2020-2021

	<u>Proposed FY 2021-2022</u>	<u>FY 2020-2021</u>
<b>A. PERSONAL SERVICES</b>		
Staff Salaries	1,273,966 (14)	1,382,807 (14)
<b>SUBTOTAL PERSONAL SERVICES</b>	<b>1,273,966</b>	1,382,807
<b>B. OTHER CURRENT EXPENSES</b>		
Office Supplies & Postage	6,600	6,600
Telephone	6,500	6,000
Intra-state Transportation & Subsistence	2,000	2,000
Out-of-state Transportation & Subsistence	0	0
Coronavirus Pandemic Response	1,500	5,000
Printing, Advertising & Publications	1,000	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	18,000	16,000
Risk Management	<u>(included w/Other)</u>	<u>(included w/Other)</u>
<b>SUBTOTAL OTHER CURRENT EXPENSES</b>	<b>52,000</b>	57,000
<b>C. EQUIPMENT, FURNISHINGS, &amp; BOOKS</b>		
Equipment	1,000	2,100
Furnishings	0	550
Books	<u>600</u>	<u>550</u>
<b>SUBTOTAL EQUIP, FURNISHINGS, BOOKS</b>	<b>1,600</b>	3,200
<b>TOTAL OPERATING BUDGET</b>	<b><u>1,327,566</u></b>	<b><u>1,443,007</u></b>
Vacation payout / transfers	14,035	14,035
<b>TOTAL BUDGET REQUEST</b>	<b><u>1,341,601</u></b>	<b><u>1,457,042</u></b>



**HB-1**

Submitted on: 3/2/2021 9:44:26 AM

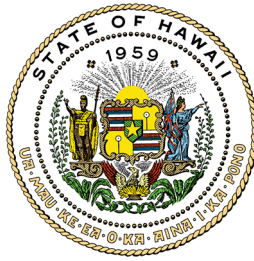
Testimony for FIN on 3/3/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Brian L. Takeshita	House Chief Clerk's Office	Support	No

Comments:

As Chief Clerk of the Hawaii House of Representatives, I stand in support of House Bill No. 1 and will be available for questions at the appropriate time.

Thank you very much.



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

**Testimony in SUPPORT of H.B. No. 1, H.D. 1 (proposed),  
Making Appropriations to Provide for the Expenses  
of the Legislature, the Auditor, the Legislative Reference Bureau,  
the Ombudsman, and the Ethics Commission.**

Hearing: Wednesday, March 3, 2021, 2:00 p.m.

Thank you for the opportunity to testify in **support** of H.B. No. 1, H.D. 1 as proposed.

The bill provides appropriations for the Legislature and its legislative service agencies which includes the Office of the Auditor. Sections 6, 7, 8, and 12 of the bill appropriate to the Office of the Auditor for FY2021-22: **\$2,953,122** for expenses, including personnel and operational; **\$138,000** for special studies and other legislative requests; **\$2,800,000** to be deposited in the Audit Revolving Fund to cover the cost of the financial audits of state departments and political subdivisions performed by independent certified public accountants; and **\$68,106** for employees' accrued vacation payments and vacation transfer payments. The bill also provides for **\$6,300,000** to be appropriated out of the Audit Revolving Fund to conduct or complete our audit functions as provided by law.

**The Office of the Auditor**

The position of Auditor is established by Art. VII, section 10 of the State Constitution. The Office of the Auditor is responsible for conducting post audits of, among other things, the accounts and performance of State departments, agencies, and programs. We report our audit findings and recommendations to the Governor and the Legislature as well as to the audited entity. We also perform other work as directed by the Legislature.

Our audits are conducted in accordance with Government Auditing Standards promulgated by the Comptroller General of the United States, which require that we be independent and free of undue influence threats that impair – or can be seen as impairing – that independence.

We provide nonpartisan, unbiased, and objective assessments of State programs. More specifically, we assess whether programs are effectively and efficiently achieving their statutory purposes, providing valuable transparency into those programs and helping to answer questions the Legislature may have about how those programs are performing. And, we offer meaningful recommendations to address audit findings and to improve program performance.

## **Operating Budget**

The initial request by the Office of the Auditor submitted to House and Senate Leadership was for an overall budget of \$3,209,915, including a sum of \$150,000 for special studies, joint requests, and other work (see below). The proposed H.D. 1 appropriates **\$2,953,122 for operating expenses**, which reflects a reduction of 8% commensurate with the other legislative service agencies. We had anticipated and planned for possible State tax collection shortfalls caused by the pandemic starting in February of 2020, and had instituted cost savings as early as March of 2020. We expect to be able to maintain staffing and operations and preserve our ability to support and respond to legislative directives and requests. Exhibit 1 presents the budget request by objects of expenditure. Exhibit 2 shows the current appropriation and estimated expenditures.

## **Audit Revolving Fund**

The Office of the Auditor contracts with independent certified public accountants for the financial audits of 21 departments, agencies, and programs as well as the State of Hawai'i's Comprehensive Annual Financial Report (CAFR). We strongly support the independent audits of departments, agencies, and programs' financial statements. Among other things, independent audits provide assurance that their respective financial statements are presented fairly in accordance with generally accepted accounting principles. State departments, agencies, and programs must be accountable for their use of public funds, and the financial audit is one aspect of that accountability.

Moreover, departments, agencies, and programs receiving federal grants and other awards are required to have financial audits as well as reviews of their respective compliance with the terms of those grants and awards. The State must comply with those requirements with respect to the moneys it received under the Coronavirus Relief Fund and other federal assistance to help mitigate the effects of COVID-19. The State's CAFR is reviewed by bond-rating agencies in evaluating the State as a credit risk. The State's credit rating has a significant impact on how much money the State can borrow to finance projects and the cost of that financing.

The cost of financial audits contracted by the State Auditor is paid through the Audit Revolving Fund, and some departments, agencies, and programs subsequently reimburse all or part of those costs, which are deposited into the fund.

The financial statement audit contracts that we administer through our Audit Revolving Fund are listed on Exhibit 3.<sup>1</sup> The proposed sum of \$2,800,000 will ensure these financial audits continue as planned.

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<sup>1</sup> Act 28, 2019 Session Laws of Hawai'i, appropriated \$100,000 for us to contract with a certified public accounting firm to audit the Agribusiness Development Corporation's (ADC) financial statements for the fiscal year 2019-2020. Accordingly, expenditures relating to the ADC financial audit are being paid from our operating account, not from the Audit Revolving Fund. The cost for financial audits of the Office of the Auditor, the Hawai'i State Ethics Commission, the Legislative Reference Bureau, and the Office of the Ombudsman are paid from our operating budget.

## **Our Work**

Exhibit 4 is a list of the reports that we issued to the Legislature in 2020 and 2021. On March 5, 2020, with COVID-19 cases rising, the Governor issued the first of many emergency proclamations. With exceptions for emergency and essential personnel, state employees were directed to work remotely, limiting our ability to access agency records and other information, and requiring us to suspend ongoing audits. We re-directed our resources to contribute towards helping the State address the anticipated budget shortfall caused by the pandemic, publishing several reports intended to assist the Legislature and Governor in their efforts to mitigate the economic impacts caused by the COVID-19 pandemic. At the request of the Senate Special Committee on COVID-19, we also reported on the State's approach to address some of the challenges created by COVID-19, such as the Department of Health's contact tracing and the State's travel quarantine program.

We have since restarted an audit of the Department of Public Safety's management of adult correction officers' leave and overtime. We also recently issued a report of our audit of the Agribusiness Development Corporation. In addition to our audits, we completed a "sunset analysis" on the regulation of behavior analysts; reports on the status of agencies' implementation of recommendations we made to address findings in prior performance audits; reviews of the special, revolving, and trust funds and trust accounts maintained by the Judiciary, the Department of Hawaiian Home Lands, the Department of Commerce and Consumer Affairs, the Department of Human Services, and the Department of Health; and analyses of special and revolving funds proposed during the 2020 legislative session.

We also completed our first review of certain tax exemptions and exclusions. The 2020 report includes general excise tax exemptions and exclusions for, among other things, gross income of contractors from subcontractors, reimbursement to federal cost-plus contractors, amounts received from aircraft and aircraft engine rental or leasing, and amounts received from aircraft servicing and maintenance and aircraft service and maintenance facility construction. Sections 23-72, et seq. and 23-91, et seq., Hawai'i Revised Statutes (HRS), require us to review a number of different tax exemptions, exclusions, credits, and deductions each year.

We have paused our review of the Disease Outbreak Control Division of the Department of Health's implementation of audit recommendations contained in Report No. 17-14, to allow the division to address public health issues caused by the pandemic. We have initiated reviews of the implementation of audit recommendations relating to reports previously issued about the Public Utilities Commission, the Office of Hawaiian Affairs, and the Department of the Attorney General's Asset Forfeiture Program. Generally, we conduct an active follow-up on the status of an agency's implementation of our audit recommendations two to three years after issuance of an audit report.

The CAFR was issued on December 30, 2020, before the December 31, 2020 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 the State earns that same award this year. On-time issuance of the CAFR and achievement of GFOA's award can positively affect the State's ability to issue general obligation bonds to fund capital improvement projects. The coronavirus pandemic has presented state agencies and their auditors with significant changes and challenges. We are working to provide support and expect the statewide Single Audit to issue by its March 31, 2021 deadline.

We have completed our review of 2021 legislative session bills that propose creating new special or revolving funds and will be providing the Legislature with a report assessing whether those proposed funds meet certain statutory criteria as required by Section 23-11, HRS, later today.

Thank you for your continued support of the Office of the Auditor and for your consideration of our testimony in support of the appropriations to the Office of the Auditor in H.B. No. 1, H.D. 1 as proposed.

**OFFICE OF THE AUDITOR**  
**Statement Showing Budget for Office Operations**  
**By Object of Expenditure for FY2021-2022**

Exhibit 1

**Operating Budget**

Personal services:

Staff salaries	\$2,654,555
Salary Commission Increase	14,667
Total personal services	<u>2,669,222</u>
Contractual Services	145,000
	<u>2,814,222</u>

Other expenses:

Office expenses	47,500
Intrastate transportation and travel	2,400
Out-of-state travel	-
Training	18,000
Printing	2,500
Rental and maintenance of equipment	20,000
Books	500
Equipment	46,000
Miscellaneous	2,000
	<u>138,900</u>
Total other expenses	<u>138,900</u>

**Total Operating Budget** \$2,953,122

**Special Studies Appropriation** \$138,000

**Audit Revolving Fund** \$2,800,000

**OFFICE OF THE AUDITOR**  
**Statement Showing Budget and Estimated Expenditures**  
**By Object of Expenditure for FY2020-2021**

Exhibit 2

	<b>Budget</b>	<b>Estimated</b>	<b>Variance</b>
Personal services:			
Staff salaries	\$ 2,833,715	\$ 2,232,088	\$ 601,627
Contractual services	194,916	194,916	-
Total personal services	\$ 3,028,631	\$ 2,427,004	\$ 601,627
Other expenses:			
Office expenses	\$ 47,500	\$ 47,500	\$ -
Intrastate transportation and travel	4,800	4,800	-
Out-of-state travel	42,000	42,000	-
Training	13,200	13,200	-
Printing	5,000	5,000	-
Rental and maintenance of equipment	20,000	20,000	-
Books	500	500	-
Equipment	46,284	46,284	-
Miscellaneous	2,000	2,000	-
Total other expenses	\$ 181,284	\$ 181,284	\$ -
TOTAL	\$ 3,209,915	\$ 2,608,288	\$ 601,627
Special Studies Appropriation (Act 1, SLH 2020)	\$ 150,000	\$ -	\$ 150,000
Audit Revolving Fund Appropriation (Act 1, SLH 2020)	\$ 2,800,000	\$ 2,800,000	\$ -

# of Contracts	Department - Agency Financial Statement (and Single Audits, as applicable) Audits	Expenditure Ceiling Request Projected FYE 2021 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	\$ 1,525,000	100.0%	0.0%	n/a	\$ 1,525,000
	ICSD - SSAE 16: IT Controls					
2	DAGS - Stadium Authority (& agreed upon procedures)	\$ 57,200	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	Department of the Attorney General	\$ 108,000	55.0%	45.0%	Federal	\$ 59,400
	Department of Budget and Finance					
4	Hawaii Employer - Union Health Benefits Trust Fund	\$ 255,000	0.0%	100.0%	Trust	\$ -
5	Employees' Retirement System	\$ 296,000	0.0%	100.0%	Other Non-GF	\$ -
	Department of Business, Economic Development & Tourism					
6	Hawaii Housing Finance & Development Corporation	\$ 214,650	0.0%	100.0%	Special	\$ -
7	HTA - Hawaii Tourism Authority	\$ 105,000	0.0%	100.0%	Special	\$ -
	Hawaii Convention Center - Special Purpose F/S					\$ -
8	Hawaii Community Development Authority	\$ 43,000	0.0%	100.0%	Special	\$ -
9	Department of Commerce and Consumer Affairs	\$ 167,000	0.0%	100.0%	Special	\$ -
10	Public Utilities Commission	\$ 80,000	0.0%	100.0%	Special	\$ -
11	Department of Education	\$ 446,100	90.0%	10.0%	Federal	\$ 401,490
12	Department of Hawaiian Home Lands	\$ 175,000	0.0%	100.0%	Trust	\$ -
13	Department of Health					
	Water Pollution Control Revolving Fund	\$ 402,000	70.0%	30.0%	Federal	\$ 281,400
	Drinking Water Treatment Revolving Loan Fund					
	Deposit Beverage Container Program	\$ -	Charge back 100% to DBC program			\$ -
14	Department of Human Services	\$ 419,000	47.65%	52.35%	Federal	\$ 199,637
15	Hawaii Public Housing Authority	\$ 335,000	0.0%	100.0%	Various	\$ -
16	Department of Land and Natural Resources	\$ 112,600	0.0%	100.0%	Special	\$ -
	Department of Transportation					
17	Administration	\$ 37,000	0.0%	100.0%	Special	\$ -
18	Airports	\$ 415,000	0.0%	100.0%	Special	\$ -
19	Harbors	\$ 247,000	0.0%	100.0%	Special	\$ -
20	Highways	\$ 336,000	0.0%	100.0%	Special	\$ -
21	Oahu Metropolitan Planning Organization	\$ 47,500	0.0%	100.0%	Special	\$ -
<b>TOTAL Managed 21 Contracts:</b>		\$ 5,823,050				\$ 2,466,927
<b>Reserve for Estimated Adjustments/Overages:</b>		\$ 476,950				\$ 333,073
<b>TOTAL Requested Budget Amounts:</b>		\$ 6,300,000				\$ 2,800,000



**Office of the Auditor**  
**Current Projects and Reports Submitted to the 2020 and 2021 Legislatures**

***Performance audits, studies, and other projects***

Report No.	Title
<b>Performance audits and other reports issued in 2020</b>	
20-01	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Business, Economic Development and Tourism
20-02	Report on Compliance with Statutory Requirements Based on Report No. 15-13, <i>Study of State Departmental Engineering Sections That Manage Capital Improvement Projects</i>
20-03	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the University of Hawai'i
20-04	Overview of Proposed Special and Revolving Fund Analyses
20-05	Report on General Excise Tax Exemptions Suspended in FY2012-FY2013
20-06	Report on Special and Revolving Fund Accounts with Inactive or Excess Balances
20-07	Report on Potential Available State Moneys Identified in Prior Audit Reports
20-08	Supplement to Report No. 20-06, <i>Report on Special and Revolving Fund Accounts with Inactive or Excess Balances</i>
20-09	Review of General Excise and Use Tax Exemptions and Exclusions
20-10	Report on the Department of Health's Contact Tracing Efforts
20-11	Report on the Hawaii State Department of Education's Policies and Procedures for Handling Positive COVID-19 Test Results in Staff, Teachers, and Students
20-12	Follow-Up on Recommendations from Report No. 17-05, <i>Audit of Hawai'i Department of Agriculture's Plant Quarantine Branch</i>
20-13	Limited Scope Review of the State of Hawai'i's Mandatory Travel Self-Quarantine Program
20-14	Limited Scope Review of the State's Oversight of Moneys Received Through the Coronavirus Relief Fund
20-15	Report on the Implementation of State Auditor's Recommendations 2015-2018
20-16	Review of Special Funds, Revolving Funds, Trust Funds and Trust Accounts of the Department of Hawaiian Home Lands
20-17	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary
--	2019 Annual Report

**Office of the Auditor**  
**Current Projects and Reports Submitted to the 2020 and 2021 Legislatures**

Report No.	Title
<b>Performance audits and other reports issued in 2020, continued</b>	
20-18	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Commerce and Consumer Affairs
20-19	Limited Scope Review of State Building Management in Response to COVID-19 by the Central Services Division of the Department of Accounting and General Services
20-20	Sunset Evaluation: Regulation of Behavior Analysts

**Office of the Auditor**  
**Current Projects and Reports Submitted to the 2020 and 2021 Legislatures**

***Performance audits, studies, and other projects***

Report No.	Title
<b>Performance audits and other reports issued and to be issued in 2021</b>	
21-01	Audit of the Agribusiness Development Corporation
21-02	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Human Services
21-03	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health
21-04	Analyses of Proposed Special and Revolving Funds 2021
21-xx	Follow-Up on Recommendations from Report No. 18-01, <i>Audit of the Hawai'i State Energy Office</i>
21-xx	Review of Tax Incentives
21-xx	Audit - Prisons
21-xx	Follow-Up on Recommendations from Report No. 17-14, <i>Audit of the Disease Outbreak Control Division of the Department of Health</i>
21-xx	Follow-Up on Recommendations from Report No. 18-03, <i>Audit of the Office of Hawaiian Affairs</i>
21-xx	Follow-Up on Recommendations from Report No. 18-05, <i>Audit of the Public Utilities Commission</i>
21-xx	Follow-Up on Recommendations from Report No. 18-08, <i>Audit of the Office of Hawaiian Affairs' Competitive Grants</i>
21-xx	Follow-Up on Recommendations from Report No. 18-09, <i>Audit of the Attorney General's Asset Forfeiture Program</i>
21-xx	Follow-Up on Recommendations from Report No. 18-18, <i>Audit of the Office of Health Care Assurance's Adult Residential Care Homes Program</i>
21-xx	Report on the Implementation of State Auditor's Recommendations 2016-2019
--	2020 Annual Report
21-xx	Deposit Beverage Container Deposit Program
21-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Offices of the Governor and Lieutenant Governor
21-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Office of Hawaiian Affairs
21-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Education and the Hawai'i State Public Library System

**Office of the Auditor**  
**Current Projects and Reports Submitted to the 2020 and 2021 Legislatures**

***Financial Statements and Single Audit Reports***

Financial statement audits issued in 2020	Performed by:
State of Hawai'i <b>Comprehensive Annual Financial Report</b> – June 30, 2019	Accuity LLP
State of Hawai'i <b>Single Audit Report</b> – June 30, 2019	Accuity LLP
Department of Accounting and General Services, <b>Stadium Authority</b> – June 30, 2019 Financial Statements	N&K CPAs, Inc.
Department of Accounting and General Services, <b>State Motor Pool Revolving Fund</b> – June 30, 2019 Financial Statements	KPMG LLP
Department of Accounting and General Services, <b>State Parking Revolving Fund</b> – June 30, 2019 Financial Statements	KPMG LLP
<b>Department of the Attorney General</b> – June 30, 2019 Financial Statements and Single Audit Report	Egami and Ichikawa CPAs, Inc.
Department of Business, Economic Development and Tourism, <b>Hawai'i Housing Finance and Development Corporation</b> – June 30, 2019 Financial Statements and Single Audit Report	Accuity LLP
<b>Department of Education</b> – June 30, 2019 Financial Statements and Single Audit Report	KKDLY LLC
<b>Department of Hawaiian Home Lands</b> – June 30, 2019 Financial Statements and Single Audit Report	Akamine, Oyadomari & Kosaki CPA's, Inc.
<b>Department of Health</b> – June 30, 2019 Financial Statements and Single Audit Report	KMH LLP
Department of Health, <b>Drinking Water Treatment Revolving Fund</b> – June 30, 2019 Financial Statements	KMH LLP
Department of Health, <b>Water Pollution Control Revolving Fund</b> – June 30, 2019 Financial Statements	KMH LLP
<b>Department of Human Services</b> – June 30, 2019 Financial Statements and Single Audit Report	KMH LLP
Department of Human Services, <b>Hawai'i Public Housing Authority</b> – June 30, 2019 Financial Statements and Single Audit Report	KMH LLP
Department of Transportation, <b>Administration Division</b> – June 30, 2019 Financial Statements	Egami and Ichikawa CPAs, Inc.
Department of Transportation, <b>Airports Division</b> – June 30, 2019 Financial Statements	KPMG LLP
Department of Transportation, <b>Airports Division</b> – June 30, 2019 Single Audit Report	KPMG LLP

**Office of the Auditor**  
**Current Projects and Reports Submitted to the 2020 and 2021 Legislatures**

Financial statement audits issued in 2020, continued	Performed by:
Department of Transportation, <b>Harbors Division</b> – June 30, 2019 Financial Statements	KKDLY LLC
Department of Transportation, <b>Highways Division</b> – June 30, 2019 Financial Statements	KKDLY LLC
Department of Transportation, <b>Highways Division</b> – June 30, 2019 Single Audit Report	KKDLY LLC
Department of Transportation, <b>O’ahu Metropolitan Planning Organization</b> – June 30, 2019 Financial Statements and Single Audit Report	N&K CPAs, Inc.
Department of Budget and Finance, <b>Employees’ Retirement System of the State of Hawai’i</b> – June 30, 2019 Financial Statements	KPMG LLP
Department of Business, Economic Development and Tourism, <b>Hawai’i Community Development Authority</b> – June 30, 2019 Financial Statements	N&K CPAs, Inc.
Department of Budget and Finance, <b>Hawai’i Employer-Union Health Benefits Trust Fund</b> – June 30, 2019 Financial Statements	KKDLY LLC
Department of Business, Economic Development and Tourism, <b>Hawai’i Tourism Authority</b> – June 30, 2019 Financial Statements	Accuity LLP
<b>Hawai’i Convention Center</b> – December 31, 2019 Financial Statements	Accuity LLP
<b>Department of Land and Natural Resources</b> – June 30, 2018 Financial Statements	N&K CPAs, Inc.

**Office of the Auditor**  
**Current Projects and Reports Submitted to the 2020 and 2021 Legislatures**

Financial statement audits issued and to be issued in 2021	Performed by:
State of Hawai'i <b>Comprehensive Annual Financial Report</b> – June 30, 2020*	Accuity LLP
Department of Accounting and General Services, <b>Stadium Authority</b> – June 30, 2020 Financial Statements	N&K CPAs, Inc.
Department of Business, Economic Development and Tourism, <b>Hawai'i Housing Finance and Development Corporation</b> – June 30, 2020 Financial Statements and Single Audit Report	Accuity LLP
Department of Health, <b>Drinking Water Treatment Revolving Fund</b> – June 30, 2020 Financial Statements	KMH LLP
Department of Health, <b>Water Pollution Control Revolving Fund</b> – June 30, 2020 Financial Statements	KMH LLP
Department of Human Services, <b>Hawai'i Public Housing Authority</b> – June 30, 2020 Financial Statements and Single Audit Report*	KMH LLP
Department of Transportation, <b>Administration Division</b> – June 30, 2020 Financial Statements*	Egami and Ichikawa CPAs, Inc.
Department of Transportation, <b>Airports Division</b> – June 30, 2020 Financial Statements*	KPMG LLP
Department of Transportation, <b>Airports Division</b> – June 30, 2020 Single Audit Report*	KPMG LLP
Department of Transportation, <b>Harbors Division</b> – June 30, 2020 Financial Statements*	KKDLY LLC
Department of Business, Economic Development and Tourism, <b>Hawai'i Community Development Authority</b> – June 30, 2020 Financial Statements	N&K CPAs, Inc.
Department of Budget and Finance, <b>Hawai'i Employer-Union Health Benefits Trust Fund</b> – June 30, 2020 Financial Statements	KKDLY LLC
Department of Business, Economic Development and Tourism, <b>Hawai'i Tourism Authority</b> – June 30, 2020 Financial Statements*	Accuity LLP
<b>Department of Land and Natural Resources</b> – June 30, 2019 Financial Statements*	N&K CPAs, Inc.

\*Financial Statements and/or Single Audit Reports have not yet been submitted to the Legislature.



49 South Hotel Street, Room 314 | Honolulu, HI 96813  
[www.lwv-hawaii.com](http://www.lwv-hawaii.com) | 808.531.7448 | [voters@lwvhawaii.com](mailto:voters@lwvhawaii.com)

COMMITTEE ON FINANCE  
March 3, 2021 2:00 p.m. Via Videoconference

H.B. 1 HD 1 PROPOSED MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES OF THE  
LEGISLATURE, THE  
AUDITOR, THE LEGISLATIVE REFERENCE BUREAU, THE OMBUDSMAN AND  
THE ETHICS COMMISSION

Janet Mason, Legislative Committee, League of Women Voters of Hawaii

**Chair Luke, Vice-Chair Cullen, and Committee Members:**

The League of Women Voters of Hawaii supports an adequate appropriation for the operational costs of the Senate, the House of Representatives, the Legislative Auditor, the Ombudsman, and the State Ethics Commission for the fiscal year ending June 30, 2022. We think it only reasonable that you pass an appropriation for the State agencies identified in this measure.

Someday the budgeting process will be transparent enough to the public that we will be able to offer a more informed opinion about the adequacy of appropriations for State entities like these whose services are critical to making democracy work. The public has no idea what the budget requests from each entity were, compared with the appropriation in the bill.

. We are aware of media reports of substantial cuts planned for the State Auditor's Office compared with much smaller budget cuts for the other agencies. We cannot tell whether this has occurred, but appropriations for each agency identified in the SD1 version are larger than the original measure. An undue cut to the operational budget of the Auditor's Office would be no substitute for feedback in a professional performance appraisal, so we were relieved that an external working group has been convened to assist with this important task. Are the findings of this working group available yet?

The budgetary process is inherently political, but we call upon the Legislature to continue to make informed, deliberate, and fair budget decisions for these offices. Otherwise, we take no position on personnel administration in any of these offices.

Thank you for the opportunity to submit testimony.

Charlotte A. Carter-Yamauchi  
Director

Shawn K. Nakama  
First Assistant

Research (808) 587-0666  
Revisor (808) 587-0670  
Fax (808) 587-0681



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

## Comments

# **HB1, HD1, PROPOSED MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION**

Charlotte A. Carter-Yamauchi, Director  
Legislative Reference Bureau

Presented to the House Committee on Finance

Wednesday, March 3, 2021, 2:00 p.m.  
Via Video Conference Room 308

Chair Luke and Members of the Committee:

I am Charlotte Carter-Yamauchi, Director of the Legislative Reference Bureau (LRB). Thank you for this opportunity to provide comments on H.B. No. 1, H.D. 1, Proposed, which contains the LRB's budget for fiscal year 2021-2022.

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 LRB'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 work 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 LRB's website, which is designed to facilitate legislative research by providing links to other important resources.
- Maintaining a legislative systems office that purchases, maintains, and provides technical support for the computer hardware, software, and other equipment for the LRB and coordinates the integration of the LRB's computer system with the House and Senate information systems. The systems office also maintains the LRB's data management system, which is used by LRB staff and other legislative research offices to electronically access information and data on the subject matter and status of legislative documents and is also used for critical LRB operations, such as managing internal documents and workload tracking.
- 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 LRB'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 have attached an exhibit that provides more detailed information on the functions and services provided by LRB.

H.B. No. 1, H.D. 1, Proposed, appears to propose, for Fiscal Year 2021-2022, an approximate 8% reduction to the Bureau's actual operating budget for Fiscal Year 2020-2021. We recognize the seriousness of the State's financial situation and understand the need for all state agencies to conserve financial resources to mitigate the economic effects of the COVID-19 pandemic.

We note that there is much uncertainty regarding actual costs to be incurred by the Bureau from year to year (e.g., HRS printing and shipping costs, vacation payout costs, etc.). Nevertheless, barring a substantial unanticipated expense, the Bureau will probably be able to withstand an 8% reduction by, among other steps: substantially decreasing or eliminating purchases for office supplies, equipment (including computer hardware and software), and library books and subscriptions; decreasing printing of various LRB reports and publications (including possibly the number of Session Laws and HRS supplements); temporarily not

replacing three permanent staff members who either resigned or retired this past year; and reducing session staff hires for the LRB Systems Office and PAR. We expect that this reduction will have some impact on our ability to maintain current levels of service, including an anticipated effect on the quality of our services and efficient delivery thereof.

We further note that historically, the Legislature's appropriation to the LRB has typically also contained pass-through amounts for the State's annual dues for the Council of State Governments (CSG) and the National Conference of State Legislatures (NCSL), to be paid by the LRB on the Legislature's behalf. As mentioned, the text of Section 9 of H.B. No. 1, H.D. 1, Proposed, appears to propose an approximate 8% reduction to the LRB's actual operating budget for last year and thus does not account for these pass through amounts. If the Legislature intends for the LRB to continue to pay the State's annual CSG and NCSL dues from the LRB's annual appropriation, then an amount sufficient to cover these costs will need to be added to the amount appropriated in Section 9.

Thank you for the opportunity to provide comments on H.B. No. 1, H.D. 1, Proposed.

## **Exhibit**

### **THE LEGISLATIVE REFERENCE BUREAU**

The Legislative Reference Bureau is a nonpartisan legislative service agency that provides a wide variety of comprehensive impartial research and reference services to the Legislature as a whole and to individual Legislators and legislative committees. In some cases, the Bureau also provides nonpartisan services for other government agencies, other entities, and the general public. Presently, the Bureau consists of five separate and distinct divisions: Research, Statute Revision, Systems Office, Library, and the Public Access Room. By law, the services provided by the Bureau to Legislators are confidential, unless the confidentiality is waived by the requestor.<sup>1</sup>

It is important to note that the Bureau as a whole, and the Research Division in particular, has no control over the amount of work assigned to it from either house of the Legislature. The decision to utilize the services of the Bureau is left entirely to the discretion of the 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.<sup>2</sup>

Between fiscal years 2015-2016 and 2019-2020, the Research Division responded to 21,035 requests for services.<sup>3</sup> In each year, the Research Division responded to an average of 4,207 requests for services. (See Table 1 for year-by-year totals.)

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

	FY 15-16 (2016)				FY 16-17 (2017)				FY 17-18 (2018)				FY 18-19 (2019)				FY 19-20 (2020)			
	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	818	60%	544	40%	829	63%	496	37%	718	64%	411	36%	953	66%	489	34%	799	56%	617	44%
Bill Drafts (HDs, SDs, CDs) & Floor Amendments	405	58%	300	42%	112	26%	318	74%	77	13%	523	87%	75	14%	469	86%	61	15%	354	85%
Committee Reports	80	12%	575	88%	28	5%	524	95%	14	2%	585	98%	36	6%	614	94%	10	3%	322	97%
Resolutions	240	60%	157	40%	163	54%	138	46%	203	65%	109	35%	242	67%	117	33%	189	43%	251	57%
Certificates	6	100%	0	0%	5	100%	0	0%	26	100%	0	0%	21	100%	0	0%	10	100%	0	0%
Language--Bills, Resos, Legal Checks	21	66%	11	34%	2	100%	0	0%	9	69%	4	31%	5	100%	0	0%	6	55%	5	45%
Bill Reviews	409	51%	397	49%	457	55%	371	45%	463	48%	504	52%	513	50%	515	50%	322	50%	321	50%
Research Memos	65	69%	29	45%	62	78%	18	22%	72	84%	14	16%	42	86%	7	14%	30	79%	8	21%
<b>TOTAL HOUSE &amp; SENATE REQUESTS</b>	<b>2044</b>	<b>50%</b>	<b>2013</b>	<b>50%</b>	<b>1658</b>	<b>47%</b>	<b>1865</b>	<b>53%</b>	<b>1582</b>	<b>42%</b>	<b>2150</b>	<b>58%</b>	<b>1887</b>	<b>46%</b>	<b>2211</b>	<b>54%</b>	<b>1427</b>	<b>43%</b>	<b>1878</b>	<b>57%</b>
Administration Measures (formatting and proofing; preparation for Legislature's website) <sup>4</sup>	210		328		228		246		236											
Formatting Acts (preparation for publisher--session laws and supplements) <sup>5</sup>	244		217		220		286		82											
Miscellaneous (projects, studies, task force reports, RFPs, etc.)	4		2		8		8		1											
<b>TOTAL ALL REQUESTS</b>	<b>4515</b>		<b>4070</b>		<b>4188</b>		<b>4638</b>		<b>3624</b>											

This table shows the distribution of the various types of requests for services completed by the Research Division. Requests completed for the House appear in the orange column, along with the corresponding percentage of the total. Requests for the Senate appear in the blue column, along with the corresponding percentage of the total. Administration measures (which are assigned by legislative leadership to the Bureau for electronic formatting), formatting acts, and miscellaneous requests are not allocated to either house, but appear in the overall total of requests handled by the Research Division.

Over the course of a two-year legislative biennium, the Research Division historically handles 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 1,720 requests for services for the House and 2,023 requests for services for the Senate each year.<sup>6</sup> Of these requests received by the Research Division, a five-year average of 45.9% come from the House and 54.1% 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 34 requests for each Representative and 81 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.<sup>7</sup> Under section 23G-11, HRS, the Director, or a Bureau member designated by the Director, serves as the Revisor of Statutes. The 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 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.<sup>8</sup>

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;<sup>9</sup> and annually publishes the Hawaii Administrative Rules Table of Statutory Sections Implemented and Directory, indicating administrative agency rules that implement state laws.<sup>10</sup> To facilitate the perceived intent of the Legislature and to assist the

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

<b>Table 2. Revision of Statutes Division</b>				
<b>Requests for Assistance</b>	<b>No. of Requests FY 2016-2017</b>	<b>No. of Requests FY 2017-2018</b>	<b>No. of Requests FY 2018-2019</b>	<b>No. of Requests FY 2019-2020</b>
Hawaii State Government	143	89	125	46
Other Governments*	10	9	2	3
Private	16	14	15	7
Materials Sent	3	0	0	0
Review of Administrative Rules	36	32	20	13
<b>TOTALS</b>	<b>208</b>	<b>144</b>	<b>147</b>	<b>69</b>

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

## Systems Office

The LRB's Systems Office procures and maintains the computer hardware, software, and peripheral devices for the Legislative Reference Bureau and coordinates the integration of the Bureau's computer systems with the House and Senate information systems. Pursuant to statute,<sup>11</sup> the Systems Office is also responsible for maintaining the Bureau's data management system, which is used by the Bureau staff to electronically access 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,<sup>12</sup> the Systems Office creates and maintains searchable databases of information on measures considered each session by the Legislature (since 1983) and builds and maintains databases of the Hawaii Revised Statutes and the Session Laws of Hawaii (since 1991).<sup>13</sup> Using these databases, the Systems Office is able to provide information on the subject matter, status, and history of legislation for the past thirty-six 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 533 requests each year. Requests for computer and technical assistance make up the majority of the Systems Office's requests in any given year. (See Table 3.)

<b>Table 3. LRB Systems Office Requests</b>						
<b>Request Type</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>FY 19-20</b>	<b>Average per year</b>
Information from Computer	96	92	74	53	31	69
Technical Assistance	413	373	310	375	294	353
Printouts	56	63	50	54	32	51
Training	12	27	10	17	21	17
General Information	78	50	45	22	21	43
<b>TOTALS</b>	<b>655</b>	<b>605</b>	<b>489</b>	<b>521</b>	<b>399</b>	<b>533</b>

The Systems Office maintains requestor data only for printout type requests. Over the past five years, an average of 34% of printout reports generated by the Systems Office have been at the request of members of the Senate. House members requested an average of 38% of report requests, and the remainder was provided to other governmental agencies. (See Table 4.)

<b>Table 4. LRB Systems Office Requests for Printouts</b>				
<b>Year</b>	<b>Total Printouts</b>	<b>For House (%)</b>	<b>For Senate (%)</b>	<b>Other</b>
FY15-16	56	22 (39%)	22 (39%)	12 (21%)
FY16-17	63	16 (25%)	29 (46%)	18 (29%)
FY17-18	50	23 (46%)	24 (48%)	3 (6%)
FY18-19	54	18 (33%)	19 (35%)	17 (31%)
FY19-20	32	12 (38%)	11 (34%)	9 (28%)

## Library

The Legislative Reference Bureau is statutorily charged with maintaining a reference library as an information resource to serve and support the Legislature and legislative staff, including the other divisions within the Legislative Reference Bureau.<sup>14</sup> In addition, the Library is available for use by other government agencies and the general public.<sup>15</sup> Furthermore, the Bureau's Library is a major repository for government reports to the Legislature.<sup>16</sup> We note that with the closure of the DBEDT's reference library some years ago and the limited availability of materials from the Honolulu Municipal Reference Center, the Bureau's Library 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, electronic and hard copies of reports to the Legislature, 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 five research librarians who provide reference and research assistance, as well as assistance with Westlaw. Several research librarians also provide technical assistance to the website and the library catalog.

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, updated cataloging modules, and a more streamlined circulation process. 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 have updated our Library's cataloging practices to conform to the current library cataloging standard. The Library's online catalog contains thousands of bibliographic records and has added over 10,000 electronic files in the past few years.

The Library has historically maintained the Legislative Reference Bureau's and Public Access Room websites. The Library has recently completed a full rebuild and redesign of both websites through a private vendor; the websites were last redesigned in 2004 and, among other inherent deficiencies, were not compliant with existing security protocols established by the State's Office of Enterprise Technology Services. In 2020, the LRB websites received the Outstanding Website award by the Web Marketing Association. *iClips*, an electronic news headline service that has been emailed to Legislators and legislative staff every weekday morning since 2003, has been resurrected into a new format and is available each weekday. In addition, the Library has responsibility for distributing all LRB publications, except the Hawaii Revised Statutes, its supplements, and the Session Laws of Hawaii, which, by law, are required to be distributed or sold by the Lieutenant Governor.<sup>17</sup>

The Library maintains records on several types of service requests: reference and research assistance, online database research (this involves more extensive research, including Westlaw searches, and is done only for Legislators or legislative staff), legislative staff



orientation and training, distribution of publications, and documents borrowed. In addition, the Library keeps records of photocopying and printouts that it prepares in response to the various requests. Over the past five years, the Library has responded to an average of over 2,100 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 year 2020. We are also including the *iClips* statistics in Table 7, which reflects the statistics for calendar year 2020.

<b>Table 5. LRB Library Requests for Services</b>						
Request Type	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	Average per Year
Reference/Research	1180	1254	1183	1128	783	1106
Online Database Research	58	62	24	21	7	34
Orientation/Training	45	25	30	83	67	50
Publications Distributed <sup>18</sup>	1259	943	964	489 <sup>19</sup>	690	869
Documents Borrowed	119	72	263	101	89	129
<b>TOTALS</b>	<b>2661</b>	<b>2356</b>	<b>2464</b>	<b>1822</b>	<b>1636</b>	<b>2188</b>
Photocopying (pages)	1821	2072	861	1136	624	1303
Comp. printouts (pages)	199	35	115	83	83	103
<b>TOTALS</b>	<b>2018</b>	<b>2107</b>	<b>976</b>	<b>1219</b>	<b>707</b>	<b>1405</b>

<b>Table 6. LRB Library Website Statistics for 2020</b>				
Month	Users <sup>1</sup>	New Users <sup>2</sup>	Number of Sessions <sup>3</sup>	Pageviews <sup>4</sup>
<b>December*</b>	1,431	1,426	1,925	6,296
<b>January</b>	3,216	2,997	5,299	15,947
<b>February</b>	2,343	1,915	3,782	9,796
<b>March</b>	1,890	1,516	2,821	6,272
<b>April</b>	1,474	1,251	2,151	4,171
<b>May</b>	1,629	1,356	2,285	4,557
<b>June</b>	1,712	1,415	2,479	5,426
<b>July</b>	2,122	1,801	2,919	6,210
<b>August</b>	2,328	2,036	2,973	5,986
<b>September</b>	2,309	2,018	3,056	5,721
<b>October</b>	2,409	2,116	3,166	6,088
<b>November</b>	2,285	1,987	3,112	6,508
<b>December</b>	2,409	2,028	3,426	7,700
<b>*Launched our new website on 12/18/2019</b>				

<b>(Continued)</b>
<sup>1</sup> Users who have initiated at least one session during the date range.
<sup>2</sup> The number of first-time users during the selected date range.
<sup>3</sup> A session is the period time a user is actively engaged with your website, app, etc. All usage data (Screen Views, Events, Ecommerce, etc.) is associated with a session.
<sup>4</sup> Pageviews is the total number of pages viewed. Repeated views of a single page are counted.
<a href="https://www.lovesdata.com/blog/google-analytics-glossary">https://www.lovesdata.com/blog/google-analytics-glossary</a>

<b>Table 7. iClips Statistics for 2020</b>				
<b>Month</b>	<b>Subscribers</b>	<b>Percentage Opened<sup>4</sup></b>	<b>Clicks per unique opens<sup>5</sup></b>	<b>Pageviews of iClips on website</b>
<b>January<sup>1</sup></b>	62	24.6%	37.8%	683
<b>February</b>	62	28.4%	45.1%	339
<b>March<sup>2</sup></b>	64	25.0%	32.8%	273
<b>April<sup>3</sup></b>	65	26.8%	26.9%	142
<b>June</b>	65	23.9%	37.9%	158
<b>July</b>	65	21.1%	37.9%	152
<b>August</b>	69	22.6%	46.1%	138
<b>September</b>	70	21.6%	43.1%	118
<b>October</b>	70	23.1%	38.7%	170
<b>November</b>	87	26.2%	38.5%	263
<b>December</b>	91	27.0%	35.0%	177
<sup>1</sup> We launched the iClips email newsletter on 1/9/2020				
<sup>2</sup> Suspended iClips for one week due to COVID-19				
<sup>3</sup> Suspended iClips starting 4/21/2020 to help process UI claims & resumed on 6/1/2020				
<sup>4</sup> The percentage of recipients who opened the email any number of times.				
<sup>5</sup> The percentage of subscribers who opened and clicked a link in the iClips email newsletter.				
<a href="https://mailchimp.com/help/about-open-and-click-rates/">https://mailchimp.com/help/about-open-and-click-rates/</a>				

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. 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 8.)

<b>Table 8. LRB Library Requests by Requestor</b>										
<b>Documents Borrowed</b>										
	<b>FY15-16</b>	<b>%</b>	<b>FY16-17</b>	<b>%</b>	<b>FY17-18</b>	<b>%</b>	<b>FY18-19</b>	<b>%</b>	<b>FY19-20</b>	<b>%</b>
House	17	14%	8	11%	104	39%	25	25%	6	7
Senate	31	26%	14	19%	25	10%	16	16%	5	6
Legislative Agencies	17	14%	12	17%	20	8%	1	1%	0	0
Other Gov't. Agencies	5	4%	12	17%	26	10%	21	21%	38	43
Public	49	41%	26	36%	88	33%	38	37%	40	45
<b>TOTAL</b>	<b>119</b>		<b>72</b>		<b>263</b>		<b>101</b>		<b>89</b>	
<b>Reference/Research</b>										
	<b>FY15-16</b>	<b>%</b>	<b>FY16-17</b>	<b>%</b>	<b>FY17-18</b>	<b>%</b>	<b>FY18-19</b>	<b>%</b>	<b>FY19-20</b>	<b>%</b>
House	93	8%	108	9%	117	10%	120	11%	90	11
Senate	88	7%	71	6%	76	6%	94	8%	60	8
Legislative Agencies	47	4%	38	3%	50	4%	51	4%	32	4
Other Gov't. Agencies	233	20%	252	20%	255	22%	256	23%	192	25
Public	719	61%	785	62%	685	58%	607	54%	409	52
<b>TOTAL</b>	<b>1180</b>		<b>1254</b>		<b>1183</b>		<b>1128</b>		<b>783</b>	
<b>Publications Distributed</b>										
	<b>FY15-16</b>	<b>%</b>	<b>FY16-17</b>	<b>%</b>	<b>FY17-18</b>	<b>%</b>	<b>FY18-19</b>	<b>%</b>	<b>FY19-20</b>	<b>%</b>
House	328	26%	261	28%	280	29%	51	10%	134	19
Senate	187	15%	166	18%	142	15%	40	8%	97	14
Legislative Agencies	133	10%	60	6%	57	6%	73	15%	88	13
Other Gov't. Agencies	562	45%	440	47%	471	49%	291	60%	367	53
Public	49	4%	16	1%	14	1%	34	7%	4	1
<b>TOTAL</b>	<b>1259</b>		<b>943</b>		<b>964</b>		<b>489</b>		<b>690</b>	
<b>Online Database Research</b>										
	<b>FY15-16</b>	<b>%</b>	<b>FY16-17</b>	<b>%</b>	<b>FY17-18</b>	<b>%</b>	<b>FY18-19</b>	<b>%</b>	<b>FY19-20</b>	<b>%</b>
House	35	60%	33	53%	5	21%	3	14%	4	57
Senate	3	5%	5	8%	3	12%	3	14%	0	0
Legislative Agencies	20	34%	24	39%	16	67%	15	72%	3	43
<b>TOTAL</b>	<b>58</b>		<b>62</b>		<b>24</b>		<b>21</b>		<b>7</b>	

Table 8 illustrates the total number of each type of request responded to by the library in each of the past five years. The table also breaks the data down by the type of request for service provided to a requesting entity and the percentage of the total.

## Public Access Room

Originally staffed by community volunteers, the Public Access Room (PAR) began operations in 1990 and was statutorily established in 1994 as part of a permanent public access program to enhance the ability of the public to participate in the legislative process. It was made part of the Legislative Reference Bureau in 1996,<sup>20</sup> 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. One or 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.

As part of the Bureau's website redesign project, the PAR's website was dramatically redesigned to present a wealth of new information and resources to the public. It now consists of over three dozen pages and presents convenient handouts, "how-to" guides and videos, and an array of other learning material (including a keiki page for students).

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. When the capitol closed in March, PAR staff continued to respond remotely to voice and email messages, but canceled scheduled in-person workshops (including some to the neighbor islands). PAR staff began offering remote workshops in the fall of 2020.

<b>Table 9. LRB Public Access Room Requests for Services</b>					
<b>Request Type</b>	<b>FY15-16</b>	<b>FY16-17</b>	<b>FY17-18</b>	<b>FY18-19</b>	<b>FY19-20</b>
Email Inquiries	277 <sup>21</sup>	292	346	310	499
Printing/Copying <sup>22</sup>	91,815	87,277	80,460	83,364	66,835
Workshop Participants <i>(Participants on Neighbor Islands)</i>	914 <i>(216)</i>	1,151 <i>(350)</i>	1,145 <i>(212)</i>	1,530 <i>(113)</i>	1,156 <i>(79)</i>
Telephone Inquiries <sup>23</sup>	1,392	1,679	1,044 <sup>24</sup>	2,203	1776
PAR walk-in patrons <sup>25</sup>	4,685	4,648	1,713 <sup>26</sup>	5,776	2,873
Broadcasts <sup>27</sup>	130	145	149	156	230

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

## 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 18-19 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 December/January of FY 19-20.
20. See sections 21G-2 and 23G-3(12), HRS.
21. New method of tracking and counting instituted to more accurately reflect email inquiries.
22. Does not include pages printed directly from public terminals. Includes copies made for Legislators to distribute to constituents.
23. Actual numbers are estimated to be considerably higher; data has been difficult to capture and reflects only confirmed instances.
24. Data for July through December 2017 has been lost.
25. Actual numbers are estimated to be considerably higher; data has been difficult to capture and reflects only confirmed instances.
26. Data for July through December 2017 has been lost.
27. 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.

**HB-1**

Submitted on: 3/1/2021 3:51:32 PM

Testimony for FIN on 3/3/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Carolyn Eaton	Individual	Comments	No

Comments:

Aloha, my name is Carolyn Eaton. I am an Oahu voter and am concerned that the Auditor, the Ethics Commission, the LRB and the State Ombudsman be funded as generously as possible and without punitive intent. Thank you for your support of the Hawai'i Correctional Oversight Commission in separate measures and for all your work.