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LEGISLATIVE REFERENCE BUREAU
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State Capitol, Room 446
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TESTIMONY IN SUPPORT

HB1440

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

Tuesday, February 4, 2025, 2:00 p.m.
Conference Room 308

Chair Yamashita and Members of the Committee:

I am Charlotte Carter-Yamauchi, Director of the Legislative Reference Bureau (LRB). Thank you for this opportunity to provide testimony in very strong **support** of H.B. No. 1440, which contains the LRB's budget for fiscal year 2025-2026.

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 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 provide access to the online catalog of the library's holdings and 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. In addition, the systems office maintains the LRB's data management system, which encompasses databases used by LRB staff, other legislative research offices, and Legislators to electronically access information and data on the subject matter and status of legislative documents, and a secure internal segment that is used for critical LRB operations, such as managing Bureau-generated 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 training videos.

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

H.B. No. 1440, proposes a Bureau budget for Fiscal Year 2025-2026 that is \$319,907 more than its Fiscal Year 2024-2025 budget. This increase helps offset IT security, Concordance licensing, and Linux software programming costs; an increase in publishing costs and an increase in Westlaw subscription costs; and funding to assist the Bureau in restructuring its administrative services and information systems functions to keep pace with the rapid advancements and increasing complexities of personnel and other services administration, contract development and management, and information technology administration and security.

Thank you for the opportunity to testify in support of H.B. No. 1440.

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 2019-2020 and 2023-2024, the Research Division responded to 18,392 requests for services.³ In each year, the Research Division responded to an average of 3,678 requests for services. (See Table 1 for year-by-year totals.)

Table 1. Research Division Requests (FY 2018-2019 - FY 2022-2023)

	FY 19-20 (2020)				FY 20-21 (2021)				FY21-22 (2022)				FY 22-23 (2023)				FY 23-24 (2024)			
	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	799	56%	617	44%	544	54%	471	46%	588	53%	519	47%	647	53%	564	47%	641	51%	612	49%
Bill Drafts (HDs, SDs, CDs) & Floor Amendments	61	15%	354	85%	28	8%	320	92%	30	7%	379	93%	29	7%	385	93%	33	11%	259	89%
Committee Reports	10	3%	322	97%	5	1%	401	99%	4	1%	428	99%	2	0%	431	100%	1	0%	292	100%
Resolutions	189	43%	251	57%	147	49%	155	51%	112	49%	117	51%	189	52%	176	48%	116	49%	121	51%
Certificates	10	100%	0	0%	2	100%	0	0%	16	100%	0	0%	33	100%	0	0%	34	100%	0	0%
Language--Bills, Resos, Legal Checks	6	55%	5	45%	6	29%	15	71%	8	100%	0	0%	0	n/a	0	n/a	0	0%	1	100%
Bill Reviews	322	50%	321	50%	360	50%	356	50%	525	56%	411	44%	468	53%	421	47%	443	61%	279	39%
Research Memos	30	79%	8	21%	64	76%	20	24%	50	75%	17	25%	21	75%	7	25%	25	68%	12	32%
TOTAL HOUSE & SENATE REQUESTS	1427	43%	1878	57%	1156	40%	1738	60%	1333	42%	1871	58%	1389	41%	1984	59%	1293	45%	1576	55%
Administration Measures (formatting and proofing; preparation for Legislature's website) ⁴	236			430			258			294			356							
Formatting Acts (preparation for publisher--session laws and supplements) ⁵	82			239			317			263			253							
Miscellaneous (projects, studies, task force reports, RFPs, etc.)	1			1			2			12			3							
TOTAL ALL REQUESTS	3624			3564			3781			3942			3481							

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 1,320 requests for services for the House and 1,809 requests for services for the Senate each year.⁶ Of these requests received by the Research Division, a five-year average of 42.2% come from the House and 57.8% 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 26 requests for each Representative and 72 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, reviews 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 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Hawaii State Government	46	76	75	82	74
Other Governments*	3	2	4	3	1
Private	7	19	12	16	11
Review of Administrative Rules	13	16	7	7	12
TOTALS	69	113	98	108	98

*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, other legislative research offices, and Legislators to electronically access information and data on the subject matter and status of legislative documents, and a secure internal segment that is used 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 and laws back to those database inception dates. 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 357 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 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Average per year
Information from Computer	31	30	31	12	15	24
Technical Assistance	294	306	284	246	297	285
Printouts	32	34	36	26	20	30
Training	21	2	6	0	1	6
General Information	21	9	8	13	9	12
TOTALS	399	381	365	297	342	357

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 32% of report requests, and the remainder was provided to other governmental agencies. (See Table 4.)

Table 4. LRB Systems Office Requests for Printouts				
Year	For House (%)	For Senate (%)	Other	Total Printouts
FY 19-20	11 (34%)	12 (38%)	9 (28%)	32
FY 20-21	10 (29%)	16 (47%)	8 (24%)	34
FY 21-22	13 (36%)	18 (50%)	5 (14%)	36
FY 22-23	7 (27%)	17 (65%)	2 (8%)	26
FY 23-24	6 (30%)	7 (35%)	7 (35%)	20
TOTALS	47 (32%)	70 (47%)	31 (21%)	148

Library

The Legislative Reference Bureau is statutorily required to maintain 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 in 2009 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, and develop web content. The Bureau's research librarians also provide technical assistance to the website and the library catalog.

The Library card catalog is available on the Internet, using the open source software Koha. In 2016, the Library contracted with a 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 did not meet the current library cataloging standard. Accordingly, we had to update 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 19,000 electronic files in the past few years.

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 had last been 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.¹⁷ 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 the 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.¹⁸

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

Library keeps records of photocopying and printouts that it prepares in response to the various requests. Over the past five years, the Library has responded to an average of over 2,000 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 22-23 and FY 23-24. We are also including the *iClips* statistics in Table 7, which reflects the statistics for FY 22-23 and FY 23-24.

Table 5. LRB Library Requests for Services							
Request Type	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24		Average per Year
Reference/Research	783	868	1005	1015	907		916
Online Database Research	7	6	12	9	9		9
Orientation/Training	67	12	31	55	23		38
Publications Distributed ¹⁹	690	947	621	666	1426		870
Documents Borrowed	89	81	96	127	17		82
Documents Viewed from Online Catalog	n/a*	n/a*	374**	1508	1784		733
TOTALS	1636	1914	2139	3380	4166		2648
Photocopying (pages)	624	51	296	276	353		320
Comp. printouts (pages)	83	0	120	0	7		42
TOTALS	707	51	416	276	360		362

*No data collected for FY 19-20 and FY 20-21.

**Data collected for April – June 2022.

Table 6. LRB Website Statistics								
Month	Users ¹		New Users ²		Number of Sessions ³		Pageviews ⁴	
	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24
July	2,332	3,338	1,984	2,707	3,308	4,949	6,202	11,428
August	3,094	3,961	2,729	3,344	4,036	5,810	6,489	12,966
September	3,351	3,776	2,982	3,171	4,596	5,726	7,799	12,070
October	3,160	3,743	2,808	3,084	4,114	5,754	6,847	12,208
November	3,317	3,689	2,942	2,988	3,436	5,541	10,887	11,715
December	3,320	4,011	2,868	3,244	3,991	6,012	13,945	12,332
January	6,288	6,301	5,565	5,141	7,588	11,038	27,333	29,144
February	6,545	7,704	5,571	6,322	6,943	11,837	22,242	32,581
March	5,532	10,305	4,477	9,040	5,936	13,323	19,314	32,975
April	4,730	6,753	3,772	5,548	4,932	10,082	16,683	27,343
May	3,907	4,981	3,104	3,993	4,210	7,334	13,238	19,595
June	3,128	3,819	2,546	3,105	3,469	5,681	11,306	16,083

*Launched our new website on 12/18/2019
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. *NOTE* PAR is included in this.
https://www.lovesdata.com/blog/google-analytics-glossary

Table 7. iClips Statistics*								
Month	Subscribers		Percentage Opened¹		Clicks per unique opens²		Pageviews of iClips on website	
	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24
July	155	143	42.8%	44.0%	43.0%	44.6%	301	615
August	158	145	42.3%	44.0%	44.8%	41.8%	254	700
September	158	154	39.7%	47.0%	41.3%	40.3%	207	523
October	157	155	40.5%	50.0%	38.0%	39.0%	147	662
November	157	154	40.6%	47.0%	42.8%	39.5%	205	488
December	146	152	42.9%	40.3%	42.0%	39.6%	244	701
January	159	162	43.1%	49.9%	46.7%	38.5%	345	345
February	158	163	42.9%	55.0%	46.0%	33.4%	279	357
March	158	162	43.2%	59.2%	44.0%	34.4%	225	346
April	159	162	44.0%	45.6%	45.7%	40.1%	324	461
May	159	162	44.0%	42.3%	40.8%	38.7%	382	470
June	144	163	45.0%	50.4%	43.6%	33.8%	435	551
*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.)

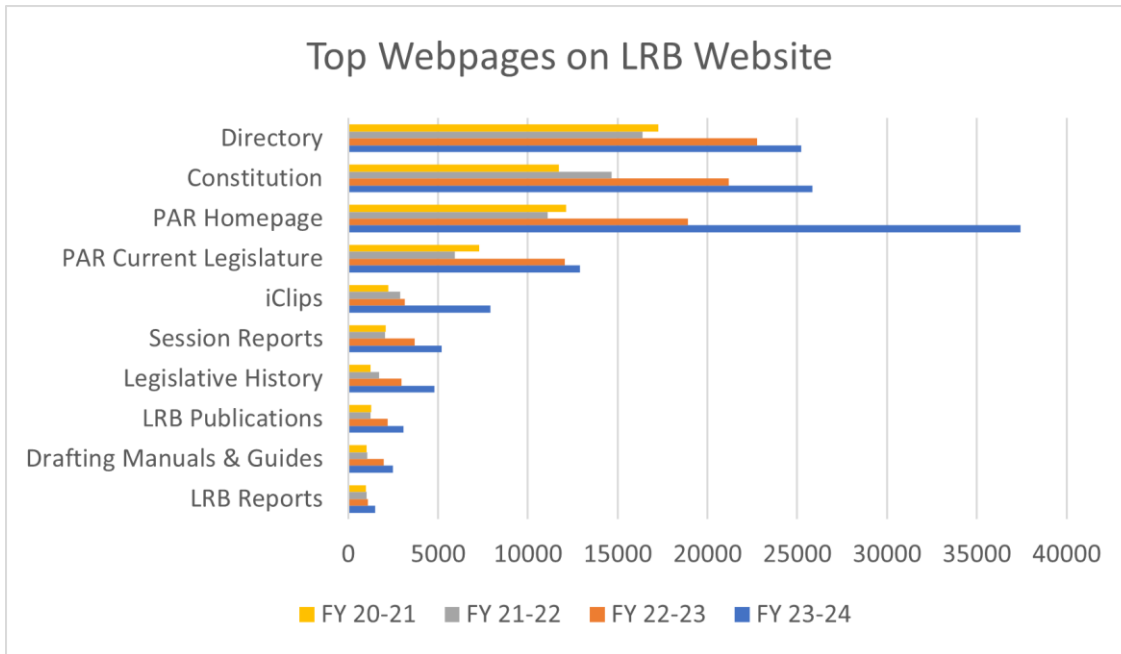
Table 8. LRB Library Requests by Requestor										
Documents Borrowed										
	FY 19-20	%	FY 20-21	%	FY 21-22	%	FY 22-23	%	FY 23-24	%
House	6	7%	15	19%	56	58%	9	7%	3	18%
Senate	5	6%	31	38%	8	8%	23	18%	5	29%
Legislative Agencies	0	0%	0	0%	9	10%	4	3%	1	6%
Other Gov't. Agencies	38	43%	0	0%	2	2%	3	3%	1	6%
Public	40	45%	35	43%	21	22%	88	69%	7	41%
TOTAL	89		81		96		127		17	
Reference/Research										
	FY 19-20	%	FY 20-21	%	FY 21-22	%	FY 22-23	%	FY 23-24	%
House	90	11%	96	11%	86	9%	84	8%	49	41%
Senate	60	8%	48	6%	65	6%	96	9%	78	9%
Legislative Agencies	32	4%	46	5%	67	7%	62	6%	42	5%
Other Gov't. Agencies	192	25%	168	19%	256	25%	272	27%	257	28%
Public	409	52%	510	59%	531	53%	501	50%	481	53%
TOTAL	783		868		1005		1015		907	
Publications Distributed										
	FY 19-20	%	FY 20-21	%	FY 21-22	%	FY 22-23	%	FY 23-24	%
House	134	19%	173	18%	78	13%	103	15%	121	8%
Senate	97	14%	146	15%	99	16%	125	19%	98	7%
Legislative Agencies	88	13%	133	14%	113	18%	93	14%	220	15%
Other Gov't. Agencies	367	53%	479	51%	296	48%	341	51%	953	67%
Public	4	1%	16	2%	35	5%	4	1%	34	2%
TOTAL	690		947		621		666		1426	
Online Database Research										
	FY 19-20	%	FY 20-21	%	FY 21-22	%	FY 22-23	%	FY 23-24	%
House	4	57%	1	17%	1	8%	4	45%	2	22%
Senate	0	0%	2	33%	2	17%	3	33%	1	11%
Legislative Agencies	3	43%	3	50%	9	75%	2	22%	6	67%
TOTAL	7		6		12		9		9	

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.

Table 9. Top Webpages on LRB Website					
Webpage	FY 19-20*	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Directory	n/a	17,256	16,383	22,771	25,239
Constitution	n/a	11,735	14,674	21,194	25,833
PAR Homepage	n/a	12,145	11,094	18,916	37,426
PAR Current Legislature	n/a	7,296	5,949	12,047	12,914
iClips	n/a	2,238	2,902	3,155	7,907
Session Reports	n/a	2,091	2,037	3,676	5,215
Legislative History	n/a	1,251	1,727	2,948	4,793
LRB Publications	n/a	1,286	1,220	2,200	3,068
Drafting Manuals & Guides	n/a	1,000	1,065	1,981	2,494
LRB Reports	n/a	984	1,021	1,074	1,502

Table 9 reflects the Bureau's top webpages for FY 19-20 through FY 23-24.

*Note: No data collected for FY 19-20.



Public Access Room (PAR)

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 with internet access for drafting and submitting testimony, working on legislative correspondence, and researching legislative issues;
- Workspace for individuals and/or small groups and a charging station for phones and laptops;
- Legislative volumes and reference materials;
- Photocopying services for legislative testimony and meeting materials;
- Televisions for viewing legislative proceedings;
- Wide variety of handouts to aid in legislative participation;
- Mailchimp email bulletins, Facebook and Instagram social media posts to push point of need information (upcoming deadlines, new PAR resources, etc.);
- Videos of "how to" tutorials, PAR workshops, and descriptions of legislative process and procedure available on YouTube;
- Workshops covering introduction to the legislature or focusing on participation, deadlines, and various aspects of the legislative process; and
- Website with up-to-date resources to facilitate participation in, and access to in-depth information on, the legislative process.

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 are added during legislative sessions.

PAR staff members conduct numerous workshops and tutorials throughout the year, with recorded sessions posted to YouTube. For FY23-24, 35 PAR-produced videos on YouTube received 2,816 views with over 216 hours of watch time. PAR staff posted 42 informational graphics to Facebook and created an Instagram account in FY23-24, posting 22 informational graphics to Instagram as well as Facebook for user point-of-need information. Staff members respond to email, telephone, and walk-in inquiries regarding specific aspects of legislative process as well as to teach people how to use various websites relevant to legislative matters. Staff also produce and distribute numerous informative email bulletins, each designed around various aspects of the legislative calendar that are relevant at the time of publication (current reach 3000+ subscribers). Numerous handouts, publications, videos, and workshops are written and produced for the public by the PAR staff members. Popular handouts include PAR's Session Calendar with Guide to the Deadlines, How a Bill Becomes a Law, District Maps, Pictures and Profiles, and the "How To.." handouts (How to Find Bills, How to Submit Testimony, and more).

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. Although PAR moved to primarily remote (zoom) training opportunities starting 2020 due to COVID-19, recorded workshops are now routinely posted to YouTube to further the reach of PAR training.

Table 10. LRB Public Access Room Requests for Services					
Request Type	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Email Inquiries	499	469	699	608	509
Printing/Copying ²¹	66,835	17,535	15,960	41,155	54,692
Workshop Participants (Participants on Neighbor Islands)	1,156 (79)	1,064 (344)	883	1,811	1,961
Telephone Inquiries ²²	1,776	2,228	2,208	2,533	2,533
PAR walk-in patrons ²³	2,873	117	580	2,209	2,564

Table 11. Public Access Room (PAR) Website Statistics for FY 2022-24*						
Month	Users ¹		New Users ²		Number of Sessions ³	
	FY 22-23	FY 23-24	FY 22-23	FY 23-24	FY 22-23	FY 23-24
July	805	1,066	755	889	1,080	1,486
August	661	1,271	608	1,094	905	1,699
September	974	1,448	907	1,285	1,369	1,971
October	988	1,593	926	1,402	1,415	2,197
November	1,295	1,708	1,182	1,471	1,938	2,301
December	1,571	2,308	1,387	1,971	2,883	3,382
January	3,985	4,005	3,594	3,393	7,032	6,934
February	4,020	4,745	3,446	4,037	6,277	7,166
March	3,164	8,232	2,567	7,614	5,246	9,852
April	2,570	4,534	2,052	3,921	4,054	6,433
May	1,737	2,646	1,397	2,279	2,578	3,607
June	1,244	1,712	1,014	1,468	1,803	2,324
Totals	23,014	35,268	19,835	30,824	36,580	49,352

	<u>FY22-23</u>	<u>FY23-24</u>
TOTAL SESSIONS:	36,580	49,352
		(increase of 35% from FY2022-23)

* Previously reported PAR Website Statistics for FY2022-23 reflected LRB Website Usage, this has been corrected.

¹ Users who have initiated at least one session during the date range.

² Number of first-time users during the selected date range.

³ A session is the period time a user is actively engaged with the website (essentially, a visit to the website consisting of one or more pageviews).

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, HRS 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 2024. 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 CloudNine and used, according to CloudNine, by over 70,000 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. The websites also obtained official .gov addresses; previously, we had a .com address.
18. See section 23G-18, HRS.
19. In an effort to reduce postage costs due to budget cuts in FY 09-10 and FY 10-11, the Bureau was forced to reduce the number of hard copies of printed reports. However, electronic copies of all Bureau publications are available online on the Bureau's website.
20. 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. Actual numbers are estimated to be considerably higher; data has been difficult to capture and reflects only confirmed instances.



Robin K. Matsunaga
Ombudsman

Yvonne M.F. Jinbo
First Assistant

**OFFICE OF THE OMBUDSMAN
STATE OF HAWAII**

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complaints@ombudsman.hawaii.gov

**TESTIMONY OF ROBIN K. MATSUNAGA, OMBUDSMAN,
ON H.B. NO. 1440, A BILL FOR AN ACT
MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES
OF THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE
BUREAU, THE OMBUDSMAN, AND THE ETHICS COMMISSION**

HOUSE COMMITTEE ON FINANCE

FEBRUARY 4, 2025

Chair Yamashita and Members of the Committee on Finance:

Thank you for the opportunity to present testimony in strong support of H.B. No. 1440. The purpose of this bill is to provide appropriations for the legislative branch, including the Office of the Ombudsman. Section 11 of this bill appropriates \$1,669,017 for the operations of the Office of the Ombudsman for FY 2025-2026. Section 13 of this bill appropriates an additional \$84,035 for accrued vacation payments and vacation transfer payments for employees who leave employment with the Office of the Ombudsman prior to June 30, 2026.

The Office of the Ombudsman was created to investigate the administrative acts of state executive branch and county government agencies of the State of Hawaii. We learn of possible erroneous administrative actions and decisions primarily through complaints that are filed with our office by residents and visitors who are impacted by these agencies. We conduct our investigations independently and impartially, and not as an advocate of either the complainant or the agency. We do not have authority to overturn an agency's decision or to compel an agency to take corrective action, but if we find that an agency has acted erroneously, unfairly, or unreasonably, we can make recommendations for corrective action to the agency. Although we do not substantiate every complaint that we investigate, by independently and impartially investigating, we level the playing field for citizens who have complaints about their government and ensure that they are being treated lawfully, fairly, and reasonably. We believe that in doing so, we improve the level of trust that citizens have in their government.

My office continues to strive to provide the highest level of service possible. However, several factors make this effort more challenging each year. First, the cost of operating expenses continues to rise, resulting in restrictions on training for staff and visits to agencies and facilities on the neighbor islands so that funds can first be used to meet the other expenses that are critical to our basic operations. Ongoing training is vital to improving the quality of service we

provide, and visits to neighbor island agencies and facilities are important because they allow staff to obtain in-person understanding of those agencies and facilities, which is often critical to performing a thorough investigation.

Second, in order to best meet the requirement of Section 96-9, Hawaii Revised Statutes, to “maintain secrecy in respect to all matters and the identities of complainants or witnesses coming before the ombudsman,” our case management system and database, email server, file server, and back-up server are physically housed within our office behind a firewall to prevent unauthorized access. However, the current servers are 6 years old and are no longer eligible for coverage under a maintenance contract. Because we rely heavily on our case management program and email server to perform our work in a timely and efficient manner, it is critical to replace the servers soon to ensure that we have servers that can be serviced quickly if a problem should arise.

Third, it has become more difficult to retain qualified, trained employees over the past few years. While there is no way to prevent employees from retiring, I am concerned about the number of employees who have left the office to work at another State or County agency, or in the private sector, based in large part to the higher salaries they would receive. My office expends a significant amount of time and other resources to train staff to perform their duties, especially in conducting impartial investigations in a thorough and sound manner. It is clear to me that other agencies and private companies recognize the investigative and analytical skills that my staff have, and how much they can contribute to the mission and purpose of their agency or company. I believe that in order to stop this trend, I need to be able to pay my staff salaries that are competitive with the salaries paid by other agencies and companies to their employees who have similar skills and knowledge.

Finally, the number of complainants who exhibit behavior that is inappropriate, hostile, and sometimes threatening continues to increase each year. Besides creating a hostile work environment for my staff, dealing with these types of behaviors adds a level of trauma above what is inherent in the work of receiving and investigating complaints. Training in how to identify the signs and symptoms of vicarious trauma, or compassion fatigue, and how to cope with it, is important and necessary in order to ensure the well-being of my staff and their ability to provide the services expected of them.

The appropriation in Section 11 of this bill will provide the funding needed to address the challenges I have described above. The appropriation in Section 13 of this bill will provide funding for vacation payouts and transfers, based on the current composition of staff in the office. Attached for your information is a breakdown and comparison of my office’s proposed budget for FY 2025-2026 and the current fiscal year.

House Committee on Finance
February 4, 2025
Page 3

Your support of this bill and the appropriations in Sections 11 and 13 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 2025-2026 vs. FY 2024-2025

	<u>FY 2025-2026</u>	<u>FY 2024-2025</u>
A. PERSONAL SERVICES		
Staff Salaries	1,560,017 (14)	1,510,544 (14)
SUBTOTAL PERSONAL SERVICES	1,560,017	1,510,544
 B. OTHER CURRENT EXPENSES		
Office Supplies & Postage	8,000	6,600
Telephone	7,000	6,500
Intra-state Transportation & Subsistence	6,000	2,000
Out-of-state Transportation & Subsistence	12,000	7,000
Printing, Advertising & Publications	1,000	1,000
Maintenance - Office Equipment	6,000	4,500
Equipment Rental	5,000	4,700
Training/Subscriptions/Dues	10,000	7,000
Other Miscellaneous Current Expense	3,000	1,100
Computer Services	25,000	21,000
Risk Management	<u>(included w/Other)</u>	<u>(included w/Other)</u>
SUBTOTAL OTHER CURRENT EXPENSES	83,000	61,400
 C. EQUIPMENT, FURNISHINGS, & BOOKS		
Equipment	23,000	2,000
Furnishings	2,000	0
Books	<u>1,000</u>	<u>600</u>
SUBTOTAL EQUIP, FURNISHINGS, BOOKS	26,000	2,600
 TOTAL OPERATING BUDGET	<u>1,669,017</u>	<u>1,574,544</u>
 Vacation payout / transfers	84,035	84,035
 TOTAL BUDGET REQUEST	<u>1,753,052</u>	<u>1,658,579</u>



HAWAI‘I STATE ETHICS COMMISSION

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

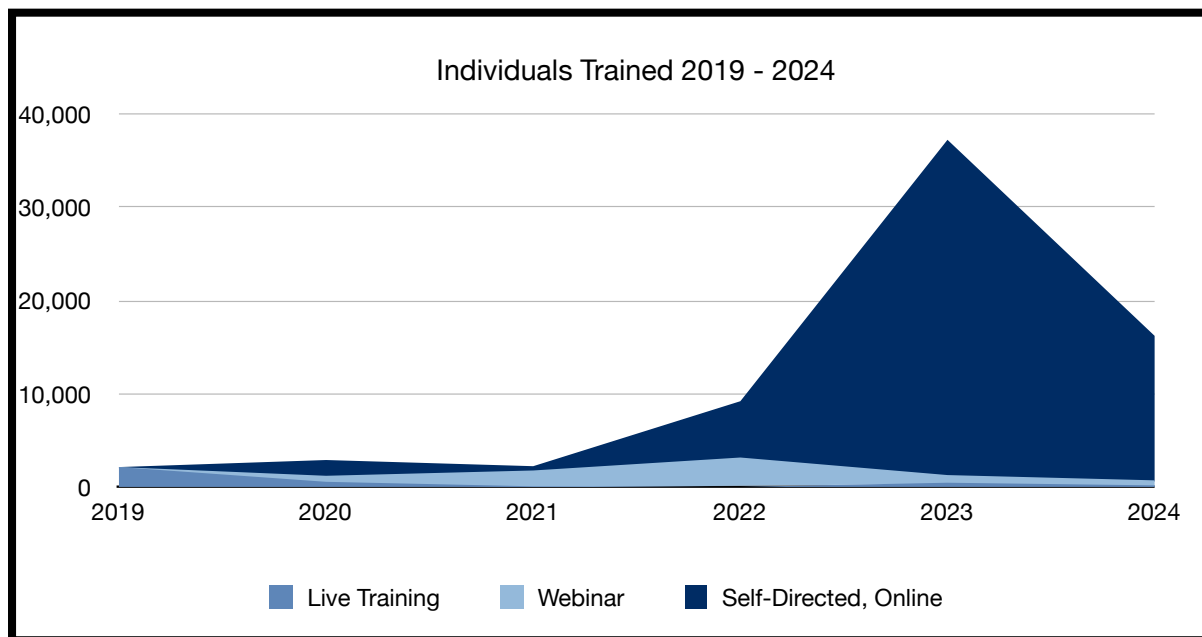
Committee: House Committee on Finance
Bill Number: HB 1440
Hearing Date/Time: February 4, 2025, 2:00 p.m.
Re: Testimony of the Hawai‘i State Ethics Commission in **SUPPORT** of HB 1440, Making Appropriations to Provide for the Expenses of the Legislature, the Auditor, the Legislative Reference Bureau, the Ombudsman, and the Ethics Commission

Aloha Chair Yamashita, Vice Chair Takenouchi, and Committee Members:

The Hawai‘i State Ethics Commission (“Commission”) supports HB 2520, which appropriates \$1,679,759 to the Commission for its operating and other FY 2024-2025 expenses. The Commission likewise supports Section 13, which appropriates an additional \$16,553 for vacation payouts/transfers.

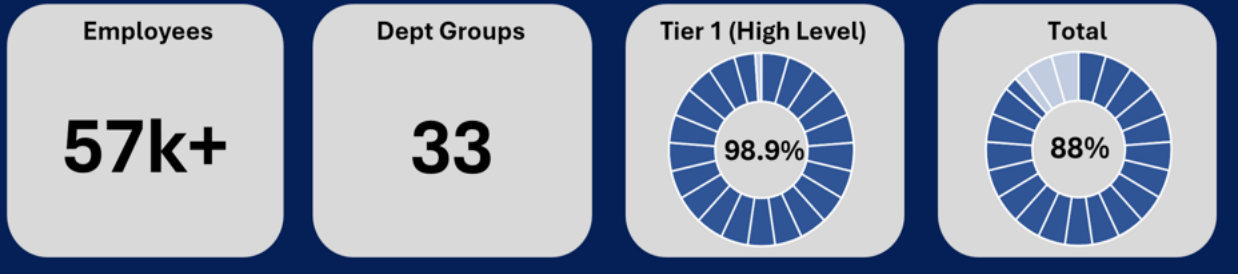
The Commission’s 2024 Annual Report is attached. Notable highlights include:

- Implemented ethics training for over 88% of the total state workforce without a direct increase in budget or staffing.

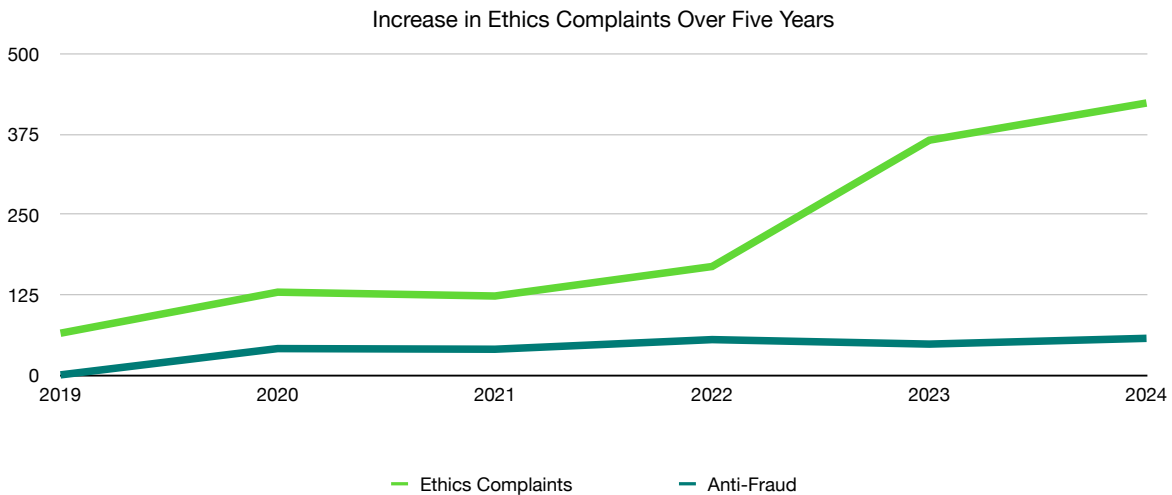


Ethics Training Dashboard: State Employees

Hawai'i State Ethics Commission: As of Dec. 31, 2024



- Overhauled and modernized the advice process through the passage of Act 188. As a result of this effort, the Commission averaged 4.12 requests for advice per day.
- Successfully navigated a 552% increase in complaints received since 2019, showing a greater awareness of ethical conduct and accountability across the state while highlighting the need for continued support to handle the growing caseload efficiently.
- Through enforcement and settlement, \$293,100 in fines were assessed and directed to the general fund.



The Commission additionally highlights that it exercises prudent fiscal constraint. In FY 2024-25, the Commission reduced expenditures and successfully returned \$72,229.54 of its allocated budget to the General Fund.

Budget for FY 2025-2026

The Commission's budget request primarily focuses on staff salaries (\$1,266,787) and office rent (\$131,785). The attached fiscal year 2025-26 budget table offers more details. Please note that the requested amount is lower than what was budgeted in HB 1440. If this bill is approved, the Commission plans to make salary comparisons to ensure the retention of current staff, noting that significant salary increases have occurred at the county level. As in previous years, any unspent funds will be returned to the general fund.

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 2025-2026
2. Hawai'i State Ethics Commission, 2024 Annual Report

Hawai'i State Ethics Commission - Budget Projections for FY 2025-2026

	2024-2025 Base Budget	2025-2026 Estimated Budget	Increases/ Decreases From FY25	% Increase/ Decrease From FY25
TOTAL BUDGET (excluding vacation payouts)	\$ 1,584,678	\$ 1,551,515	-\$ 33,163	-2.1%
PERSONNEL				
Staff Salaries	1,266,787	1,266,787	-	0.0%
Cost Adjustments for staff salaries	-			
Vacation Payouts/Transfer	16,553	16,553		
TOTAL PERSONNEL (excluding vacation payouts)	1,266,787	1,266,787	0	0.0%
MATERIALS AND SUPPLIES				
Office Expenses:				
Office Supplies	3,500	3,500	-	0.0%
Postage	1,500	1,500	-	0.0%
Telephone & Internet ¹	11,640	600	(11,040)	-94.8%
Subtotal:	16,640	5,600	(11,040)	-66.3%
Intrastate Transportation and Travel				
Commissioners / Staff	8,500	8,500	-	0.0%
Car Mileage and Parking	750	750	-	0.0%
Subtotal:	9,250	9,250	-	0.0%
Out-of-State Travel²				
Airfare (8 @ \$1,000 ea.)	6,000	8,000	2,000	33.3%
Lodging and per diem for 5.5 days (8 @ \$145/day x 5.5 days)	4,800	6,380	1,580	32.9%
Excess Hotel and Increases in per diem/airfare	1,700	2,267	567	33.3%
Taxi/bus fare	160	240	80	50.0%
Subtotal:	12,660	16,887	4,227	33.4%
Equipment Rental and Maintenance				
Copier ³	3,600	-	(3,600)	-100.0%
Computer Equipment Maintenance	3,500	3,500	-	0.0%
Misc. (time clock, projector, etc.)	700	-	(700)	-100.0%
Investigation Software	3,100	2,500	(600)	-19.4%
Software License Renewals	22,000	22,000	-	0.0%
Teams Calling and O365 licensing ⁴	-	7,012	7,012	100%
Videoconferencing Software	1,200	1,200	-	0.0%
Subtotal:	34,100	36,212	2,112	6.2%
Dues, Subscriptions, Training				
COGEL Membership	470	470	-	0.0%
COGEL Registration (6 x \$600)	3,600	3,600	-	0.0%
Attorney Registration Fees	3,400	3,400	-	0.0%
Training Expenses	7,500	10,000	2,500	33.3%
Legal Reference Publications	4,900	4,900	-	0.0%
Newspapers Subscriptions, etc.	240	324	84	35.0%

	2024-2025 Base <u>Budget</u>	2025-2026 Estimated <u>Budget</u>	Increases/ Decreases <u>From FY25</u>	% Increase/ Decrease <u>From FY25</u>
Disruptive Behavior Training	800	800	-	0.0%
Subtotal:	20,910	23,494	2,584	12.4%
Newspaper Advertisements	1,100	1,100	-	0.0%
	1,100	1,100	-	0.0%
Commission Meetings, Investigations and Hearings				
Subpoena Fees	900	900	-	0.0%
Court Reporter	7,500	7,500	-	0.0%
Witness Fees, Travel, Mileage	1,500	1,500	-	0.0%
Hearings Officer	1,500	1,500	-	0.0%
Commission Meeting Expenses	1,000	1,000	-	0.0%
Subtotal:	12,400	12,400	-	0.0%
Consulting Services⁵				
Computer Consulting	42,000	25,000	(17,000)	-40.5%
Other Services (developing training videos)	500	8,000	7,500	1500.0%
Subtotal:	42,500	33,000	(9,500)	-22.4%
Office Rent⁶	158,331	131,785	(26,546)	-16.8%
TOTAL MATERIALS AND SUPPLIES:	307,891	269,728	(38,163)	-12.4%
CAPITAL OUTLAY				
Office Furniture & Equipment⁷	10,000	15,000	5,000	50.0%
TOTAL CAPITAL OUTLAY:	10,000	15,000	5,000	50.0%
GRAND TOTAL:	\$ 1,584,678	\$ 1,551,515	\$ (33,163)	-2.1%

¹ Reduced expenses by consolidating tracking to internet only, following the switch from Hawaiian Telcom to Teams calling and T-Mobile data plan. This line now only tracks internet expenses.

² Increased Out-of-State Travel expenses in anticipation of sending additional enforcement staff to specialized training.

³ Terminated Ricoh copier lease while increasing digitization, reducing the need for paper printouts.

⁴ New line for Teams Calling and O365 licenses for 12 users.

⁵ Reduced need for enhancements to the existing e-filing system. To comply with new lobbying and ethics training requirements, additional online training materials will be developed.

⁶ FY24-28 Lease rent renegotiated in 7th amendment to office lease representing a decrease in cost. Rent generally increases 2.5% each fiscal year, CAM typically increases 2.68% each calendar year.

⁷ To maximize new office space, some additional equipment purchases are anticipated in 2025-2026.



2024 ANNUAL REPORT

Hawai'i State Ethics Commission
Komikina Ho'opono Kulekele o
Hawai'i Moku'āina
1001 Bishop St. #970
Honolulu, HI 96813
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Table of Contents

03	➔	Executive Summary
04	➔	Mission & Duties
05	➔	2024 Goal Attainment
06	➔	Advice
07	➔	Education
10	➔	Legislation
11	➔	Enforcement
14	➔	Nepotism & Disclosures
15	➔	Lobbyists
16	➔	Commissioners & Staff



Hawai'i State Ethics Commission

Komikina Ho'opono Kulekele o Hawai'i Moku'āina

Executive Summary

The Hawai'i State Ethics Commission is steadfast in its commitment to promoting integrity, transparency, and accountability in government. Over the past year, the Commission achieved significant milestones in ensuring that state employees and officials adhere to the highest ethical standards. Our accomplishments include coordinating a record number of state employees in meeting a comprehensive ethics training requirement, imposing the highest administrative fines ever issued for ethics violations in the Commission's history, and implementing a modern approach to addressing conflicts of interest and financial disclosure compliance. These efforts are beginning steps toward fostering a culture of ethical responsibility within Hawaii's public institutions.



Robert D. Harris, Executive Director and General Counsel

The public's trust in government is increasingly fragile in an era marked by national and international uncertainties, ranging from economic instability to geopolitical tensions. This context amplifies the urgency of the Commission's work. Ethics are not simply a matter of compliance; they are the foundation of public confidence in governance. The Commission recognizes that its role is not merely to enforce rules but to serve as a beacon of integrity, reminding public servants and the community of the value of principled leadership and accountability.

This year, the Commission has expanded its outreach and engagement efforts, forging stronger connections with the public and other stakeholders. Initiatives such as enhanced accessibility to ethics resources, public forums, and collaborations with civic organizations have increased transparency and allowed citizens to understand better and participate in ethical governance. These efforts underscore our belief that ethical government is a collective responsibility that requires the active involvement of both officials and the public.

Looking ahead, the Commission recognizes it must continue to evolve, particularly in the face of rapid technological advancements and changing societal expectations. The Commission calls for a renewed focus on building public confidence through bold and decisive actions, including legislative reforms, expanded investigative capacities, and a robust commitment to education and prevention.

The Commission thanks all state employees, officials, and community members who have supported and participated in our efforts this year. While there is more work to be done, we are confident that together, we can establish ethical governmental practices worthy of the people of Hawai'i.

Warmly,
Robert D. Harris
Executive Director & General Counsel

Mission & Duties

Constitutional Mandate

Established in 1968, the Hawai‘i State Ethics Commission—the first state ethics commission in the United States—represents Hawaii's commitment to the principles that “public officers and employees must exhibit the highest standards of ethical conduct, and that these standards arise from the personal integrity of each individual in government.” Hawai‘i Constitution, Article XIV. The constitution also mandates that the State and its subdivisions establish a code of ethics for public officers and employees.

Ethics & Lobbying Oversight

Pursuant to its constitutional mandate, the Commission is responsible for administering and enforcing the State Ethics Code and the State Lobbyists Law, chapters 84 and 97, Hawai‘i Revised Statutes, 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, post-employment restrictions, and nepotism. It also requires state legislators, candidates for state elective office, and certain state employees to file financial disclosure statements.

For purposes of the State Ethics Code, the Commission has jurisdiction over approximately 60,000 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, 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 500 lobbyists representing nearly 500 organizations that lobby the state legislature or executive branch.

2024 Goal Attainment

On March 20, 2024, the Commission adopted five staff goals for the year. These goals served as the Commission's roadmap for the year. Each goal was designed to align with our overarching mission of fostering public trust through transparency and ethical integrity. This year's annual report includes the following column reflecting on our progress in tackling these priorities, celebrating our successes, acknowledging areas for improvement, and setting the stage for the year ahead.

85% Training Target for all State Employees

Staff estimates that approximately 88% of all state employees and 95% of state board members have successfully completed ethics training. This achievement sets a new benchmark for the State of Hawai'i system and marks a significant milestone in the Commission's 57-year history.

Update Electronic Filing System to Comply with Statutory Changes

The Commission's electronic filing system has been successfully updated to allow legislators to disclose any financial connections to lobbyists and to allow lobbyists to record the specific bill or item they lobbied on. Quick guides and training sessions have been offered to end users.

Enforcement/Compliance Modernization

Commission staff successfully reviewed lobbyist testimony in 2023 and 2024 and identified potential situations where unregistered lobbying may have occurred. Advice and enforcement efforts are still underway, as are efforts to develop a proactive method for identifying conflicts of interest using existing financial disclosure data.

Office Modernization

The Commission successfully launched a new case and document management system, allowing for greater remote accessibility, statistic tracking, and modern security protocols. Phone and internet services were overhauled, resulting in significant annual savings. In addition, 225,000 pages (95 banker boxes) of materials were scanned and then securely shredded to allow greater digital access.

Enhancing Public Trust and Awareness

The Commission took significant steps to enhance public trust and awareness. It issued a series of public opinion editorials praising current legislative reform efforts while advocating for further necessary changes. Additionally, the Commission strengthened collaborations with good governance organizations and actively engaged in several public civic education programs to foster transparency and accountability.

Advice



The Commission recognizes that providing timely and meaningful ethical guidance is one of its most essential functions. Through its “attorney of the day” service, the Commission ensures that requests for guidance are addressed promptly and efficiently. In 2024, the Commission’s attorneys responded to an impressive 1,079 requests for advice from state legislators, employees, lobbyists, candidates for state elective office, and members of the public. Many of these requests involved detailed written guidance and follow-up support.

A significant legislative development in 2024 reinforced the confidentiality of the Commission’s advisory process, encouraging state employees to seek ethical advice without hesitation. Requestors may obtain a written summary of the guidance provided and share it as needed.

The Commission also issues binding advisory opinions on the application of the State Ethics Code and the State Lobbyists Law. In 2024, three advisory opinions were published and are accessible on the Commission’s public website:

- **Advisory Opinion No. 2024-1:** Addressed whether former state employees could be rehired through staffing agencies during their one-year post-employment restriction. The Commission determined that such arrangements are permissible if the staffing agency’s sole purpose is to facilitate the employees’ work on behalf of the State, as this does not constitute representing a “business” before a former agency.
- **Advisory Opinion No. 2024-2:** Examined whether state-employed physical education teachers or coaches may offer private sports clinics for compensation. The Commission concluded this is allowable under the State Ethics Code if the clinics are openly advertised, exclude one-on-one lessons with current students, and avoid the use of state resources or coercion of students.
- **Advisory Opinion No. 2024-3:** Considered whether specific University of Hawai’i (UH) employees could negotiate contracts with UH on behalf of their private businesses under the tech transfer law (Hawai’i Revised Statutes §§ 84-10, 304A-1961, et seq.). The Commission confirmed such agreements comply with the law and are exempt from certain ethics code provisions.

These statistics and advisory opinions demonstrate the Commission’s ongoing commitment to fostering ethical practices across Hawai’i’s government.

**Average of 4.12
Requests for
Advice Per Day**

Education

The Commission is statutorily charged with educating state officials and employees about government ethics, as outlined in Haw. Rev. Stat. § 84-31(a)(7). A recent legislative mandate, championed by the Commission and warmly received by the state legislature, now requires all state employees to complete ethics training—either live or online—within 90 days of employment and at least once every four years thereafter.

Commitment to Ethics Education

The Commission places a high priority on ethics education, offering both in-person and videoconference training. In addition to general ethics training, specialized sessions are conducted for lobbyists, teachers, board and commission members, and legislators. The Commission also provides ethics sessions for Continuing Legal Education (CLE) credits, tailored to the needs of government attorneys. A full calendar of videoconference training sessions is available on the Commission’s website: <https://ethics.hawaii.gov/training/#signup>.

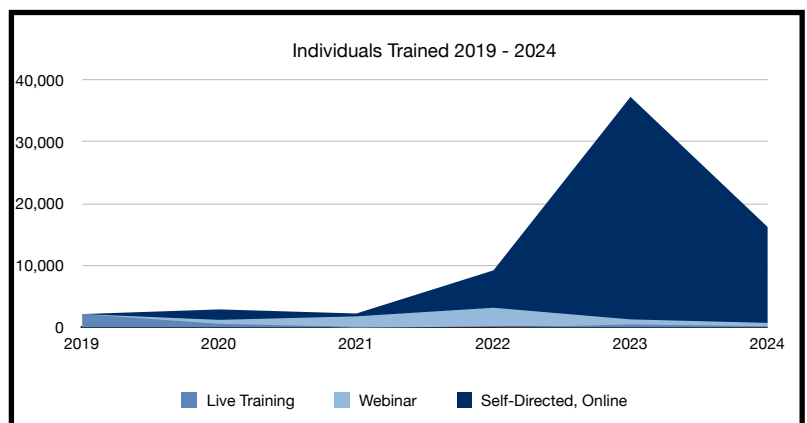
Self-Directed Online Training Modules

The Commission developed self-directed online training modules to efficiently meet the mandatory training requirements. These modules allow state employees to access ethics education anytime, anywhere, using a computer and an internet connection. In 2024, four tailored modules were offered, focusing on state employees, board and commission members, charter schools, and lobbyists.

Each module, designed for convenience and accessibility, takes approximately 35 minutes to complete. The online format offers a flexible, user-friendly approach for state employees to fulfill their training requirements. Direct access to these modules is available at the Commission’s website: <https://ethics.hawaii.gov/training/>.

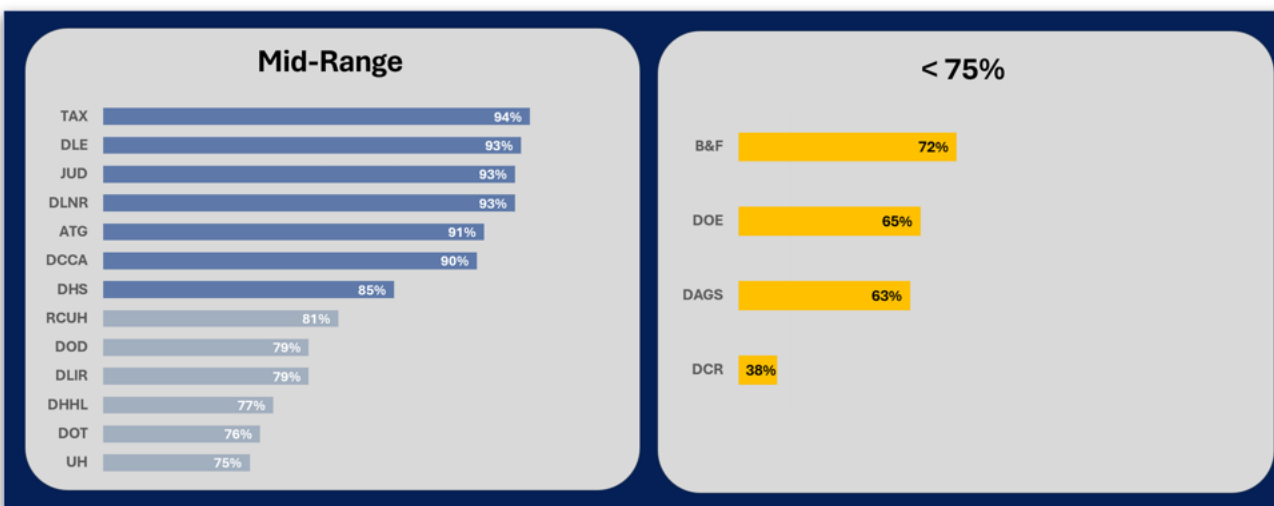
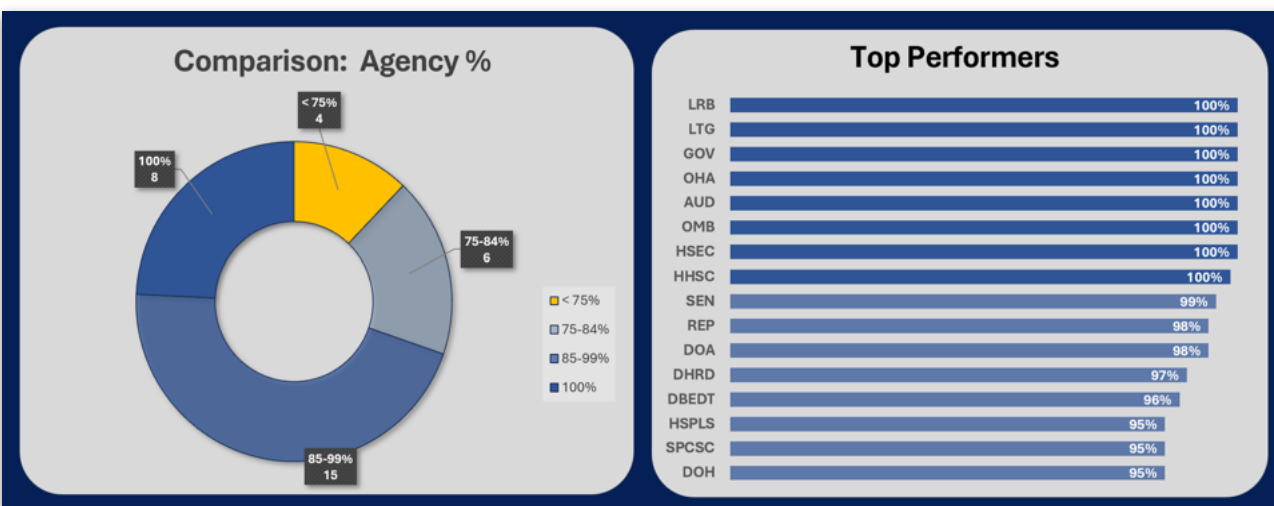
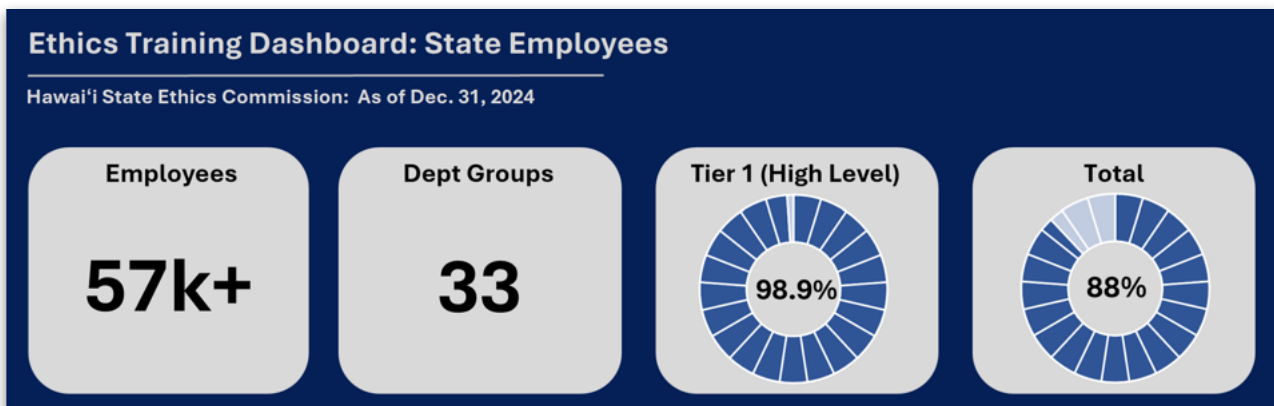
Record-Breaking Participation

The combination of mandatory ethics training and the wide availability of the self-directed training modules has led to record-breaking training participation. In 2023, 35,977 participants completed the training modules—a staggering 500% increase compared to 2022 and an astonishing 7,724% increase relative to 2021. In 2024, this success continued, with an additional 15,506 participants throughout the year (and 707 participants taking a live in-person or webinar class).



Overall, the purpose of the mandatory training program—to ensure that a high percentage of state employees undergo state ethics training—appears to be met. As noted below, a nearly 99% compliance rate for Tier-1 (high-level) officials reflects successful outreach and prioritization of ethics training among leadership. Training efforts spanned all 33 departmental groups, demonstrating a widespread effort to implement the mandatory training program across the state consistently.

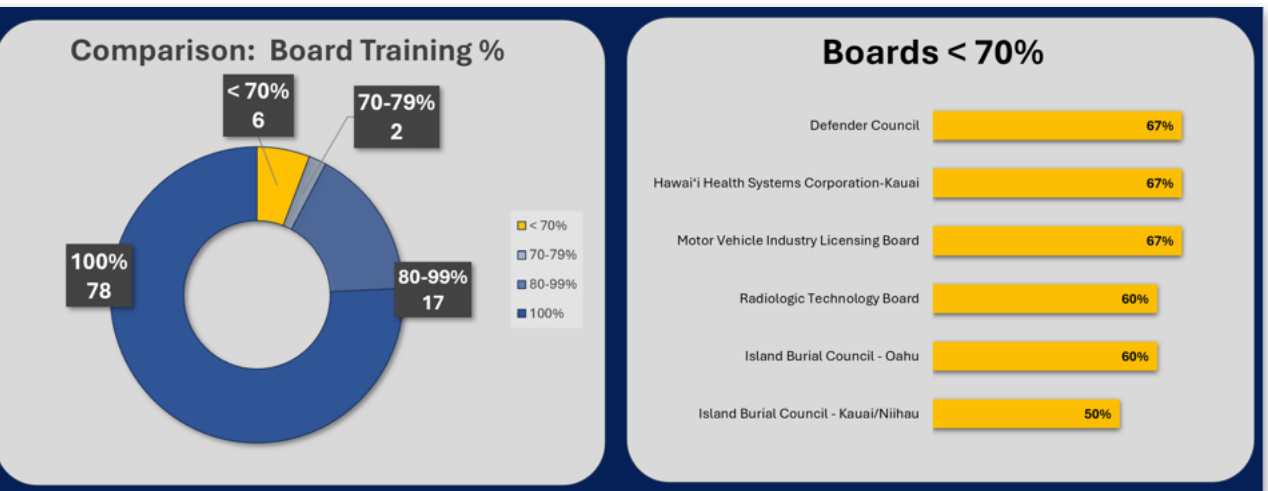
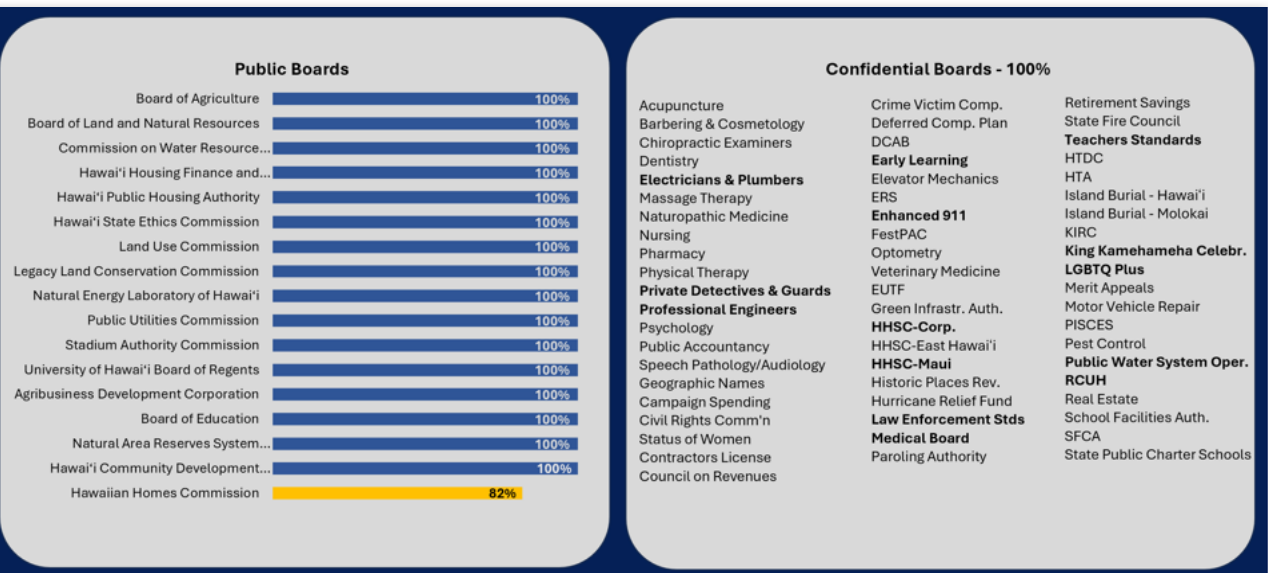
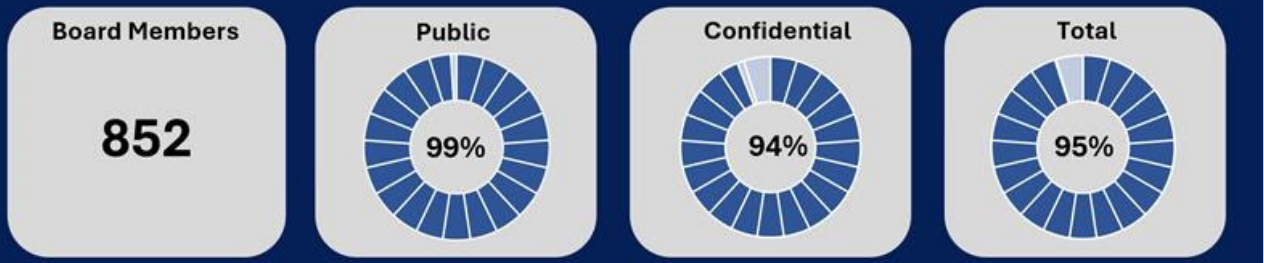
This performance demonstrates the Commission's strong commitment to fostering ethical practices among all state employees.



A majority (78) of boards and commissions (“boards”) successfully achieved 100% training compliance, demonstrating the effectiveness of the outreach efforts and training programs. A smaller segment of boards showed partial compliance, with 17 achieving 80-99% compliance. Six boards fell below the 70% threshold. While tailored strategies are necessary to bring underperforming boards into compliance, this data reflects a successful year in training efforts. As noted last year, these achievements were accomplished without any increase in the Commission’s budget or staffing. The overall results highlight the effectiveness of the Commission’s innovative approach to ethics education and the collective commitment of government agencies across the state.

Ethics Training Dashboard: State Boards

Hawai'i State Ethics Commission: As of Dec. 31, 2024



Legislation

In 2022, Hawai‘i faced a wave of corruption allegations involving state and county employees, prompting widespread public concern and a renewed focus on ethical conduct in government. This heightened awareness catalyzed significant legislative reforms in 2022, 2023, and continuing into 2024.

The Commission, in collaboration with the leadership of the Hawai‘i Legislature, played a critical role in advancing key reforms that strengthened accountability and transparency across state government. These efforts reflect a shared commitment to restoring public trust and ensuring that ethical standards are upheld at all levels of government.

Maximum Administrative Fines

Act 15 (House Bill 1881 HD1 SD1) increased the maximum administrative fines for violating Hawai‘i’s ethics and lobbying laws. Specifically, it raises the cap on fines from \$1,000 to \$5,000 for each lobbying or ethics violation. This adjustment strengthens enforcement and promotes compliance with the state’s ethical standards. It also aligns Hawai‘i closer to the potential national average for ethics administrative fines.

Disclosure Deadline

Act 189 (Senate Bill 2217 HD1 CD1) introduces a phased approach to adjusting the reporting periods for gift disclosures filed with the Commission. It transitions from a calendar year to a fiscal year reporting system, intended to improve the uniformity, efficiency, and effectiveness of reporting and oversight. Additionally, this act mandates electronic filing for certain disclosures, streamlining the submission process and promoting transparency.

Advice Modernization

Act 188 (Senate Bill 2216 SD1 HD1 CD1) enhances the operations of the Commission by updating procedures for providing advice and conducting investigations. The act clarifies the Commission’s authority to conduct investigations confidentially while still ensuring that individuals subject to investigation are allowed to respond if the Commission proceeds further with the Charge process. The act also clarifies the confidentiality of the Commission’s advice and guidance process while establishing a process where the Commission can publicly issue an Advisory Opinion on matters of general and public importance. It also improves the Commission’s processes to improve efficiency and transparency in enforcing ethics laws. The legislation received support from various stakeholders, including the League of Women Voters of Hawai‘i, who emphasized the importance of enforcing ethical actions by public officials.

Enforcement

The Commission enforces the State Ethics Code (Haw. Rev. Stat. Chapter 84) and the State Lobbyists Law (Haw. Rev. Stat. Chapter 97). It receives and reviews complaints alleging violations confidentially and conducts investigations as necessary. When warranted, the Commission initiates formal charges against individuals who appear to have violated the law. If probable cause is found, the Commission may hold a contested case hearing under Hawai'i's Administrative Procedure Act (Haw. Rev. Stat. Chapter 91).

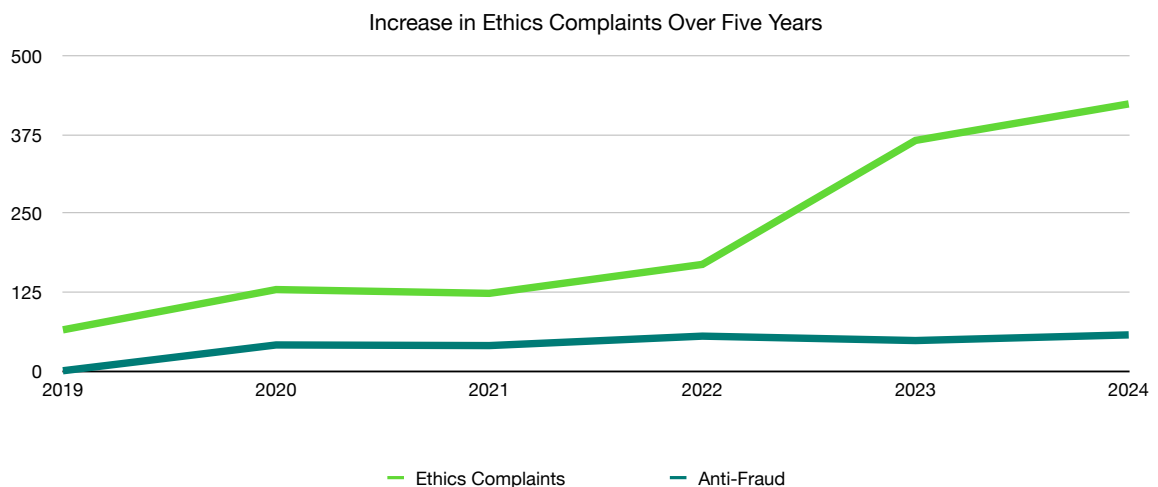
Ethics Complaints Rise Sharply

The Hawai'i State Ethics Commission has seen a substantial increase in the number of new complaints filed over the last five years, as shown in the accompanying graph. Complaints rose from 65 in 2019 to 424 in 2024, representing a 552% growth.

Key factors contributing to this trend include the Commission's online complaint portal launch on August 12, 2020, a mandatory ethics training class requirement enacted in 2022, and an overall increase in public attention to ethics deficiencies. While speculative, increased accessibility and awareness of ethical obligations among state employees and the public likely led to more reporting of potential violations.

**552% Increase in
Ethics
Complaints**

This upward trend underscores a greater awareness of ethical conduct and accountability across the state while highlighting the need for continued support to efficiently handle the growing caseload.



2024 Enforcement Matters

**Department of Education,
Fair Treatment and Conflicts
of Interest:** Resolution of
Charge 2024-1.

On March 20, 2024, the Commission resolved a case involving Glenn S. Nitta, former Athletic Director of Mililani High School, for egregious violations of the State Ethics Code. Over two decades, Nitta misappropriated funds from the school's Athletic Booster Club for personal expenses, including travel, credit card payments, and unauthorized business ventures involving family members. He pleaded "no contest" to related criminal charges and made restitution totaling \$406,000. The Commission imposed a \$274,500 administrative penalty, emphasizing the severe breach of trust and the need to uphold ethical standards in public service.

**State Foundation on Culture
and the Arts, Conflict of
Interest:** Resolution of Charge
2024-2.

On May 15, 2024, the Commission resolved a case involving Allison Wong Daniel, a former commissioner of the State Foundation on Culture and the Arts, for violating the State Ethics Code's conflict of interest provisions. As president of the Jean Charlot Foundation, a nonprofit organization, she used her position as a state commissioner to advocate for and approve the acquisition of a mural by Jean Charlot, benefiting her foundation. Despite disclosing her role, her actions violated the prohibition on taking official actions that directly affect a private organization in which she held a substantial

**ETHICS COMPLAINTS
RECEIVED**

424

Total number of complaints received from sourced or anonymous sources

TOTAL CASES CLOSED

417

Matters resolved due to lack of jurisdiction, guidance or advice given, or settlements/enforcement successfully pursued

**INVESTIGATIONS
LAUNCHED:**

9

Where the Commission found that allegations of an ethical violation had merit and initiated a formal investigation.

CHARGES ISSUED:

5

Times when the Ethics Commission initiated a formal charge into an alleged ethics code violation



**FRAUD, WASTE, AND ABUSE
COMPLAINTS RECEIVED:**

57

Complaints received in conjunction with the Office of the Attorney General

PENALTIES ASSESSED:

\$293,100

Fines assessed and directed to the general fund.

RESTITUTION REQUIRED:

\$48,000

Illegal gifts returned.



HAWAII STATE ETHICS COMMISSION

2024 Enforcement Matters (continued)

financial interest. The Commission's resolution underscored the importance of maintaining impartiality and ethical conduct in public service.

House of Representatives, Fair Treatment: Resolution of Investigation 2024-1.

On June 26, 2024, the Commission resolved an investigation into Kris Coffield, an Office Manager for Representative Jeanne Kapela, for violating the State Ethics Code's Fair Treatment law. Coffield admitted to using state work hours to send emails on behalf of the Democratic Party of Hawai'i, a private nonprofit organization, which constitutes misuse of state time and resources under HRS § 84-13(a). Coffield fully cooperated with the investigation, resigned from his position with the Democratic Party, and agreed to pay a \$100 administrative penalty. The Commission also referred the matter to the House of Representatives for further action.

Department of Education, Fair Treatment and Gifts Law: Resolution of Charge 2024-3.

In 2024, the Commission resolved a case involving Vera Alvarez, a teacher at Moanalua Elementary School, for violating the State Ethics Code's Fair Treatment and Gifts laws. Alvarez accepted \$48,000 in cashier's checks from a school volunteer, depositing \$34,000 for personal use and retaining \$14,000 in undeposited checks. These funds were provided under the guise of aiding teachers but violated state ethics laws as unwarranted benefits derived from her employment. Alvarez agreed to pay \$34,000 in restitution, return the remaining \$14,000, and pay a \$5,000 administrative penalty. The matter was referred to the Department of Education for disciplinary action.

House of Representatives, Financial Disclosure: Resolution of Charge 2024-4.

On September 19, 2024, the Commission resolved a case against State Representative David Alcos III for failing to disclose substantial financial information on required financial disclosure forms, as mandated by the State Ethics Code. Alcos admitted to omitting numerous creditors, including significant tax liens, legal debts, and judgments related to his construction business, D.A. Builders, LLC. He also failed to disclose his state salary and ownership interests in two businesses. Alcos cooperated with the investigation, voluntarily disclosed additional information, and acknowledged the importance of adhering to financial disclosure requirements for transparency and public trust.

Anti-Fraud, Waste, and Abuse Hotline

In partnership with the Department of the Attorney General, the Commission hosts an anti-fraud hotline to identify fraud, waste, and abuse of government funds. The agencies developed a website and online complaint form (antifraud.hawaii.gov), a dedicated phone hotline (808.587.0000), and a dedicated email address (antifraud@hawaii.gov) where individuals can confidentially report suspected violations. These anti-fraud resources were created to empower the public with confidential, easy-to-use methods to report potential violations.

In 2024, the Commission received 57 anti-fraud complaints.

Nepotism

The Commission enforces a nepotism law that generally prohibits state employees from taking employment actions regarding their relatives or household members. However, exceptions can be granted for “good cause.” To obtain such an exception, the employee or agency must show that complying with the nepotism law is impractical. For example, in hiring situations, this could involve demonstrating that a position was widely advertised, yet no qualified applicants came forward, necessitating the hiring of a relative. Similarly, for supervisory roles, if delegating duties to another employee is not feasible, an exception may be considered. The Commission stresses that any granted exceptions will be managed transparently to maintain public trust.



In 2024, the Commission considered eight nepotism exception applications. These include cases where specialized positions had a limited pool of qualified candidates, making hiring a relative necessary, and situations in rural areas where staffing shortages required supervisory roles to be filled by family members. Each exception was evaluated individually, ensuring that the decisions upheld the integrity of the state’s employment practices. Each decision can be found at [https://hawaiiethics.my.site.com/public/s/ethics-advice/Ethics Advice c/00B6R00000AwpdxUAB](https://hawaiiethics.my.site.com/public/s/ethics-advice/Ethics+Advice+c/00B6R00000AwpdxUAB).

For more detailed information on the nepotism law and the process for applying for a good cause exception, the Commission issued a Quick Guide on Nepotism available at https://ethics.hawaii.gov/wp-content/uploads/quickguide_nepotism.pdf.

Financial & Gifts Disclosures

The Commission oversees the filing requirements of the financial disclosure law and the gifts disclosure law, which contribute to accountability and transparency in government. In 2024, the Commission received 1,882 financial disclosure statements. Public disclosure statements (for elected officials, department directors, and other designated state officials) can be found in the Commission’s “public data” section of its website. The Commission also received and published 253 gifts disclosure statements, all accessible in the “public data” section of the Commission’s website.



Lobbyists

The Commission administers Haw. Rev. Stat. Chapter 97, the Lobbyists Law, which requires lobbyists to register with the Commission and file periodic expenditure reports. Lobbyists are required to register and file their periodic expenditure reports electronically. These reports are available on the “public data” tab of the Commission’s website.

The Commission continually upgrades and enhances its e-filing system for lobbying, financial disclosures, and gift disclosures. In 2024, the Commission introduced a series of improvements to simplify the process for filers and comply with recent statutory changes. Recent updates include allowing legislators to report financial ties to lobbyists and enabling lobbyists to specify the particular bill number or issue they lobbied on.

As of April 19, 2023, Act 20 requires all lobbyists to complete mandatory training before registering and to renew it at least every two years. This legislation emphasizes the importance of equipping lobbyists with a clear understanding of ethical standards and compliance requirements.

In 2024, the Commission’s lobbyist training program saw an impressive turnout, with 584 participants successfully completing the training. This record number underscores the growing commitment to ethical practices and transparency within the lobbying community. The Commission continues to prioritize high-quality, accessible training programs to meet the demands of this new regulatory framework.

2024 LOBBYING REPORT

586

Lobbyist Registration
Statements Filed

1,408

Lobbying Expenditure
Reports Filed

581

Total Number of
Registered Lobbyists

498

Lobbying Organizations

Commissioners & Staff

The Commission comprises five members nominated by the State Judicial Council and appointed by the Governor for four-year terms. Following the passing of former Vice Chair Harry McCarthy on January 8, 2024, Governor Josh Green appointed Roderick Becker on September 16, 2024, to fill the vacancy. The Commission's current members are Wesley Fong (Chair), Beverley Tobias (Vice Chair), Robert Hong, Cynthia Thielen, and Roderick Becker.

As of December 2024, the Commission employs twelve staff members: Executive Director Robert D. Harris, Compliance Director Bonita Chang, Enforcement Director Kee Campbell, three staff attorneys (Nancy Neuffer, Jennifer Yamanuha, and Jodi Yi), Investigator Jared Elster, Investigatory Analyst Barbara Gash, Computer Specialist Patrick Lui, Office Manager Caroline Choi, Secretary Lynnette O'Ravitz, and Administrative Assistant Myles Yamamoto.

The Commission prioritizes fiscal prudence and efficiency. In 2024, it returned \$72,229.54 of its allocated budget to the General Fund. Several key efforts guided the reduced expenses, including successfully renegotiating the Commission's office lease and changing phone and internet systems to provide greater accessibility and reduced cost.



Wesley F. Fong, Chair



Beverley Tobias, Vice
Chair



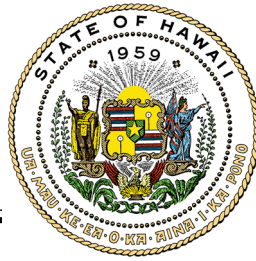
Robert Hong



Cynthia Thielen



Roderick Becker



HOUSE COMMITTEE ON FINANCE
The Honorable Kyle T. Yamashita, Chair
The Honorable Jenna Takenouchi, Vice Chair

**H.B. NO. 1440, MAKING APPROPRIATIONS TO PROVIDE FOR THE EXPENSES OF
THE LEGISLATURE, THE AUDITOR, THE LEGISLATIVE REFERENCE BUREAU,
THE OMBUDSMAN, AND THE ETHICS COMMISSION**

Hearing: Tuesday, February 4, 2025, 2:00 p.m.

The Office of the Auditor supports H.B. No. 1440, specifically, Sections 7, 8, 9, and 13 of the bill, which appropriate to the Office of the Auditor for FY2025-26: **\$3,611,208** for expenses, including personnel and operational; **\$150,000** for special studies and other legislative requests; **\$2,800,000** to the Audit Revolving Fund for the financial and single audits of State of Hawai'i departments and programs performed by independent certified public accountants; and **\$68,106** for employees' accrued vacation and vacation transfer payments. The bill also provides for **\$6,800,000** to be appropriated out of the Audit Revolving Fund for the cost of the financial and single audits contracted by the Office the Auditor.

Exhibit 1 presents the total estimated expenditures through the end of the of the current fiscal year; Exhibit 2 shows the current appropriation and estimated expenditures through the end of the current fiscal year.

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 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 Generally Accepted 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 program performance. 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.

Exhibit 3 is a list of the reports that we issued in 2024 and 2025. The work includes performance audits of the Hawai'i State Hospital's implementation of the Hawai'i Information Portal (HIP), and the Department of Human Services' Child Welfare Services Branch (CWSB). We also completed statutorily required reviews of the special, revolving, and trust funds, and trust accounts maintained by the Department of Accounting and General Services, the Department of Budget and Finance, the Department of Transportation, and the Department of Land and Natural Resources. We review a department's funds and accounts once every five years. Those reports include an assessment as to whether the funds and accounts continue to meet the statutory criteria for the type of fund or account as well as the fund and account balances, revenues, expenditures, and transfers for each of the past five fiscal years. We will be issuing the reports about our reviews of the funds and accounts maintained by the Department of Attorney General, the Department of Business, Economic Development and Tourism, and the University of Hawai'i over the next few weeks.

We completed three statutorily required reviews of certain tax incentives. 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 to the State's General Excise Tax, Use Tax, and income tax each year.

Furthermore, we issued reports on our assessments of bills proposing to require health insurers to provide coverage for biomarker testing and prohibiting step therapy requirements for stage 2 through stage 5 cancer patients. We also reviewed the current regulation of the midwifery profession that will sunset on June 30, 2025 and concluded that continued regulation of the profession is consistent with and supported by the State's policy for professional licensing in the Hawai'i Regulatory Licensing Reform Act, Chapter 26H, HRS.

We are currently reviewing bills introduced this session that propose to create new special or revolving funds. We expect to issue our report to the Legislature about whether those proposed funds meet the statutory criteria for special and revolving funds no later than 30 days prior to *sine die*.

Audit Revolving Fund

The Office of the Auditor contracts with independent certified public accountants for the financial audits of 20 departments and programs as well as the State of Hawai'i's Annual Comprehensive Financial Report (ACFR). We strongly support the independent audits of departments and programs' financial statements. In fact, we recommend that the Legislature require *every* department to undergo an annual financial audit. State departments and programs must be accountable for their use of public funds, and the financial audit is one aspect of that accountability. Among other things, independent audits provide assurance that their respective financial statements are presented fairly in accordance with generally accepted accounting principles. Moreover, the State's ACFR is reviewed by credit-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.

State departments 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 contracts issued by the Office of the Auditor include those compliance reviews, referred to as single audits, for the departments and programs that require single audits, including the single audit of the State of Hawai'i. The cost of financial and single audits contracted by the State Auditor are paid through the Audit Revolving Fund; some departments and programs 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 4.¹ The proposed sum of \$2,800,000 will ensure sufficient funds to pay for the financial and single audits.

Lastly, the appropriation from the Audit Revolving Fund of \$6,800,000 for the fiscal year 2025-2026, which is an increase from \$6,300,000 appropriated for the current fiscal year, is necessary to cover the increasing cost of the financial and single audits.

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. 1440.

¹ 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 the Office of the Auditor's operating budget.

OFFICE OF THE AUDITOR
Statement Showing Budget for Office Operations
By Object of Expenditure for FY2025-2026

Exhibit 1

Operating Budget

Personal services:

Staff salaries	\$3,190,208
Salary Commission Increase	0
Total personal services	<u>3,190,208</u>
Contractual Services	194,916
	<u>3,385,124</u>

Other expenses:

Office expenses	47,500
Intrastate transportation and travel	4,800
Out-of-state travel	50,000
Training	40,000
Printing	5,000
Rental and maintenance of equipment	20,000
Books	500
Equipment	56,284
Miscellaneous	2,000
	<u>226,084</u>
Total other expenses	<u>226,084</u>

Total Operating Budget \$3,611,208

Special Studies Appropriation \$150,000

Vacation Payments Appropriation \$68,106

Audit Revolving Fund \$2,800,000

OFFICE OF THE AUDITOR
Statement Showing Budget and Estimated Expenditures
By Object of Expenditure for FY2024-2025

Exhibit 2

	Budget	Estimated	Variance
Personal services:			
Staff salaries	\$ 3,023,800	\$ 2,501,622	\$ 522,178
Contractual services	194,916	194,916	-
Total personal services	\$ 3,218,716	\$ 2,696,538	\$ 522,178
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	20,000	20,000	-
Printing	5,000	5,000	-
Rental and maintenance of equipment	20,000	20,000	-
Books	500	500	-
Equipment	46,284	46,284	-
Advertising	-	-	-
Miscellaneous	2,000	2,000	-
Total other expenses	\$ 188,084	\$ 188,084	\$ -
TOTAL	\$ 3,406,800	\$ 2,884,622	\$ 522,178
Special Studies Appropriation (Act 2, SLH 2024)	\$ 150,000	\$ -	\$ 150,000
Vacation Payments Appropriation (Act 2, SLH 2024)	\$ 68,106	\$ 68,106	\$ -
Audit Revolving Fund Appropriation (Act 2, SLH 2024)	\$ 2,800,000	\$ 2,800,000	\$ -

Performance audits, studies, and other projects

Report No.	Title
Performance audits and other reports issued in 2024	
24-01	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Budget and Finance
24-02	Audit of the Hawai'i State Hospital's Implementation of the Hawai'i Information Portal
24-03	Analyses of Proposed Special and Revolving Funds 2024
24-04	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Transportation
24-05	Audit of the Department of Human Services' Child Welfare Services Branch
--	2023 Annual Report
24-06	Review of General Excise and Use Tax Provisions Pursuant to Section 23-76, Hawai'i Revised Statutes
24-07	Review of Income Tax Provisions Pursuant to Section 23-95, Hawai'i Revised Statutes
24-08	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Land and Natural Resources
24-09	Report on the Implementation of State Auditor's Recommendations 2019 - 2022
25-01	Assessment of Proposed Mandatory Health Insurance Coverage for Medically Necessary Biomarker Testing
25-02	Study of Proposed Mandatory Health Insurance Coverage Regarding Step Therapy Requirements for Stage 2 Through Stage 5 Cancer
25-03	(Pending) Sunset Analysis: Regulation of Midwives

Office of the Auditor
Current Projects and Reports Submitted to the 2024 and 2025 Legislatures

Exhibit 3

Report No.	Title
Performance audits and other reports issued and to be issued in 2025	
25-xx	Audit of the Driver Education Program
25-xx	Audit of the Hawai'i Tourism Authority
25-xx	Report on the Department of Education's Cool Classrooms Initiative
25-xx	Audit of the Department of Human Services' Med-QUEST Division
25-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>
25-xx	Follow-Up on Recommendations from Report No. 19-13, <i>Audit of the Department of Education's Administration of School Impact Fees</i>
25-xx	Follow-Up on Recommendations from Report No. 21-01, <i>Audit of the Agribusiness Development Corporation</i>
25-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of the Attorney General
25-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Business, Economic Development and Tourism
25-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the University of Hawai'i
25-xx	Report on the Implementation of State Auditor's Recommendations 2019 - 2023
25-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Hawaiian Homelands
25-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Judiciary
25-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Commerce and Consumer Affairs
25-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Human Services
25-xx	Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Department of Health

Office of the Auditor
Current Projects and Reports Submitted to the 2024 and 2025 Legislatures

Exhibit 3

Report No.	Title
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Performance audits and other reports issued and to be issued in 2025

25-xx	Review of General Excise and Use Tax Provisions Pursuant to Section 23-77, Hawai'i Revised Statutes
25-xx	Review of Income Tax Provisions Pursuant to Section 23-96, Hawai'i Revised Statutes
25-xx	Financial and Program Audit of the Department of Health's Deposit Beverage Container Program, June 30, 2024
--	2024 Annual Report

Proposed fund reviews

--	We expect to perform approximately 60 - 70 reviews of proposed special and revolving funds during the 2025 legislative session.
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Financial Statements and Single Audit Reports

Financial statement audits issued in 2024	Performed by:
State of Hawai'i Annual Comprehensive Financial Report - June 30, 2023	Accuity LLP
State of Hawai'i Single Audit Report - June 30, 2023	Accuity LLP
Department of the Attorney General - June 30, 2022 Financial Statements and Single Audit Report	KKDLY LLC
Department of the Attorney General - June 30, 2023 Financial Statements and Single Audit Report	KKDLY LLC
Department of Budget and Finance, Employees' Retirement System of the State of Hawai'i - June 30, 2022 Financial Statements	Eide Bailly LLP
Department of Budget and Finance, Hawai'i Employer-Union Health Benefits Trust Fund - June 30, 2023 Financial Statements	KKDLY LLC
Department of Business, Economic Development and Tourism, Hawai'i Community Development Authority - June 30, 2023 Financial Statements	KKDLY LLC
Department of Business, Economic Development and Tourism, Hawai'i Convention Center - June 30, 2022 Special Purpose Financial Statements	Accuity LLP
Department of Business, Economic Development and Tourism, Hawai'i Convention Center - June 30, 2023 Special Purpose Financial Statements	Accuity LLP
Department of Business, Economic Development and Tourism, Hawai'i Housing Finance and Development Corporation - June 30, 2023 Financial Statements and Single Audit Report	Eide Bailly LLP
Department of Business, Economic Development and Tourism, Hawai'i Tourism Authority - June 30, 2023 Financial Statements	Accuity LLP
Department of Business, Economic Development and Tourism, Stadium Authority - June 30, 2023 Financial Statements and Single Audit Report	N&K CPAs, Inc.
Department of Education - June 30, 2023 Financial Statements and Single Audit Report	Accuity LLP
Department of Hawaiian Home Lands - June 30, 2023 Financial Statements and Single Audit Report	Akamine, Oyadomari & Kosaki CPA's, Inc.

Current Projects and Reports Submitted to the 2024 and 2025 Legislatures

Financial statement audits issued in 2024 (cont.)	Performed by:
Department of Health , State of Hawai'i - June 30, 2023 Financial Statements and Single Audit Report	KMH LLP
Department of Health, Drinking Water Treatment Revolving Loan Fund - June 30, 2023 Financial Statements	KMH LLP
Department of Health, Water Pollution Control Revolving Fund - June 30, 2023 Financial Statements	KMH LLP
Department of Human Services - June 30, 2023 Financial Statements and Single Audit Report	Accuity LLP
Department of Human Services, Hawai'i Public Housing Authority - June 30, 2023 Financial Statements	KMH LLP
Department of Human Services, Hawai'i Public Housing Authority - June 30, 2023 Single Audit Report	KMH LLP
Department of Transportation, Administration Division - June 30, 2023 Financial Statements and Single Audit Report	KKDLY LLC
Department of Transportation, Airports Division - June 30, 2023 Financial Statements	Plante & Moran, PLLC
Department of Transportation, Airports Division - June 30, 2023 Single Audit Report	Plante & Moran, PLLC
Department of Transportation, Harbors Division - June 30, 2023 Financial Statements	Accuity LLP
Department of Transportation, Highways Division - June 30, 2023 Financial Statements	Accuity LLP
Department of Transportation, Highways Division - June 30, 2023 Single Audit Report	Accuity LLP
Department of Transportation, Oahu Metropolitan Planning Organization - June 30, 2023 Financial Statements and Single Audit Report	N&K CPAs, Inc.

Office of the Auditor
Current Projects and Reports Submitted to the 2024 and 2025 Legislatures

Exhibit 3

Financial statement audits issued and to be issued in 2025	Performed by:
State of Hawai'i Annual Comprehensive Financial Report - June 30, 2024*	Accuity LLP
State of Hawai'i Single Audit Report - June 30, 2024*	Accuity LLP
Department of the Attorney General - June 30, 2024 Financial Statements and Single Audit Report	KKDLY LLC
Department of Budget and Finance, Employee's Retirement System - June 30, 2023 Financial Statements	KKDLY LLC
Department of Business, Economic, Development & Tourism, Hawai'i Employer-Union Health Benefits Trust Fund - June 30, 2024 Financial Statements	KKDLY LLC
Department of Business, Economic, Development & Tourism, Hawai'i Community Development Authority - June 30, 2024 Financial Statements	KKDLY LLC
Department of Business, Economic Development and Tourism, Hawai'i Convention Center - June 30, 2024 Special Purpose Financial Statements*	Accuity LLP
Department of Business, Economic, Development & Tourism, Housing Finance and Development Corporation - June 30, 2024 Financial Statements and Single Audit Report	Accuity LLP
Department of Business, Economic Development and Tourism, Hawai'i Tourism Authority - June 30, 2024 Financial Statements*	Accuity LLP
Department of Business, Economic, Development & Tourism, Stadium Authority - June 30, 2024 Financial Statements	N&K CPAs, Inc.
Department of Education - June 30, 2024 Financial Statements and Single Audit Report*	Accuity LLP
Department of Hawaiian Home Lands - June 30, 2024 Financial Statements and Single Audit Report*	Accuity LLP
Department of Health , State of Hawai'i - June 30, 2024 Financial Statements and Single Audit Report*	KMH LLP
Department of Health, Drinking Water Treatment Revolving Loan Fund - June 30, 2024, Financial Statements	KMH LLP
Department of Health, Water Pollution Control Revolving Fund - June 30, 2024, Financial Statements	KMH LLP

Office of the Auditor
Current Projects and Reports Submitted to the 2024 and 2025 Legislatures

Exhibit 3

Financial statement audits issued and to be issued in 2025 (cont.)	Performed by:
Department of Human Services - June 30, 2024 Financial Statements and Single Audit Report*	Accuity LLP
Department of Human Services, Hawai'i Public Housing Authority - June 30, 2024 Financial Statements	Plante & Moran, PLLC
Department of Human Services, Hawai'i Public Housing Authority - June 30, 2024 Single Audit Report*	Plante & Moran, PLLC
Department of Transportation, Administration Division - June 30, 2024 Financial Statements and Single Audit Report*	KKDLY LLC
Department of Transportation, Airports Division - June 30, 2024 Financial Statements	Plante & Moran, PLLC
Department of Transportation, Airports Division - June 30, 2024 Single Audit Report	Plante & Moran, PLLC
Department of Transportation, Harbors Division - June 30, 2024 Financial Statements	Accuity LLP
Department of Transportation, Harbors Division - June 30, 2024 Single Audit Report*	Accuity LLP
Department of Transportation, Highways Division - June 30, 2024 Financial Statements*	Accuity LLP
Department of Transportation, Highways Division - June 30, 2024 Single Audit Report*	Accuity LLP
Department of Transportation, Oahu Metropolitan Planning Organization - June 30, 2024 Financial Statements and Single Audit Report*	N&K CPAs, Inc.

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

**OFFICE OF THE AUDITOR
AUDIT REVOLVING FUND
FY2026 - BUDGET REQUEST**

# of Contracts	Department - Agency Financial Statement (and Single Audits, as applicable) Audits	Expenditure Ceiling Request Projected FYE 2025 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	\$ 1,600,000	100.0%	0.0%	n/a	\$ 1,600,000
	ICSD - SSAE 16: IT Controls					
2	Department of the Attorney General	\$ 139,000	55.0%	45.0%	Federal	\$ 76,450
	Department of Budget and Finance					
3	Hawaii Employer - Union Health Benefits Trust Fund	\$ 255,000	0.0%	100.0%	Trust	\$ -
4	Employees' Retirement System	\$ 269,000	0.0%	100.0%	Other Non-GF	\$ -
	Department of Business, Economic Development & Tourism					
5	Stadium Authority	\$ 61,500	0.0%	100.0%	Special	\$ -
6	Hawaii Housing Finance & Development Corporation	\$ 275,000	0.0%	100.0%	Special	\$ -
7	HTA - Hawaii Tourism Authority	\$ 145,000	0.0%	100.0%	Special	\$ -
	Hawaii Convention Center - Special Purpose F/S					\$ -
8	Hawaii Community Development Authority	\$ 45,000	0.0%	100.0%	Special	\$ -
	Department of Commerce and Consumer Affairs					
9	Department of Commerce and Consumer Affairs	\$ 175,000	0.0%	100.0%	Special	\$ -
	Department of Education					
10	Department of Education	\$ 550,000	90.0%	10.0%	Federal	\$ 495,000
	Department of Hawaiian Home Lands					
11	Department of Hawaiian Home Lands	\$ 180,000	0.0%	100.0%	Trust	\$ -
	Department of Health					
12	Water Pollution Control Revolving Fund	\$ 385,500	70.0%	30.0%	Federal	\$ 269,850
	Drinking Water Treatment Revolving Loan Fund					
	Deposit Beverage Container Program	\$ -	Charge back 100% to DBC program			\$ -
	Department of Human Services					
13	Department of Human Services	\$ 445,000	45.90%	54.10%	Federal	\$ 204,275
14	Hawaii Public Housing Authority	\$ 427,231	0.0%	100.0%	Various	\$ -
	Department of Land and Natural Resources					
15	Department of Land and Natural Resources	\$ 127,300	0.0%	100.0%	Special	\$ -
	Department of Transportation					
16	Administration	\$ 42,000	0.0%	100.0%	Special	\$ -
17	Airports	\$ 395,675	0.0%	100.0%	Special	\$ -
18	Harbors	\$ 317,000	0.0%	100.0%	Special	\$ -
19	Highways	\$ 375,000	0.0%	100.0%	Special	\$ -
20	Oahu Metropolitan Planning Organization	\$ 53,000	0.0%	100.0%	Special	\$ -
TOTAL Managed 20 Contracts:		\$ 6,262,206				\$ 2,645,575
Reserve for Estimated Adjustments/Overages:		\$ 537,794				\$ 154,425
TOTAL Requested Budget Amounts:		\$ 6,800,000				\$ 2,800,000

HB-1440

Submitted on: 2/3/2025 11:47:11 AM

Testimony for FIN on 2/4/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Alan Urasaki	Individual	Support	Written Testimony Only

Comments:

I am in support of the good work that the office of the ombudsman does for our people. I urge the committee to support the funding bill so good work may continue.

Mahalo.