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Support

HB2500 HD1

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 Senate Committee on Ways and Means

Wednesday, February 23, 2022, 10:00 a.m.
Conference Room 211 and Via Video Conference

Chair Dela Cruz and Members of the Committee:

I am Charlotte Carter-Yamauchi, Director of the Legislative Reference Bureau (LRB). Thank you for this opportunity to provide written testimony in **support** of H.B. No. 2500, H.D. 1, which contains the LRB's budget for fiscal year 2022-2023.

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 have expanded the availability of legislative information, materials, and services, most notably through ongoing webinars, use of social media, and maintaining a robust website and growing library of videos.

We have attached an exhibit that provides more detailed information on the functions and services provided by LRB.

H.B. No. 2500, H.D.1, proposes a Bureau budget for Fiscal Year 2022-2023 that is based off of the Bureau's actual operating budget for Fiscal Year 2019-2020, minus the pass through appropriations for the Legislature's annual dues to the Council of State Governments and the National Conference of State Legislatures (CSG/NCSL dues), and includes an additional \$1,099 to cover the contractually obligated annual increase of Westlaw subscription services and \$3,429 to cover an unanticipated increase to the Bureau's operating expenses commencing at the end of the 2021-2022 Fiscal Year to meet upgraded cybersecurity standards set by the ETS and being implemented by the Senate and House.

Thank you for the opportunity to provide written testimony in support of H.B. No. 2500, H.D. 1.

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.¹

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

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

Research Division

The Research Division assists the Legislature through comprehensive, nonpartisan research memoranda and reports and drafting of various legislative documents. The Research Division's work includes drafting bills, resolutions, bill reviews and legal checks, committee reports and bill amendments, floor amendments, draft language, letters and memoranda, and published reports and studies. In addition, Research Division staff members are sometimes tasked with supporting legislatively created task forces and working groups and preparing various operational documents such as Requests for Proposals and procurement contracts for the Legislature.²

Between fiscal years 2016-2017 and 2020-2021, the Research Division responded to 19,869 requests for services.³ In each year, the Research Division responded to an average of 3,974 requests for services. (See Table 1 for year-by-year totals.)

Table 1. Research Division Requests (FY 2016-2017 - FY 2020-2021)

	FY 16-17 (2017)				FY 17-18 (2018)				FY 18-19 (2019)				FY 19-20 (2020)				FY 20-21 (2021)			
	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	829	63%	496	37%	718	64%	411	36%	953	66%	489	34%	799	56%	617	44%	544	54%	471	46%
Bill Drafts (HDs, SDs, CDs) & Floor Amendments	112	26%	318	74%	77	13%	523	87%	75	14%	469	86%	61	15%	354	85%	28	8%	320	92%
Committee Reports	28	5%	524	95%	14	2%	585	98%	36	6%	614	94%	10	3%	322	97%	5	1%	401	99%
Resolutions	163	54%	138	46%	203	65%	109	35%	242	67%	117	33%	189	43%	251	57%	147	49%	155	51%
Certificates	5	100%	0	0%	26	100%	0	0%	21	100%	0	0%	10	100%	0	0%	2	100%	0	0%
Language--Bills, Resos, Legal Checks	2	100%	0	0%	9	69%	4	31%	5	100%	0	0%	6	55%	5	45%	6	29%	15	71%
Bill Reviews	457	55%	371	45%	463	48%	504	52%	513	50%	515	50%	322	50%	321	50%	360	50%	356	50%
Research Memos	62	78%	18	22%	72	84%	14	16%	42	86%	7	14%	30	79%	8	21%	64	76%	20	24%
TOTAL HOUSE & SENATE REQUESTS	1658	47%	1865	53%	1582	42%	2150	58%	1887	46%	2211	54%	1427	43%	1878	57%	1156	40%	1738	60%
Administration Measures (formatting and proofing; preparation for Legislature's website) ⁴	328		228		246		236		215											
Formatting Acts (preparation for publisher--session laws and supplements) ⁵	217		220		286		82		239											
Miscellaneous (projects, studies, task force reports, RFPs, etc.)	2		8		8		1		1											
TOTAL ALL REQUESTS	4070		4188		4638		3624		3349											

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 an aside, we note that the number of requests for FY 19-20 and FY 20-21 have been generally trending down due in very large part to the COVID-19 pandemic. 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 1,542 requests for services for the House and 1,968 requests for services for the Senate each year.⁶ Of these requests received by the Research Division, a five-year average of 43.9% come from the House and 56.1% come from the Senate (other requests such as formatting Administration bills on behalf of the Legislature 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 30 requests for each Representative and 79 requests for each Senator each year.

Revision of Statutes Division

Chapter 23G, part II, Hawaii Revised Statutes (HRS), addresses the Bureau's statute revision and publication functions.⁷ Under section 23G-11, HRS, the Director, or a Bureau member designated by the Director, serves as the Revisor of Statutes. The Revision of Statutes Division reviews the laws enacted each session and is responsible for several publications that are published annually during the interim:

- The Session Laws of Hawaii, containing all the laws enacted and any constitutional amendments proposed during a legislative session, along with an index, a table showing what statutes have been affected, and a list of committee reports pertaining to the laws enacted;
- The HRS, containing all of Hawaii's laws that are of a general and permanent nature, which consists of:
 - The annual cumulative supplements to the HRS, containing all subsequent amendments or repeals that have been made to those statutory sections appearing in the most recent hardbound volumes and any new statutory sections that have been subsequently enacted into law; and
 - Hardbound replacement volumes to the HRS.⁸

The Revision of Statutes Division also engages in the continuous review of existing law to identify errors or inconsistencies in the HRS and session laws. As necessary, the Division prepares a statutory revision bill that is "housekeeping" in nature to correct the technical or nonsubstantive errors found in the HRS or session laws. The Division also is statutorily charged with prescribing and distributing a uniform format for all state agencies for the compiling and publication of their rules;⁹ and annually publishes the Hawaii Administrative Rules Table of Statutory Sections Implemented and Directory, indicating administrative agency rules that

implement state laws.¹⁰ To facilitate the perceived intent of the Legislature and to assist the agencies in meeting the mandated rules format, the Division staff, upon request, review state agencies' proposed administrative rules for conformance with the uniform format. Finally, during the legislative session, staff members from the Division frequently assist Research Division researchers with requests for legislative drafting.

Table 2. Revision of Statutes Division Requests					
Requests for Assistance	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Hawaii State Government	143	89	125	46	76
Other Governments*	10	9	2	3	2
Private	16	14	15	7	19
Materials Sent	3	0	0	0	0
Review of Administrative Rules	36	32	20	13	16
TOTALS	208	144	147	69	94

*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,¹¹ the Systems Office is also responsible for maintaining the Bureau's data management system, which is used by the Bureau staff to electronically access data relating to legislative documents, Legislators, and the Legislature and for critical Bureau operations such as managing internal documents and workload tracking.

Using the data management software Concordance,¹² the Systems Office creates and maintains searchable databases of information on measures considered each session by the Legislature (since 1983) and builds and maintains databases of the Hawaii Revised Statutes and the Session Laws of Hawaii (since 1991).¹³ Using these databases, the Systems Office is able to provide information on the subject matter, status, and history of legislation for the past thirty-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.)

Table 3. LRB Systems Office Requests						
Request Type	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	Average per year
Information from Computer	92	74	53	31	30	63
Technical Assistance	373	310	375	294	306	345
Printouts	63	50	54	32	34	48
Training	27	10	17	21	9	16
General Information	50	45	22	21	2	36
TOTALS	605	489	521	399	381	508

The Systems Office maintains requestor data only for printout type requests. Over the past five years, an average of 47% of printout reports generated by the Systems Office have been at the request of members of the Senate. House members requested an average of 29% of report requests, and the remainder was provided to other governmental agencies. (See Table 4.)

Table 4. LRB Systems Office Requests for Printouts				
Year	Total Printouts	For House (%)	For Senate (%)	Other
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%)
FY20-21	34	11 (29%)	16 (47%)	8 (24%)

Library

The Legislative Reference Bureau is statutorily charged with maintaining a reference library as an information resource to serve and support the Legislature and legislative staff, including the other divisions within the Legislative Reference Bureau.¹⁴ In addition, the Library is available for use by other government agencies and the general public.¹⁵ Furthermore, the Bureau's Library is a major repository for government reports to the Legislature.¹⁶ We note that with the closure of the DBEDT's reference library some years ago and the limited availability of materials from the Honolulu Municipal Reference Center, the Bureau's Library is one of the few remaining providers of resources of this nature. The Library's collection consists of over 123,000 volumes, including Hawaii statutes and case law, 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, 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 11,500 electronic files in the past few years. Since April 2021, there were over 400 electronic document views from the Library's online catalog.

The Library has historically maintained the Legislative Reference Bureau's and Public Access Room websites. In 2019, both websites completed a full rebuild and redesign 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.¹⁷

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

orientation and training, distribution of publications, and documents borrowed. In addition, the Library keeps records of photocopying and printouts that it prepares in response to the various requests. Over the past five years, the Library has responded to an average of over 2,000 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 FY 20-21. We are also including the *iClips* statistics in Table 7, which reflects the statistics for FY 20-21.

Table 5. LRB Library Requests for Services						
Request Type	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	Average per Year
Reference/Research	1254	1183	1128	783	868	1043
Online Database Research	62	24	21	7	6	24
Orientation/Training	25	30	83	67	12	43
Publications Distributed ¹⁸	943	964	489 ¹⁹	690	947	807
Documents Borrowed	72	263	101	89	81	121
TOTALS	2356	2464	1822	1636	1914	2068
Photocopying (pages)	2072	861	1136	624	51	949
Comp. printouts (pages)	35	115	83	83	0	63
TOTALS	2107	976	1219	707	51	1012

Table 6. LRB Library Website Statistics for FY 20-21				
Month	Users¹	New Users²	Number of Sessions³	Pageviews⁴
July	2,122	1,801	2,919	6,210
August	2,328	2,036	2,973	5,986
September	2,309	2,018	3,056	5,721
October	2,409	2,116	3,166	6,088
November	2,285	1,987	3,112	6,508
December	2,409	2,028	3,426	7,700
January	4,033	3,566	6,213	14,620
February	4,435	3,819	6,373	13,251
March	3,699	3,107	5,313	10,632
April	3,261	2,671	4,817	9,793
May	2,293	1,903	3,232	6,433
June	2,171	1,780	3,280	6,938
*Launched our new website on 12/18/2019				
(Continued)				

¹ Users who have initiated at least one session during the date range.
² The number of first-time users during the selected date range.
³ 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.
⁴ Pageviews is the total number of pages viewed. Repeated views of a single page are counted.
https://www.lovesdata.com/blog/google-analytics-glossary

Table 7. iClips Statistics for FY 20-21*				
Month	Subscribers	Percentage Opened¹	Clicks per unique opens²	Pageviews of iClips on website
July	65	21.1%	37.9%	152
August	69	22.6%	46.1%	138
September	70	21.6%	43.1%	118
October	70	23.1%	38.7%	170
November	87	26.2%	38.5%	263
December	91	27.0%	35.0%	177
January	115	30.5%	42.5%	191
February	124	29.3%	44.2%	209
March	126	29.2%	46.5%	247
April	126	30.0%	51.3%	194
May	126	26.1%	48.9%	180
June	123	25.2%	51.2%	199
*We launched the iClips email newsletter on 1/9/2020				
¹ The percentage of recipients who opened the email any number of times.				
² The percentage of subscribers who opened and clicked a link in the iClips email newsletter.				
https://mailchimp.com/help/about-open-and-click-rates/				

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.)

Table 8. LRB Library Requests by Requestor										
Documents Borrowed										
	FY16-17	%	FY17-18	%	FY18-19	%	FY19-20	%	FY20-21	%
House	8	11%	104	39%	25	25%	6	7	15	19
Senate	14	19%	25	10%	16	16%	5	6	31	38
Legislative Agencies	12	17%	20	8%	1	1%	0	0	0	0
Other Gov't. Agencies	12	17%	26	10%	21	21%	38	43	0	0
Public	26	36%	88	33%	38	37%	40	45	35	43
TOTAL	72		263		101		89		81	
Reference/Research										
	FY16-17	%	FY17-18	%	FY18-19	%	FY19-20	%	FY20-21	%
House	108	9%	117	10%	120	11%	90	11	96	11
Senate	71	6%	76	6%	94	8%	60	8	48	6
Legislative Agencies	38	3%	50	4%	51	4%	32	4	46	5
Other Gov't. Agencies	252	20%	255	22%	256	23%	192	25	168	19
Public	785	62%	685	58%	607	54%	409	52	510	59
TOTAL	1254		1183		1128		783		868	
Publications Distributed										
	FY16-17	%	FY17-18	%	FY18-19	%	FY19-20	%	FY20-21	%
House	261	28%	280	29%	51	10%	134	19	173	18
Senate	166	18%	142	15%	40	8%	97	14	146	15
Legislative Agencies	60	6%	57	6%	73	15%	88	13	133	14
Other Gov't. Agencies	440	47%	471	49%	291	60%	367	53	479	51
Public	16	1%	14	1%	34	7%	4	1	16	2
TOTAL	943		964		489		690		947	
Online Database Research										
	FY16-17	%	FY17-18	%	FY18-19	%	FY19-20	%	FY20-21	%
House	33	53%	5	21%	3	14%	4	57	1	17
Senate	5	8%	3	12%	3	14%	0	0	2	33
Legislative Agencies	24	39%	16	67%	15	72%	3	43	3	50
TOTAL	62		24		21		7		6	

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 1996,²⁰ 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. Up to two temporary full-time staff members have been added during legislative sessions, although present budget cuts have reduced this to one.

PAR staff members conduct numerous workshops and tutorials throughout the year. Due to COVID-19, rather than travelling to communities on Oahu and the neighbor islands, all PAR workshops in FY20-21 were conducted remotely. 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 numerous newsletters, 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 public, PAR staff responds to numerous requests for information from legislative offices, executive branch agencies, and the media. With the capitol closed, PAR staff continued to staff the office and respond remotely to phone calls and email messages. PAR staff began offering remote workshops in the fall of 2020. (This allowed many to be recorded and subsequently emailed or posted to websites, furthering their reach.)

Table 9. LRB Public Access Room Requests for Services					
Request Type	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Email Inquiries	292	346	310	499	469
Printing/Copying ²¹	87,277	80,460	83,364	66,835	17,535
Workshop Participants <i>(Participants on Neighbor Islands)</i>	1,151 <i>(350)</i>	1,145 <i>(212)</i>	1,530 <i>(113)</i>	1,156 <i>(79)</i>	1,064 <i>(344)</i>
Telephone Inquiries ²²	1,679	1,044 ²³	2,203	1,776	2,228
PAR walk-in patrons ²⁴	4,648	1,713 ²⁵	5,776	2,873	117
Broadcasts ²⁶	145	149	156	230	49

In addition to the abovementioned duties, PAR staff has acted 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. However, the advent of COVID-19 and the move to livestream more of the legislative proceedings has greatly reduced PAR's workload in this regard.

Endnotes

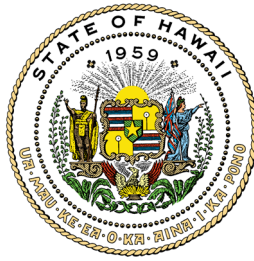
1. See section 23G-4, Hawaii Revised Statutes (HRS).
2. Recent examples of these include the Request for Proposals for Competitive Sealed Proposals to Furnish Services to Plan, Execute, and Evaluate the Legislative Broadcast Project; Invitation for Bid to Conduct Financial Audits of the Senate and the 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 two hundred fifty-one 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. Does not include pages printed directly from public terminals. Includes copies made for Legislators to distribute to constituents.
22. Actual numbers are estimated to be considerably higher; data has been difficult to capture and reflects only confirmed instances.
23. Data for July through December 2017 has been lost.
24. Actual numbers are estimated to be considerably higher; data has been difficult to capture and reflects only confirmed instances.
25. Data for July through December 2017 has been lost.
26. As contract coordinator for the Legislative Broadcast Program, PAR selects events for broadcast, monitors production activity, and approves all billing. This number reflects the number of hearings, information briefings, sessions, or confirmation hearings that were broadcast.



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

**Testimony in SUPPORT of H.B. No. 2500, 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.**

Hearing: Wednesday, February 23, 2022, 10:00 a.m.

Thank you for the opportunity to testify in **support** of H.B. No. 2500, H.D. 1.

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 FY2022-23: **\$3,213,380** for expenses, including personnel and operational; **\$150,000** 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 Office of the Auditor requests an overall budget of **\$3,363,380**, which includes an increase for salary adjustments of the Auditor and Deputy Auditor as determined by the Salary Commission. 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 Annual Comprehensive Financial Report (ACFR). 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 the on-going COVID-19 pandemic. The State's ACFR is reviewed by bond-rating agencies in evaluating the State's 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 are 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 3.¹ The proposed sum of \$2,800,000 will ensure these financial audits continue as planned.

¹ 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 2021 and 2022. The work includes an audit of the Agribusiness Development Corporation as directed by Act 28, 2019 Session Laws of Hawai'i, specifically assessing, among other things, the corporation's land disposition and marketing strategies and management of its lands. We also completed statutorily required reviews of the special, revolving, trust funds, and trust accounts maintained by the Department of Human Services, the Department of Health, the Offices of the Governor and Lieutenant Governor, the Department of Education, and the Hawai'i State Public Library System.

We also completed statutorily required reviews of tax credits and tax exemptions and exclusions. Our 2021 report on tax credits assessed the Motion Picture, Digital Media, and Film Production Income Tax Credit and the Renewable Energy Technologies Income Tax Credit. Our report on general excise tax exemptions and exclusions reviewed a total of nine tax provisions including gross income of real estate property lessees received from sublessees, amounts received by independent cane farmers who are sugarcane producers, and amounts received by foster parents. Sections 23-72, et seq. and 23-91, et seq., Hawai'i Revised Statutes, require us to review a number of different tax exemptions, exclusions, credits, and deductions each year.

We have paused the status of the implementation of audit recommendations contained in a report relating to the Disease Outbreak Control Division of the Department of Health (Report No. 17-14), to allow that division to continue its work during the pandemic. We completed similar audit recommendation follow-up assessments for the Hawai'i State Energy Office, the Public Utilities Commission, the Department of the Attorney General's Asset Forfeiture Program, and the competitive grants of the Office of Hawaiian Affairs, and initiated reviews of a second audit report of the Office of Hawaiian Affairs and the Hawai'i Tourism Authority. Generally, we conduct 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. An omnibus report on the general implementation of recommendations from 2015 through 2019 was issued separately in October 2021.

The ACFR was issued on December 30, 2021. 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 ACFRs that evidence the spirit of transparency and full disclosure; we hope the State earns that same award this year. On-time issuance of the ACFR 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, 2022 deadline.

We are reviewing bills that propose creating new special or revolving funds and will be providing the Legislature with a report no later than 30 days prior to *sine die* assessing whether

Senate Committee on Ways and Means

H.B. No. 2500, H.D. 1

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those proposed funds meet certain statutory criteria as required by Section 23-11, Hawai'i Revised Statutes. We expect the reviews to be completed before the end of February.

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. 2500, H.D. 1.

OFFICE OF THE AUDITOR
Statement Showing Budget for Office Operations
By Object of Expenditure for FY2022-2023

Exhibit 1

Operating Budget

Personal services:

Staff salaries	\$2,822,513
Salary Commission Increase	14,667
Total personal services	<u>2,837,180</u>
Contractual Services	194,916
	<u>3,032,096</u>

Other expenses:

Office expenses	47,500
Intrastate transportation and travel	4,800
Out-of-state travel	42,000
Training	13,200
Printing	5,000
Rental and maintenance of equipment	20,000
Books	500
Equipment	46,284
Miscellaneous	2,000
	<u>181,284</u>
Total other expenses	<u>181,284</u>

Total Operating Budget \$3,213,380

Special Studies Appropriation \$150,000

Audit Revolving Fund \$2,800,000

OFFICE OF THE AUDITOR
Statement Showing Budget and Estimated Expenditures
By Object of Expenditure for FY2021-2022

Exhibit 2

	Budget	Estimated	Variance
Personal services:			
Staff salaries	\$ 2,669,222	\$ 1,892,232	\$ 776,990
Contractual services	145,000	145,000	-
Total personal services	\$ 2,814,222	\$ 2,037,232	\$ 776,990
Other expenses:			
Office expenses	\$ 47,500	\$ 47,500	\$ -
Intrastate transportation and travel	2,400	2,400	-
Out-of-state travel	-	-	-
Training	18,000	18,000	-
Printing	2,500	2,500	-
Rental and maintenance of equipment	20,000	20,000	-
Books	500	500	-
Equipment	46,000	46,000	-
Miscellaneous	2,000	2,000	-
Total other expenses	\$ 138,900	\$ 138,900	\$ -
TOTAL	\$ 2,953,122	\$ 2,176,132	\$ 776,990
Special Studies Appropriation (Act 2, SLH 2021)	\$ 138,000	\$ -	\$ 138,000
Audit Revolving Fund Appropriation (Act 2, SLH 2021)	\$ 2,800,000	\$ 2,800,000	\$ -

**OFFICE OF THE AUDITOR
AUDIT REVOLVING FUND
FY2023 - BUDGET REQUEST**

# of Contracts	Department - Agency Financial Statement (and Single Audits, as applicable) Audits	Expenditure Ceiling Request Projected FYE 2022 Fees	Funding Source Breakdown			General Fund Request (General Fund portion of fees)
			General Fund	Non-GF (Reimbursement)		
	Department of Accounting and General Services					
1	ACFR-Combined Single Audits	\$ 1,525,000	100.0%	0.0%	n/a	\$ 1,525,000
	ICSD - SSAE 16: IT Controls					
2	DAGS - Stadium Authority	\$ 78,500	0.0%	100.0%	Special	\$ -
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	\$ 278,200	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	\$ 224,100	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	\$ 170,000	0.0%	100.0%	Special	\$ -
10	Public Utilities Commission	\$ 80,000	0.0%	100.0%	Special	\$ -
11	Department of Education	\$ 500,000	90.0%	10.0%	Federal	\$ 450,000
12	Department of Hawaiian Home Lands	\$ 150,000	0.0%	100.0%	Trust	\$ -
	Department of Health					
13	Water Pollution Control Revolving Fund	\$ 402,000	70.0%	30.0%	Federal	\$ 281,400
	Drinking Water Treatment Revolving Loan Fund					
	Deposit Beverage Container Program	\$ 57,500	Charge back 100% to DBC program			\$ -
14	Department of Human Services	\$ 419,000	46.24%	53.76%	Federal	\$ 193,737
15	Hawaii Public Housing Authority	\$ 335,000	0.0%	100.0%	Various	\$ -
16	Department of Land and Natural Resources	\$ 127,300	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	\$ 250,000	0.0%	100.0%	Special	\$ -
20	Highways	\$ 355,000	0.0%	100.0%	Special	\$ -
21	Oahu Metropolitan Planning Organization	\$ 47,500	0.0%	100.0%	Special	\$ -

TOTAL Managed 21 Contracts: \$ 6,003,100 \$ 2,509,537

Reserve for Estimated Adjustments/Overages: \$ 296,900 \$ 290,463

TOTAL Requested Budget Amounts: \$ 6,300,000 \$ 2,800,000

Office of the Auditor
Current Projects and Reports Submitted to the 2021 and 2022 Legislatures

Performance audits, studies, and other projects

Report No.	Title
Performance audits and other reports issued in 2021	
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
21-05	Follow-Up on Recommendations from Report No. 18-01, <i>Audit of the Hawai'i State Energy Office</i>
21-06	Review of Income and Financial Institutions Tax Credits Pursuant to Section 23-92, Hawai'i Revised Statutes
21-07	Review of General Excise and Use Tax Exemptions and Exclusions Pursuant to Section 23-73, Hawai'i Revised Statutes
21-08	Follow-Up on Recommendations from Report No. 18-05, <i>Audit of the Public Utilities Commission</i>
21-09	Follow-Up on Recommendations from Report No. 18-09, <i>Audit of the Department of the Attorney General's Asset Forfeiture Program</i>
21-10	Follow-Up on Recommendations from Report No. 18-08, <i>Audit of the Office of Hawaiian Affairs' Competitive Grants and Report on the Implementation of 2013 Audit Recommendations</i>
21-11	Report on the Implementation of State Auditor's Recommendations 2015-2019
21-12	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Offices of the Governor and Lieutenant Governor
21-13	Financial and Program Audit of the Department of Health's Deposit Beverage Container Program, June 30, 2020
--	2020 Annual Report

Office of the Auditor
Current Projects and Reports Submitted to the 2021 and 2022 Legislatures

Report No.	Title
Performance audits and other reports issued and to be issued in 2022	
22-01	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Education and the Hawai'i State Public Library System
22-02	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Office of Hawaiian Affairs
22-xx	Audit of the Department of Public Safety
22-xx	Audit of the Office of Language Access
22-xx	Audit of the Office of Hawaiian Affairs
22-xx	Review of Tax Incentives
22-xx	Follow-Up on Recommendations from Report No. 17-14, <i>Audit of the Disease Outbreak Control Division of the Department of Health</i>
22-xx	Follow-Up on Recommendations from Report No. 18-03, <i>Audit of the Office of Hawaiian Affairs</i>
22-xx	Follow-Up on Recommendations from Report No. 18-04, <i>Audit of the Hawai'i Tourism Authority</i>
22-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>
22-xx	Follow-Up on Recommendations from Report No. 19-01, <i>Audit of the Department of Land and Natural Resources' Land Conservation Fund</i>
22-xx	Follow-Up on Recommendations from Report No. 19-12, <i>Audit of the Department of Land and Natural Resources' Special Land and Development Fund</i>
22-xx	Follow-Up on Recommendations from Report No. 19-13, <i>Audit of the Department of Education's Administration of School Impact Fees</i>
22-xx	Report on the Implementation of State Auditor's Recommendations 2017-2020
22-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Human Resources Development
22-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Taxation
22-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Public Safety
22-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Labor and Industrial Relations
--	2021 Annual Report

Office of the Auditor
Current Projects and Reports Submitted to the 2021 and 2022 Legislatures

Report No.	Title
Proposed fund reviews	

- We expect to perform approximately 60 - 70 reviews of proposed special and revolving funds during the 2022 legislative session.

Office of the Auditor
Current Projects and Reports Submitted to the 2021 and 2022 Legislatures

Financial Statements and Single Audit Report

Financial statement audits issued in 2021	Performed by:
State of Hawai'i Annual Comprehensive Financial Report – June 30, 2020	Accuity LLP
State of Hawai'i Single Audit Report – June 30, 2020	Accuity LLP
Department of Accounting and General Services, Stadium Authority – June 30, 2020 Financial Statements	N&K CPAs, Inc.
Department of Accounting and General Services, Stadium Authority – June 30, 2021 Financial Statements	N&K CPAs, Inc.
Department of the Attorney General – June 30, 2020 Financial Statements and Single Audit Report	Egami and Ichikawa CPAs, Inc.
Department of Budget and Finance, Employees' Retirement System of the State of Hawai'i – June 30, 2020 Financial Statements	KPMG LLP
Department of Budget and Finance, Hawai'i Employer-Union Health Benefits Trust Fund – June 30, 2020 Financial Statements	KKDLY LLC
Department of Budget and Finance, Hawai'i Employer-Union Health Benefits Trust Fund – June 30, 2021 Financial Statements	KKDLY LLC
Department of Business, Economic Development and Tourism, Hawai'i Community Development Authority – June 30, 2020 Financial Statements	N&K CPAs, Inc.
Department of Business, Economic Development and Tourism, Hawai'i Community Development Authority – June 30, 2021 Financial Statements	N&K CPAs, Inc.
Department of Business, Economic Development and Tourism, Hawai'i Tourism Authority – June 30, 2020 Financial Statements	Accuity LLP
Department of Business, Economic Development and Tourism, Hawai'i Tourism Authority – June 30, 2021 Financial Statements	Accuity LLP
Department of Business, Economic Development and Tourism, Hawai'i Housing Finance and Development Corporation – June 30, 2020 Financial Statements and Single Audit Report	Accuity LLP
Department of Commerce and Consumer Affairs – June 30, 2019 Financial Statements	N&K CPAs, Inc.
Department of Commerce and Consumer Affairs, Public Utilities Commission – June 30, 2020 Financial Statements	Accuity LLP
Department of Education – June 30, 2020 Financial Statements and Single Audit Report	KKDLY LLC
Department of Hawaiian Home Lands – June 30, 2020 Financial Statements and Single Audit Report	Akamine, Oyadomari & Kosaki CPA's, Inc.

Office of the Auditor
Current Projects and Reports Submitted to the 2021 and 2022 Legislatures

Financial statement audits issued in 2021, continued	Performed by:
Department of Health – June 30, 2020 Financial Statements and Single Audit Report	KMH LLP
Department of Health, Drinking Water Treatment Revolving Fund – June 30, 2020 Financial Statements	KMH LLP
Department of Health, Drinking Water Treatment Revolving Fund – June 30, 2021 Financial Statements	KMH LLP
Department of Health, Water Pollution Control Revolving Fund – June 30, 2020 Financial Statements	KMH LLP
Department of Health, Water Pollution Control Revolving Fund – June 30, 2021 Financial Statements	KMH LLP
Department of Human Services – June 30, 2020 Financial Statements and Single Audit Report	KMH LLP
Department of Human Services, Hawai'i Public Housing Authority – June 30, 2020 Financial Statements and Single Audit Report	KMH LLP
Department of Human Services, Hawai'i Public Housing Authority – June 30, 2021 Financial Statements	KMH LLP
Department of Land and Natural Resources – June 30, 2019 Financial Statements	N&K CPAs, Inc.
Department of Land and Natural Resources – June 30, 2020 Financial Statements	N&K CPAs, Inc.
Department of Transportation, Administration Division – June 30, 2020 Financial Statements	Egami and Ichikawa CPAs, Inc.
Department of Transportation, Airports Division – June 30, 2020 Financial Statements	KPMG LLP
Department of Transportation, Airports Division – June 30, 2020 Single Audit Report	KPMG LLP
Department of Transportation, Harbors Division – June 30, 2020 Financial Statements	KKDLY LLC
Department of Transportation, Harbors Division – June 30, 2021 Financial Statements	Accuity LLP
Department of Transportation, Highways Division – June 30, 2020 Financial Statements	KKDLY LLC
Department of Transportation, Highways Division – June 30, 2020 Single Audit Report	KKDLY LLC
Department of Transportation, O'ahu Metropolitan Planning Organization – June 30, 2020 Financial Statements and Single Audit Report	Accuity LLP
Department of Transportation, O'ahu Metropolitan Planning Organization – June 30, 2021 Financial Statements and Single Audit Report	Accuity LLP

Office of the Auditor
Current Projects and Reports Submitted to the 2021 and 2022 Legislatures

Financial statement audits issued and to be issued in 2022	Performed by:
State of Hawai'i Annual Comprehensive Financial Report – June 30, 2021	Accuity LLP
State of Hawai'i Single Audit Report – June 30, 2021*	Accuity LLP
Agribusiness Development Corporation – June 30, 2019 Financial Statements*	Accuity LLP
Department of the Attorney General – June 30, 2021 Financial Statements and Single Audit Report*	Egami and Ichikawa CPAs, Inc.
Department of Budget and Finance, Employees' Retirement System of the State of Hawai'i – June 30, 2021 Financial Statements*	KPMG LLP
Department of Business, Economic Development and Tourism, Hawai'i Convention Center – June 30, 2021 Special-Purpose Financial Statements*	Accuity LLP
Department of Business, Economic Development and Tourism, Hawai'i Housing Finance and Development Corporation – June 30, 2021 Financial Statements and Single Audit Report	Accuity LLP
Department of Commerce and Consumer Affairs – June 30, 2020 Financial Statements*	KMH LLP
Department of Commerce and Consumer Affairs, Public Utilities Commission – June 30, 2021 Financial Statements*	Accuity LLP
Department of Education – June 30, 2021 Financial Statements and Single Audit Report*	KKDLY LLC
Department of Hawaiian Home Lands – June 30, 2021 Financial Statements and Single Audit Report*	Akamine, Oyadomari & Kosaki CPA's, Inc.
Department of Health – June 30, 2021 Financial Statements and Single Audit Report*	KMH LLP
Department of Human Services – June 30, 2021 Financial Statements and Single Audit Report*	KMH LLP
Department of Human Services, Hawai'i Public Housing Authority – June 30, 2021 Single Audit Report*	KMH LLP
Department of Land and Natural Resources – June 30, 2021 Financial Statements*	N&K CPAs, Inc.
Department of Transportation, Administration Division – June 30, 2021 Financial Statements*	Egami and Ichikawa CPAs, Inc.
Department of Transportation, Airports Division – June 30, 2021 Financial Statements	KPMG LLP
Department of Transportation, Airports Division – June 30, 2021 Single Audit Report*	KPMG LLP
Department of Transportation, Highways Division – June 30, 2021 Financial Statements*	KKDLY LLC
Department of Transportation, Highways Division – June 30, 2021 Single Audit Report*	KKDLY LLC

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

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 2500, H.D. 1

February 23, 2022
10:00 a.m.
Room 211 and Videoconference

RELATING TO MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill No. 2500, H.D. 1, is the legislative appropriations bill that makes additional general fund appropriations of \$25,174,884 in FY 22 and \$13,455,735 in FY 23 to cover the expenses of the Legislative Branch. With the general fund amounts in this bill minus salary reductions of \$542,976 in FY 22 and \$304,200 in FY 23 pursuant to Act 14, SLH 2021, plus general fund amounts previously authorized, including \$12,476,049 in FY 22 pursuant to Act 2, SLH 2021, and \$5,315,880 in FY 22 and \$5,448,552 in FY 23 pursuant to Article XVI, Hawai'i State Constitution, the total general fund authorization will be \$42,423,837 in FY 22 and \$18,600,087 in FY 23 (FY 23 represents a partial annual amount). The FY 23 Executive Supplemental Budget general fund financial plan that was submitted to the Legislature in December 2021 included estimated annual expenditures for the Legislature of \$41.1 million in FY 22 and \$41.4 million in FY 23.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



Robin K. Matsunaga
Ombudsman

Melissa Chee
First Assistant

**OFFICE OF THE OMBUDSMAN
STATE OF HAWAII**

465 South King Street, 4th 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 H.B. NO. 2500, 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

SENATE COMMITTEE ON WAYS AND MEANS

FEBRUARY 23, 2022

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

Thank you for the opportunity to present testimony in strong support of H.B. No. 2500, H.D. 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 \$1,431,190 for the operations of the Office of the Ombudsman for FY 2022-2023. 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, 2023.

As you know, the Office of the Ombudsman was created to receive and investigate complaints about the administrative acts of State executive branch and County government agencies and employees. While we do not substantiate every complaint that we investigate, by independently and impartially investigating, we level the playing field for Hawaii's citizens who have complaints about their government and ensure that they are being treated lawfully, fairly, and reasonably.

During the past year, we received 25 percent more jurisdictional complaints than we received during the 12-month period preceding the COVID-19 pandemic. Complainants have been more frustrated with government than ever before, and this frustration has manifested itself in the form of more inappropriate, hostile, and sometimes threatening communications with our office. Despite the increase in cases received, the reduction of in-office staffing level to minimize the potential for spread of COVID-19, and the increased frequency of dealing with angry, difficult individuals, my office has been able to effectively investigate complaints at almost pre-pandemic levels of efficiency and where errors have been found, we have been able to successfully persuade agencies to take corrective action.

The appropriation in Section 10 of this bill restores the office's budget to almost the same level as authorized for FY 2020-2021 and will provide the funding needed for deferred and increased operating expenses, as well as provide salary adjustments for office staff that employees in the executive and judicial branches have already received.

The appropriation in Section 12 of this bill is the same amount provided in Act 2, SLH 2021, for vacation payouts and transfers. Attached for your information is a breakdown and comparison of my office's proposed budget for FY 2022-2023 and the current fiscal year.

Your support of this bill and the appropriations in Sections 10 and 12 will allow my office to continue to timely, independently, and impartially investigate citizen complaints about the administrative acts of state and county agencies and their employees.

Thank you for your consideration of this testimony and for your support of my office.

Attachment

OFFICE OF THE OMBUDSMAN
OPERATING BUDGET
FY 2022-2023 vs. FY 2021-2022

	<u>FY 2022-2023</u>	<u>FY 2021-2022</u>
A. PERSONAL SERVICES		
Staff Salaries	1,370,990 (14)	1,273,966 (14)
SUBTOTAL PERSONAL SERVICES	1,370,990	1,273,966
 B. OTHER CURRENT EXPENSES		
Office Supplies & Postage	6,600	6,600
Telephone	6,500	6,500
Intra-state Transportation & Subsistence	2,000	2,000
Out-of-state Transportation & Subsistence	5,000	0
Coronavirus Pandemic Response	200	1,500
Printing, Advertising & Publications	1,000	1,000
Maintenance - Office Equipment	4,500	4,000
Equipment Rental	4,700	4,500
Training/Subscriptions/Dues	7,000	6,800
Other Miscellaneous Current Expense	1,100	1,100
Computer Services	19,000	18,000
Risk Management	<u>(included w/Other)</u>	<u>(included w/Other)</u>
SUBTOTAL OTHER CURRENT EXPENSES	57,600	52,000
 C. EQUIPMENT, FURNISHINGS, & BOOKS		
Equipment	2,000	1,000
Furnishings	0	0
Books	600	600
SUBTOTAL EQUIP, FURNISHINGS, BOOKS	2,600	1,600
 TOTAL OPERATING BUDGET	<u>1,431,190</u>	<u>1,327,566</u>
 Vacation payout / transfers	14,035	14,035
 TOTAL BUDGET REQUEST	<u>1,445,225</u>	<u>1,341,601</u>



HAWAI‘I STATE ETHICS COMMISSION

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

Committee: Senate Committee on Ways and Means
Bill Number: H.B. 2500, H.D. 1
Hearing Date/Time: February 23, 2022, 10:00 a.m.
Re: Testimony of the Hawai‘i State Ethics Commission in **SUPPORT** of H.B. 2500 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

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

The Hawai‘i State Ethics Commission (“Commission”) supports H.B. 2500, H.D. 1, which appropriates the amount of \$1,419,815 to the Commission for its operating and other expenses for FY 2022-2023. The Commission likewise supports Section 12, which appropriates an additional \$16,553 for vacation payouts/transfers.

The Commission’s 2021 Annual Report is attached. Despite continuing to wrestle with the impacts of a pandemic and a reduced budget, the Commission maintained comparable statistics to 2020 and received national attention from the nonpartisan Campaign Legal Center for the Commission’s “Citizen-Minded” website that allows the public to find pertinent information with minimal effort.¹

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 Hawai‘i’s Constitution.

Budget for FY 2022-2023

The bulk of the Commission’s budget request is related to staff salaries (\$1,061,25) and forecasted rent increases (\$154,410). A one-time appropriation to replace aging file management and e-mail servers (\$79,000) is additionally included to ensure continued operations in a safe and secure manner. More detail can be found in the Commission’s attached budget table for fiscal year 2022-23.

¹ Report is available at <https://campaignlegal.org/document/top-10-transparency-upgrades-ethics-commissions>.

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

Very truly yours,

/S/ Robert D. Harris
Robert D. Harris
Executive Director and General Counsel

Attachments:

1. Budget table, FY 2019-2020 and FY 2022-2023
2. Hawai'i State Ethics Commission, 2021 Annual Report

Hawai'i State Ethics Commission - Budget Projections for FY 2022-2023

Object Code		2019-2020 Approved Budget	2022-2023 Estimated Budget	Increases/ Decreases From FY20	% Increase/ Decrease From FY20
TOTAL BUDGET (excluding vacation payouts/transfers)		\$ 1,202,065	\$ 1,419,815	\$ 217,749.84	18.1%
PERSONNEL					
2000	Staff Salaries ¹	977,445	1,061,285	83,840	8.6%
	Cost Adjustments for staff salaries	-			
	Vacation Payouts/Transfer	16,553	16,553		
TOTAL PERSONNEL (excluding vacation payouts)		977,445	1,061,285	83,840	8.6%
MATERIALS AND SUPPLIES					
Office Expenses:					
3200	Office Supplies	3,000	3,500	500	16.7%
3700	Postage	1,500	1,500	-	0.0%
3800	Telephone & Internet	10,150	9,500	(650)	-6.4%
	Subtotal:	<u>14,650</u>	<u>14,500</u>	<u>(150)</u>	<u>-1.0%</u>
Intrastate Transportation and Travel					
4200-4300	Commissioners / Staff	8,500	8,500	-	0.0%
4100	Car Mileage and Parking	750	750	-	0.0%
	Subtotal:	<u>9,250</u>	<u>9,250</u>	<u>0.0%</u>	
Out-of-State Travel					
4400	Airfare (6 @ \$1,000 ea.)	6,000	6,000	-	0.0%
4400-4500	Lodging and per diem for 5.5 days (6 @ \$145/day x 5.5 days)	4,800	4,800	-	0.0%
4400-4500	Excess Hotel and Increases in per diem/airfare	1,700	1,700	-	0.0%
4400	Taxi/bus fare	160	160	-	0.0%
	Subtotal:	<u>12,660</u>	<u>12,660</u>	<u>-</u>	<u>0.0%</u>
Equipment Rental and Maintenance					
3700	Postage Meter	750	-	(750)	-100.0%
5600	Copier	3,600	3,600	-	0.0%
3200	ReporterDeck Recorder	200	200	-	0.0%
3200-5800	Computer Equipment Maintenance	5,100	3,500	(1,600)	-31.4%
3200	Misc. (time clock, projector, etc.)	200	700	500	250.0%
3500	Investigation Software	3,100	3,100	-	0.0%
5800	Software License Renewals	12,600	22,000	9,400	74.6%
3500	Videoconferencing software for training	-	600	600	
	Subtotal:	<u>25,550</u>	<u>33,700</u>	<u>8,150</u>	<u>31.9%</u>
Dues, Subscriptions, Training					
3500	COGEL Membership	470	470	-	0.0%
3500	COGEL Registration (6 x \$600)	3,600	3,600	-	0.0%
3500	Attorney Registration Fees	3,400	3,400	-	0.0%

Object Code		2019-2020 Approved Budget	2022-2023 Estimated Budget	Increases/ Decreases From FY20	% Increase/ Decrease From FY20
3500	Training	3,000	3,000	-	0.0%
3500	Legal Reference Publications	4,900	4,900	-	0.0%
3500	Newspapers Subscriptions, etc.	240	240	-	0.0%
3500	Disruptive Behavior Training	800	800	-	0.0%
	Subtotal:	16,410	16,410	-	0.0%
4000	Newspaper Advertisements	1,100	1,100	-	0.0%
		1,100	1,100	-	0.0%
	Commission Meetings, Investigations and Hearings				
7100	Subpoena Fees	900	900	-	0.0%
7100	Court Reporter	7,500	7,500	-	0.0%
4100	Witness Fees, Travel, Mileage	600	600	-	0.0%
7100	Hearings Officer	1,500	1,500	-	0.0%
3300	Lunches for Commission Mtgs.	1,100	-	(1,100)	-100.0%
	Subtotal:	11,600	10,500	(1,100)	-9.5%
	Consulting Services				
7100	Computer Consulting	23,500	26,500	3,000	12.8%
7100	Other Services (Interpreting, shredding)	400	500	100	25.0%
	Subtotal:	23,900	27,000	3,100	13.0%
5500	Office Rent²	105,500	154,410	48,910	46.4%
	TOTAL MATERIALS AND SUPPLIES:	220,620	279,530	58,910	26.7%
	CAPITAL OUTLAY				
7700	Office Furniture & Equipment³	4,000	79,000	75,000	1875.0%
	TOTAL CAPITAL OUTLAY:	4,000	79,000	75,000	1875.0%
	GRAND TOTAL:	\$ 1,202,065	\$ 1,419,815	\$ 217,750	18.1%

¹ The Commission would like to increase a part-time Investigator to full-time.

² 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.

³ The Commission is requesting a total of \$75,000 to replace its aging computer servers. Specifically, this project will replace three servers (file, virtual, and backup, which are 12, 10, and 10 years old, respectively) with two new servers, including the servers themselves (approx. \$25,000), licensing fees (\$30,000), and fees for outside contractors to assist with migrating data (\$20,000).

HAWAI‘I STATE ETHICS COMMISSION



2021 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.

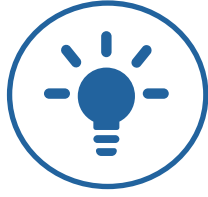
The Commission also administers the State Lobbyists Law, HRS chapter 97, which applies to lobbying activities at the state level. The Lobbyists Law requires lobbyists to register with the Commission and requires lobbyists and organizations that lobby to report lobbying expenditures and contributions 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 2021, the Commission's attorneys received and responded to 851 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 2021, the Commission issued three formal Advisory Opinions, all of which are available via the Commission's [public data website](#) and on Westlaw, a legal research platform:

1. [Advisory Opinion 2021-1](#), advising that agency employees may accept a \$100 stipend as compensation for work performed for nonprofit organizations outside of work hours. The Commission gave significant weight to the fact that the Agency was partnering with the nonprofit organizations to further the State's interests and that the Agency was encouraging the employees to undertake this extra work. The Commission also stated that a \$100 stipend was not excessive, given that the employees would have to perform between 4.5 and 7 hours of work – again, outside of state work hours – to receive the stipend.
2. [Advisory Opinion 2021-2](#), advising that agency employees who became employees of a nonprofit corporation (rather than remaining as state employees) could communicate with their former agency immediately after leaving state service, notwithstanding the post-employment law (HRS § 84-18), when the nonprofit corporation was created by the state agency for the purpose of employing this small class of state employees.
3. [Advisory Opinion 2021-3](#), advising that certain specialized employees are permitted to use state equipment on their personal time, given the need for these employees to maintain their proficiency in using the specialized equipment. However, the Commission required the employees' agency to develop and implement a policy to regulate the employees' personal use of state equipment.



851

**Requests for
Advice**



3

**Advisory
Opinions**



24

**Interactive
Trainings**



2,226

**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 2021, the Commission conducted twenty-three training sessions via videoconference and one session in person. Two of the videoconference sessions offered Continuing Legal Education (“CLE”) credits for government attorneys. The Commission also conducted mandatory ethics training sessions for newly elected and appointed officials as required by HRS § 84-42.

In addition, after launching an on-demand, on-line training module for state employees in 2020, the Commission developed and launched a second module specifically for members of boards and commissions. This 35-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 Commission expects to launch a third on-line training specifically for public charter school governing board members in January 2022. A total of 460 individuals completed an on-line training module in 2021, such that the Commission reached a total of 2,226 individuals through its in-person training, web-based training, and videoconference training programs in 2021.

Legislation

In 2021, the Commission successfully advocated for the passage of [Act 189 \(H.B. 671\)](#), which strengthened Hawaii’s post-employment laws: the measure prohibits certain high-level state employees, including department directors and other heads of agencies, from lobbying for one year after leaving state service. The measure also provides that former employees are prohibited from using or revealing confidential information gained during state service, regardless of the length of the employees’ state service (as this portion of the post-employment law, HRS § 84-18, previously applied only to employees who served for longer than six months)

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 2021, the Commission received 123 new complaints of violations of the Ethics Code and Lobbyists Law. The Commission issued fifteen Resolutions authorizing staff to conduct investigations, issued two Charges (and received – and thereafter dismissed – two Charges against multiple state employees filed by members of the public), and closed 123 cases. The Commission publicly resolved ten Charges and investigations (including those below) by issuing a Resolution of Investigation/Charge document. The Commission resolved another 32 matters by issuing ethics guidance and closed 119 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 \$20,300 in administrative penalties, payable to the General Fund, in addition to \$328.83 in restitution in one matter. Notable enforcement actions include:



University of Hawai'i, Study Abroad Center: [Resolution of Charge 2021-02](#)

The Commission resolved a Charge issued against Sarita Rai, the Director of the Study Abroad Center (“SAC”) at the University of Hawai'i. For several years, the SAC sold identification cards to students for use when traveling abroad; students paid several dollars more than the actual cost of the card, and the SAC kept the excess funds in a non-University account. The respondent then used those funds to pay for alcohol, food, and holiday parties for herself and others. The respondent admitted to violating the Fair Treatment law (HRS § 84-13) and agreed to pay an administrative penalty of \$5,500.

Ka Waihona o Ka Na'auao Public Charter School: [Resolution of Investigation 2021-06](#)

The Commission resolved an investigation of Alvin Parker, the former Principal of a public charter school. While Principal of the school, Parker authorized three employees to take cash advances from the school, using school funds. Cash advances to two employees, totaling \$25,000 and \$5,000, were repaid in full. The third employee was Parker's spouse. Parker's

spouse repaid \$5,000 of \$13,000 in cash advances, and Parker contended that the remaining \$8,000 was properly offset against back pay owed to him. The respondent admitted to violating the Fair Treatment law (HRS 84-13) in authorizing the cash advances and agreed to pay an administrative penalty of \$4,000.

Department of Human Services, Hawai‘i Youth Correctional Facility: [Resolution of Investigation 2021-01](#) and [2021-02](#)

The Commission resolved investigations of two employees of the Hawai‘i Youth Correctional Facility (“HYCF”). First, the Institutional Facility Superintendent admitted to violating the Fair Treatment law (HRS § 84-13), and agreed to pay an administrative penalty of \$4,000, for using HYCF equipment and other state resources for his private cattle ranching business, among other things. Second, the HYCF Administrator admitted to violating the Fair Treatment law and agreed to pay a \$1,500 administrative penalty for several actions, including (1) authorizing a private religious organization to store several trailers (free of charge) on HYCF property and (2) authorizing state resources to mow/clear private property.

Costco Wholesale Corporation and its Registered Lobbyists: [Resolution of Investigation 2021-04](#)

Costco Wholesale Corporation (“Costco”) and six registered lobbyists failed to file four consecutive lobbying expenditure reports. They admitted that they did not file timely lobbying reports and agreed to pay an administrative penalty of \$2,000.

Department of Land and Natural Resources, Division of Conservation and Resources Enforcement: [Resolution of Investigation 2021-08](#) and [2021-09](#)

The Commission resolved an investigation of a DLNR-DOCARE employee and the employee’s supervisor, both of whom admitted to violating the Fair Treatment law, HRS § 84-13, by spending approximately three hours of state time, on state property, repairing the employee’s personal vehicle. The employee and supervisor agreed to pay administrative penalties of \$300 and \$500, 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 2021, the Commission received 1,846 financial disclosure statements. 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 97 gifts disclosure statements, all of which are available on the Commission’s [public data website](#).

Judicial Candidate Reviews

The Commission provides information to the Judicial Selection Commission on applicants for judicial office. In 2021, the Hawai'i State Ethics Commission provided information on approximately 107 applicants (including current judges seeking retention).

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 2021 to make it easier for filers to complete their forms.

In 2021, the Commission received and published 894 lobbyist registration statements from 462 lobbyists, representing 396 organizations, along with 1,209 lobbyist expenditure reports. Although we started a new lobbying cycle in 2021, the numbers are comparable to 2020 (1,018 registration statements, 486 lobbyists, 435 organizations, and 1,207 lobbyist expenditure reports).

2021 LOBBYING REPORTS AND FINANCIAL/GIFTS DISCLOSURES

Lobbyist Registration Statements Filed	894
Lobbying Expenditure Reports Filed	1,209
Total Number of Registered Lobbyists	462
Lobbying Organizations Represented	396
Financial Disclosure Statements Filed	1,846
Gifts Disclosure Statements Filed	97

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, and the Commission welcomed two new members in 2021. The current members of the Commission are Melinda Wood (Chairperson), Wesley Fong (Vice Chairperson), Reynard Gaulty, Harry McCarthy, and Beverley Tobias.

As of January 2022, the Commission employs a staff of nine: Executive Director Robert D. Harris, Associate Director Susan Yoza, three staff attorneys (Nancy Neuffer, Bonita Chang, and Kee Campbell) Computer Specialist Patrick Lui; Office Manager Caroline Choi; Secretary Lynnette Santiago; and Investigator Jason Kamisugi. As the COVID-19 crisis continued, the Commission – whose budget had been approved prior to onset of the pandemic – cut its expenses, left a staff position vacant, and delayed salary increases for staff. Consequently, the Commission was able to return 7.7% of its allocated budget to the General Fund (\$96,612 out of a total budget of \$1,252,667).



COMMITTEE ON WAYS AND MEANS
Chair Dela Cruz, Vice Chair Keith-Agaran
February 23, 2022, 10:00 AM

H.B. 2500, HD1 MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES OF
THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE BUREAU,
THE OMBUDSMAN AND THE ETHICS COMMISSION

TESTIMONY

Donna Oba, Legislative Committee, League of Women Voters of Hawaii

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

The League of Women Voters of Hawaii supports HB 2500, HD1.

The League of Women Voters of Hawaii supports an adequate appropriation for the operational costs of the Senate, the House of Representatives, the State Auditor, the Legislative Reference Bureau, the Ombudsman, and the State Ethics Commission for the period ending June 30, 2023.

We think it only reasonable that you pass an appropriation for the State agencies identified in this measure. Maintaining and upgrading the legislative information system and broadcasting program to enable the public to engage virtually in the legislative process is commendable. We encourage the deliberate and informed evaluation of operational and system needs to ensure continued access.

Thank you for the opportunity to submit testimony.

HB-2500-HD-1

Submitted on: 2/16/2022 4:22:26 PM

Testimony for WAM on 2/23/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Gerard Silva	Individual	Oppose	No

Comments:

We Have had it with Crooked Money transferes!

HB-2500-HD-1

Submitted on: 2/17/2022 6:03:05 PM

Testimony for WAM on 2/23/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Alan Urasaki	Individual	Support	No

Comments:

I support making appropriations to the Ombudsman's office for the good and important work that they do for the people of Hawaii. Thank you.