Program ID/Title: AGS 871/Campaign Spending Commission

Contact Person/Phone: Kristin Izumi-Nitao, Executive Director / 586-0285

I. Goals

A. Goal - To simplify and clarify campaign finance laws in order to improve implementation and compliance.

B. Goal - To increase public education, awareness and access.

C. Goal - Increase the technological capacity to improve access, reduce paperwork, and increase compliance.

D. Goal - Upgrade the training for and ability of the committees to comply with campaign finance laws.

E. Goal - Encourage compliance.

F. Goal - Increase and stabilize the Commission’s institutional capacity to carry out its mission.

II. Objectives and Policies

A. Goal - To simplify and clarify campaign finance laws in order to improve implementation and compliance.
   - Propose legislation, where needed, to simplify and clarify campaign finance laws in order to improve implementation and compliance.
   - Draft and submit administrative rules, where needed, to simplify and clarify campaign finance laws to improve implementation and compliance.

B. Goal - To increase public education, awareness and access.
   - Direct the public to the Commission’s website and continue to improve web-based information.
   - Disseminate to the public information on contributions, expenditures, and other pertinent topics of interest.
Plan, organize, participate, and host trainings to inform and educate on campaign finance laws and rules.

Explore and implement social and other media applications to inform and educate on campaign finance laws and rules.

To raise public awareness and increase visibility of the Commission’s work, hold at least one Commission meeting in a neighbor island county each year.

C. Goal - Increase the technological capacity to improve access, reduce paperwork, and increase compliance.

Increase the Commission’s analytical capability.

Maintain awareness of newer technology, including electronic filing systems and hardware/software or applications, for consideration of integration and/or implementation.

Maintain awareness of the implications of technological changes on all aspects of campaign finance including political contributions.

D. Goal - Upgrade the training for and ability of the committees to comply with campaign finance laws.

Explore new methods for training and disseminating information.

Offer training to committees to improve compliance with campaign finance laws and rules.

Publish guidebooks, manuals, and e-learning videos on how to comply with campaign finance laws and rules as well as how to use the electronic filing systems.

E. Goal - Encourage compliance.

Develop escalating penalties for repeat and gross violations, and disseminate information about the penalties.

Simplify and expedite disposition of campaign finance violations.

Seek enforcement of the campaign finance laws and rules against violators.

Evaluate the effectiveness of training modules and revise them as needed.
Evaluate the effectiveness of communication efforts and revise them as needed.

Encourage committees to call the Commission, visit the Commission’s office, and/or go to the Commission’s website for information to comply with campaign finance laws and rules.

F. Goal - Increase and stabilize the Commission’s institutional capacity to carry out its mission.

- Develop proposals to stabilize funding.
- Plan for potential staff transitions and ensure position descriptions are current.
- Continue Commissioner development through trainings and conferences as well as issuing a Commissioner handbook and orientation of new Commissioners.

III. Action Plan with Timetable

A. Goal - To simplify and clarify campaign finance laws in order to improve implementation and compliance.

- Past Year Accomplishments

Propose legislation. For the 2016 Legislative Session, the Commission submitted four bills which all failed. The one bill that was approved into law was a bill submitted by legislators to address the Commission’s funding concerns. It proposed to amend Hawaii Revised Statutes (“HRS”) §11-314 to have the general revenues fund the Commission’s operating expenses including staff salaries and fringe benefits as well as appropriate moneys to the Commission for operating expenses. In its final form, this bill did not address Commission funding, but rather, amended HRS §11-381(a)(8) to include expenses incurred for memberships in civic or community groups as ordinary and necessary expenses of an office holder. The Commission opposed the bill in its amended form, but it was passed on July 12, 2016 as Act 247.

Draft and submit administrative rules. Proposed amendments to Chapter 3-160 (Election Campaign Contributions and Expenditures) and Chapter 3-161 (Administrative Practice and Procedure Before the Commission) of the Hawaii Administrative Rules (“HAR”) were approved by the Commissioners at the April 20, 2016 meeting. The proposed amendments made non-substantive changes for the purposes of style and clarity, housekeeping changes, as well as addressed changes to the campaign finance laws such as implementation of the hardship waiver in HRS §11-393(c) (Act 112, Haw. Sess. Laws 2013), which requires Super PACs to identify its top contributors in their advertisements, and the defining of “close to depletion” and “near depletion” of the Hawaii Election...
Campaign Fund which will impact the operation of the partial public financing program. The proposed rules were approved to go to public hearing which was held on August 31, 2016 whereupon the Commission gave its final approval to the amended rules. They are in the process of going to Governor David Ige for approval.

Advisory Opinions. During this period, the Commission issued two Advisory Opinions. Advisory Opinion No. 16-01 addressed a law firm’s request concerning the applicability of HRS §11-355, the government contractor ban, to the federal political action committee (“PAC”) of the parent company of an entity that is subject to the ban as a government contractor. The Commission determined that the parent company’s federal PAC could not make contributions to Hawaii candidates that were on a list supplied by its subsidiary as that would constitute prohibited indirect contributions by the government contractor.

Advisory Opinion No. 16-03 addressed the General Contractors Association of Hawaii’s request concerning the aggregation of contributions made by a noncandidate committee and personal contributions made by the board members of the noncandidate committee. The Commission determined that under HAR §3-160-31(e)(2), the personal contribution of a board member will be aggregated with a contribution of the noncandidate committee. However, in the absence of evidence that a board member financed, maintained, or controlled, another board member’s contribution, the personal contributions made by board members will not be aggregated amongst the board members.

- **One Year** – Continue to research, draft, and submit legislation seeking further technical revisions to the campaign finance laws for purposes of clarity, consistency, and style as well as to seek substantive changes as needed. Address the final stages of the revisions to the Commission’s administrative rules. Continue to render advisory opinions as required.

- **Two Year/Five Year** - Continue to update the law and administrative rules as well as issue advisory opinions as needed.

**B. Goal - To increase public education, awareness and access.**

- **Past Year Accomplishments**

Direct the public to the Commission’s website and continue to improve web-based information. The Commission has an ongoing partnership with the State of Hawaii’s Office of Enterprise Technology Services (“ETS”) to improve the Commission’s website which contains two statutorily required electronic filing systems for candidate committees and noncandidate committees. For purposes of transparency, much of the Commission’s operations, business, and finances are posted on the Commission’s website including Commissioners’ biographies.

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1 Advisory Opinion No. 16-02 was issued on August 10, 2016, during the 2017 fiscal year, and thus is not reported in this annual report.
meeting agendas and minutes, newsletters, advisory opinions, Hawaii Election Campaign Fund (“HECF”) information, annual reports, campaign finance statistics, and the Strategic Plan. Information of current interest is constantly identified and posted on the Commission’s website including statute and rule changes, legislation, reporting deadlines, enforcement issues, and new informational and technological tools. There are also links for viewing reports, filing reports, seeking guidance including cyber-learning presentations, forms, guidebooks, and qualifying for public funding. Based on the results of our annual online survey, we understand that our website continues to be our strongest resource in providing stakeholders and interested parties with campaign finance information. As such, we continue to fine-tune our website with a focus in building more efficient and user friendly navigation tools which includes a searchable database of all the campaign finance data filed by committees. We have also included a section on our home page for our latest tweets and highlighted the candidate and noncandidate committee data visualization apps. These updates are done at zero cost to the Commission. During this fiscal period, we had 93,715 “hits” to our website.

Disseminate to the public information on contributions, expenditures, and other pertinent topics of interest. The Commission continues to promote the two data visualization applications available to anyone on the Commission’s website. The candidate committee and noncandidate committee data visualization applications permit viewers to see the data reported by over 600 committees in a more visually attractive, user-friendly, and dynamic way for a particular election period. These applications were conceived to provide greater transparency and accountability in government and to enable the public to follow the money of candidate committees’ and noncandidate committees’ participation in Hawaii elections.

Other mechanisms to disseminate to the public information concerning campaign finance include regular posts of anything new/interesting on our website under “What’s New,” biannual newsletters, e-blasts, Facebook posts, and tweets. New candidates, new noncandidate committees (including Super PACs), notice of fundraisers, notice of Commission meetings, new guidebooks or manuals, new legislation, updates to the electronic filing systems, new forms, requests to take/submit our annual online survey, registering for training classes, electioneering communication statements of information, etc., are tweeted, e-blasted, and/or posted on the Commission’s website.

On the last day of filing nomination papers for the 2016 election (i.e., June 7, 2016), the Commission compiled the following data and shared this information with the Commission and the public. There are 269 candidates running for 104 seats up for election out of 128 elective seats in the state of Hawaii and its four counties. The 104 seats up for election this year are: Senate (14), House (51), Honolulu Mayor (1), Hawaii Mayor (1), Honolulu Prosecutor (1), Hawaii Prosecutor (1), Kauai Prosecutor (1), Honolulu City Council (5), Hawaii County Council (9), Maui County Council (9), Kauai County Council (7), and Office of Hawaiian Affairs (4). Nineteen (19) candidates are unopposed this year and ten (10) incumbent candidates have decided not to run for their seat. 145 or 54% of
the 269 candidates running this year have filed the Affidavit to voluntarily agree with the expenditure limit set for their office and 35 or 13% of the 269 candidates running this year have filed the Statement to notify the Commission of their intent to seek partial public funding. Five (5) candidates have received a total of $17,685 in partial public funding. Lastly, 161 fundraisers have been held in 2016 with 63 of those fundraisers occurring during the legislative session by legislators. A list of fundraisers held in 2016 and an interactive chart were made available via an active link on the Commission’s website. The Commission will continue to compile data as the elections progresses as well as summarize the data at the conclusion of the 2016 elections to share with the public.

In June 2016, the Commission created a downloadable calendar of events including (but not limited to) the candidate committee and noncandidate committee reporting schedules, the Commission’s monthly meeting schedule, and the State holidays. This calendar can be downloaded by individuals into their Apple, Google, Microsoft, Outlook, and Yahoo calendars as well as many other calendar programs that use the standard iCal format, from the Commission’s website.

Plan, organize, participate, and host trainings to inform and educate on campaign finance laws and rules. Community presentations to candidate and noncandidate committees, corporations, legislators, community groups, contractors, certified public accountants, political parties, etc., on various areas of campaign finance laws are regularly delivered when requested. In anticipation of the 2016 election, campaign finance presentations to candidates and committees were planned and delivered in May and June 2016 on the Big Island (5/17/16), Kauai (5/27/16), and Honolulu (6/1/16). Due to a lack of registrations, we cancelled our presentation on Maui. Other training presentations provided during this period included speaking at the Democratic Party candidate training on Maui (11/13/15); providing candidate training to members of the Hawaii Alliance for Progressive Action (“HAPA”) in Honolulu (2/23/16), Hilo (2/25/16), Kauai (3/2/16), and Maui (3/4/16); and conducting a continuing legal education class to members of the Hawaii State Bar Association (6/3/16). At the Council on Governmental Ethics Laws’ (“COGEL”) Annual Conference in December 2015, Executive Director Izumi-Nitao participated by serving on the Steering Committee. In May 2016, she attended a meeting in New Orleans, LA, in this capacity and was asked to chair the COGEL Nominating Committee for a second term. Additionally, requests to respond to media inquiries are accepted where practicable.

Explore and implement social and other media applications to inform and educate on campaign finance laws and rules. The Commission regularly uses e-blasts as well as Facebook and Twitter accounts to inform and educate committees, interested parties, subscribers, and the public on campaign finance. We have found the e-blasts to be especially effective in sending out time sensitive information such as reporting deadline reminders and changes in the law. It also permits us to notify interested parties about registering for training classes, publication of new educational tools, and other campaign finance information. Efforts to not overuse the email system and reserve it for distribution of important
announcements is always a consideration. During this period, the CSC email system was employed 68 times and we have 922 total subscribers. Notably, subscribers are separated into three groups – candidates (418 subscribers), noncandidate committees (259 subscribers), and the public (245 subscribers), thereby permitting us to target relevant audiences with the e-blast.

Since July 2011, we have been employing social media tools such as Facebook and Twitter to leverage our capabilities to increase, enhance, and supplement our communication efforts to inform the public of important and time sensitive campaign finance information. During this fiscal year, we issued 494 tweets.

Every year, we attend the PCATT IT Summit / Conference to identify and learn new ways to improve and educate committees and the general public in campaign finance. This year, the conference was entitled “Securing Our Future in Today’s Mobile World” and highlighted technology trends, utilizing cloud-based hosting solutions, understanding WordPress basics, and exploring the world of big data and the Internet of Things.

Raise public awareness and increase visibility of the Commission’s work, hold at least one Commission meeting in a neighbor island county each year. This action item will hopefully be addressed in fiscal year 2017, but raising public awareness and increasing visibility of the Commission’s work are always considerations when the Commission communicates with the public.

- **One Year** - Continue to drive the public to our website and utilize social media applications as well as employ our email system to inform and educate. Revise and update guidebooks, manuals, and cyber learning videos. Arrange a Commission meeting in a neighbor island county.

- **Two Year/Five Year** – Plan, organize, and host trainings in election years. Continue to identify mechanisms to increase public education, awareness and access. In an economic upswing, consider holding a National Campaign Finance Law Forum in Hawaii.

### C. Goal - Increase the technological capacity to improve access, reduce paperwork, and increase compliance.

- **Past Year Accomplishments**

  Increase the Commission’s analytical capability. During this period, there were changes to the Commission’s electronic filing systems as a result of legislative enactments to improve transparency and disclosure.

  As a result of Act 79, SLH 2015 (S.B. 508), effective July 1, 2015, the noncandidate committee filing system was modified to allow noncandidate committees to file an additional preliminary general report on October 1 in a general election year pursuant to HRS §11-336(a).
As a result of Act 209, SLH 2015 (H.B. 1491), effective January 1, 2016, the noncandidate committee filing system was modified to allow additional reporting by noncandidate committees solely making independent expenditures (i.e., Super PACs) for contributions aggregating more than $10,000 on their disclosure reports and greater than $5,000 on their late contribution reports from contributing entities that are not individuals, for-profit business entities, or labor unions. The filing system will require qualifying Super PACs to report: (1) the internet address where a contributing entity’s disclosure report can be publicly accessed; (2) the name, address, occupation, and employer of each funding source of $100 or more to the contributing entity; or (3) an acknowledgment that the contributing entity is not subject to any state or federal disclosure reporting requirements regarding the source of the contributing entity’s funds. The first report that this information will be included is the preliminary primary report that Super PACs must file by August 3, 2016 for activity covering January 1, 2016 through July 29, 2016.

As a result of Act 112, SLH 2013 (H.B. 1147), effective November 5, 2014, the noncandidate committee filing system was modified to require Super PACs to file a new report called the Late Expenditure Report if they have independent expenditures that aggregate more than $500 made fourteen and four calendar days prior to an election. This report must be filed with the Commission on the third calendar day prior to the election. The first report that this information will be included is the Primary Election Late Expenditure Report that Super PACs must file by August 10, 2016 for late expenditures in the period of July 30, 2016 through August 9, 2016.

This Act further required Super PACs to identify up to three top contributors to its political advertisement in the advertisement itself. These top contributors would then have to be disclosed in the Statement of Information for Electioneering Communications which must be filed within 24 hours of executing a contract to make this expenditure if the advertisement is made, or scheduled to be made, within 30 days prior to the primary or initial special election or within 60 days prior to the general or special election.

To this extent, the Commission modified the Statement of Information for Electioneering Communications form for the 2016 election and disseminated it in July 2016. An electioneering communication means any advertisement that is broadcast from a cable, satellite, television, or radio broadcast station; published in any periodical or newspaper or by electronic means; or sent by mail at a bulk rate, and that: (1) Refers to a clearly identifiable candidate; (2) Is made, or scheduled to be made, either within 30 days prior to a primary or initial special election or within 60 days prior to a general or special election; and (3) Is not susceptible to any reasonable interpretation other than as an appeal to vote for or against a specific candidate. Persons, which include an individual, a partnership, a candidate committee or noncandidate committee, a party, an association, a corporation, a business entity, an organization, or a labor union and its auxiliary committees, who make electioneering
communications in an aggregate amount of more than $2,000 during any calendar year, are statutorily required to file a Statement of Information with the Commission within 24 hours of each disclosure date with the Commission. These electioneering communications forms filed with the Commission are then posted on the Commission’s website.

The Commission continues to rely on its searchable database to run queries on various campaign finance issues.

Maintain awareness of newer technology, including electronic filing systems and hardware/software or applications, for consideration of integration and/or implementation. The Commission works closely with ETS and as a result has benefitted from their expertise and assistance in consolidating and maximizing our hardware/software applications.

The annual COGEL conference is another source from which we learn about other campaign finance systems and technology. During this period, however, there were no plans nor funding to alter our electronic filing systems.

Maintain awareness of the implications of technological changes on all aspects of campaign finance including political contributions. The annual COGEL conference has been a great venue for the Commission to learn about technological changes or advances employed by other campaign finance offices. During this fiscal year, there were no technological changes that the Commission deemed viable for employment in Hawaii; however, we remain receptive to all new ideas.

- One Year - Continue to work and meet with ETS to identify areas and ways to further this goal including developing visualizations and graphics to our data and examining other applications to increase, supplement, and enhance communication with candidates, committees, and the public. Evaluate current systems, hardware, and software to determine whether upgrades are needed. Update all systems to conform with new laws.

- Two Year/Five Year - As ETS is able to complete our work orders with respect to our electronic filing systems, we will continue to collaboratively identify analyses capability of contributions and expenditures data. In recognition that technology plays a critical role in communicating, it is important to remain abreast of newer applications and social media which will enable us to more effectively improve access, increase compliance, and meaningfully engage stakeholders and interested parties.

D. Goal - Upgrade the training for and ability of the committees to comply with campaign finance laws.

- Past Year Accomplishments
Explore new methods for training and disseminating information. The Commission continues to work with the Office of Elections and county clerks in providing informational packets to be given to candidates who file their nomination papers. Further, for the 2016 election, Elections agreed to include on their Candidate Profile worksheet, a section that the candidate would initial acknowledging that he/she understood that they need to register with the Commission and file reports. Prior to, and after each election, the Commission meets with Elections to ensure the process of certifying compliance that campaign finance reports had been filed and payments of fines had been made so that the winning candidates are able to be sworn into office.

Offer training to committees to improve compliance with campaign finance laws and rules. In an effort to prepare candidates of the numerous reporting requirements and laws regarding campaign finance, training classes were offered across the State. There were classes offered twice on Kauai, twice on Maui, twice in Hilo, and four times in Honolulu in November 2015, February 2016, March 2016, May 2016, and June 2016 with 150 registrants who attended presentations on candidate committees, noncandidate committees, and public financing. In consideration of new case law and entering into an election year, powerpoint training presentations were revised.

As early as 2007, certified public accountants were attending these trainings because they were often employed or asked to assist with treasurer duties of candidate and noncandidate committees. Accordingly, with the assistance of former Chair/Commissioner Paul Kuramoto, we were approved to provide Continuing Professional Education credits by the Board of Accountancy to certified public accountants. Four (4) CPAS received credit from our trainings this fiscal year. Our instructor certification must be annually renewed and our current certification will expire in December 2017.

Publish guidebooks, manuals, and e-learning videos on how to comply with campaign finance laws and rules as well as how to use the electronic filing systems. Guidebooks, manuals, and e-learning videos have always been available on the Commission’s website. In anticipation of the 2016 election, the Commission took a look at these materials and revised them. As such, there are new cyber learning videos, new guidebooks, and new manuals on the Commission website. The cyber learning videos were created as a companion to the Candidate Filing System (“CFS”) Manual and Noncandidate Committee Filing System (“NCFS”) Manual to help viewers learn how to use their respective filing systems. The videos therefore cross-reference the table of contents in the CFS Manual and NCFS Manual (which are available on the Commission’s website) and can be used simultaneously with the manual (or by themselves). We believe that viewing short (i.e., 5-minutes or less in length) videos by specific subject matter will speed up the viewer’s learning by giving them a visual of how certain tasks are completed in the electronic filing systems.

- **One Year** - Update guidebooks, manuals, and cyber learning videos. We will continue to work closely with the Office of Elections concerning certification
of elected officials if they have been delinquent with their reports and paying fines. Renew our instructor certification with Board of Accountancy.

- **Two Year/Five Year** – Explore other avenues for training and disseminating information.

**E. Goal - Encourage compliance.**

- **Past Year Accomplishments**

Develop escalating penalties for repeat and gross violations, and disseminate information about the penalties. The Commission continues to find that there are some candidate and noncandidate committees who do not file their reports. To this extent, the Commission has been invoking administrative fines pursuant to HRS §11-410(a) and (h) as a means to take a stronger punitive stance to those committees who completely fail to file reports by the statutory deadline. The Commission further finds that there are some candidate and noncandidate committees who do not comply with Commission orders when a campaign finance violation has been determined. To this extent, the Attorney General’s Office – Civil Recoveries Division has been assisting the Commission to obtain judicial enforcement of Commission orders.

During this fiscal year, which represents a non-election year, there were 38 complaints which recommended fines totaling $13,687.50 and an escheat of $3,677.57. Of these 38 complaints:

- 16 complaints yielded a preliminary determination of a campaign finance violation
- 11 complaints yielded a preliminary determination of a campaign finance violation but, due to noncompliance, were referred to the Attorney General’s Office – Civil Recoveries Division to seek judicial enforcement pursuant to HRS §11-410(d)
- 6 complaints were dismissed due to a finding of no campaign finance violation(s)
- 3 complaints were referred for criminal prosecution
- 2 complaints are pending

Simplify and expedite disposition of campaign finance violations. Representative of this strategy are conciliation agreements which are essentially settlement agreements negotiated by the staff and approved by the Commissioners in a publicly noticed meeting. In this fiscal year, there were 3 conciliation agreements which were approved resulting in a total of $457 in administrative fines.

Seek enforcement of the campaign finance laws and rules against violators. During this fiscal year, a total of $20,638.94 was collected in fines and $6,169.94 was escheated to the Hawaii Election Campaign Fund as a result of campaign finance violations. Most of the Commission’s enforcement actions were a result
of late or unfiled reports. During this period, there were two Supplemental Reports that were due. Due to late or unfiled Supplemental Reports, a total of $5,735.31 was collected from 98 candidate committees and 34 noncandidate committees. Other campaign finance violations occurring during this period that did not include the issuance of an administrative complaint include:

- 8 late fundraiser notices resulting in $200 in fines
- 5 prohibited expenditures resulting in $275.14 in fines
- 1 failure to report expenditures resulting in a $1,500 fine

Evaluate the effectiveness of training modules and revise them as needed. The Commission revised all of its training modules (i.e., guidebooks, manuals, cyber learning videos, powerpoint presentations) in preparation for the 2016 election during this period.

Evaluate the effectiveness of communication efforts and revise them as needed. Current efforts to communicate have been successful – especially, our website, e-blasts, and tweets. We have noticed that oftentimes our tweets get retweeted. The Commission will continue to identify other mechanisms to communicate with multi-generational audiences and employ such tools as needed.

Encourage compliance to call the Commission, visit the Commission’s office, and/or go to the Commission’s website for information to comply with campaign finance laws and rules. The Commission handles numerous phone calls, walk-ins, and inquiries daily. There are computers located in our office for committees to file their reports and to seek our assistance.

- **One Year** – Continue to pursue enforcement actions to encourage compliance as well as offer conciliation agreements (where appropriate) to expedite campaign finance violators.

- **Two Year/Five Year** – Identifying other strategies to increase and encourage compliance.

F. **Goal - Increase and stabilize the Commission’s institutional capacity to carry out its mission.**

- **Past Year Accomplishments**

Develop proposals to stabilize funding. The Commission’s operating expenses and public financing programs are funded by the HECF which is a trust fund within the state treasury. See, HRS §11-421. The Commission’s beginning balance at the close of fiscal year 2015 was $1,868,180.86. In fiscal year 2016, a total of $336,709.37 in revenue was realized and a total of $691,588.83 in expenditures/encumbrances was incurred, thereby closing fiscal year 2016 with a balance of $1,513,301.40.
For the past ten fiscal years (FY 2007 - FY 2016), the Commission has been operating at a net deficit and the fund has not been generating enough revenue to sustain operations.

Primary revenue sources for the HECF are generated from the $3 state income tax check-off, the interest generated from the principal, and any funds that escheat to the HECF pursuant to campaign finance laws. This year, the $3 tax check-off generated $179,835 (which is $17,697 more than last year), the interest yielded $10,794.56, and the escheats/false name/surplus/anonymous contributions totaled $6,169.94. Although we regularly remind people about the $3 tax check-off through newsletters, public appearances, informational and educational materials, as well as request the Comptroller to approve paystub messages to government employees, the revenue from the tax check-offs is inadequate.

This legislative session, attempts were made to have the Executive Branch absorb the Commission’s operating expenses including salaries and administrative expenses. This was unsuccessful. H.B. 2156, and its companion bill H.B. 2438, were submitted by legislators to address the Commission’s funding concerns. It proposed to amend HRS §11-314 to have the general revenues fund the Commission’s operating expenses as well as appropriate moneys to the Commission for operating expenses. In its final form, this bill did not address Commission funding, but rather, amended HRS §11-381(a)(8) to include expenses incurred for memberships in civic or community groups as ordinary and necessary expenses of an office holder. The Commission opposed the bill in its amended form, but it was passed on July 12, 2016 as Act 247.

In consideration of the HECF’s declining balance, the Commission must continue to develop strategies to address the depletion of its funds.

Plan for potential staff transitions and ensure position descriptions are current. On March 1, 2016, having served 35 years in the position, the Commission’s Administrative Assistant retired. A new Administrative Assistant was hired and started work three weeks later. In anticipation of this staff transition, Commission staff worked closely with Department of Accounting and General Services.

Continue Commissioner development through trainings and conferences as well as issuing a Commissioner handbook and orientation of new Commissioners. Commissioners are regularly updated on any new or developing issues (e.g., court cases, public financing concerns, tax laws, etc.) and provided information from annual COGEL conferences. This year’s COGEL conference was held in Boston, MA, in December 2015, and was attended by Commissioner Eldon Ching. As a result of two Commissioners’ terms expiring, Governor Ige appointed Bryan Luke, President and Chief Operating Officer at Hawaii National Bank, and Kenneth Goodenow, a private attorney specializing in family and criminal law in Hilo, Hawaii, to serve 4-year terms ending June 30, 2019. Each of them went through Commission orientations conducted by staff and given Commissioner handbooks.
o **One Year** – Seek general funding of Commission operations including staff salaries and fringe benefits. Evaluate options for the Commission to address fiscal situation as well as examine other revenue streams to sustain Commission operations and programs. Continue to add processes and procedures to each position binder to provide smoother transitions in the future.

o **Two Year/Five Year** – Absent significant revenue coming into the HECF and/or Commission operations being absorbed by general funds, we anticipate the HECF to be close to (or near) depletion during this time frame. Pursuant to HRS §11-422, if the funds are near depletion, the Commission shall be under no obligation to provide public funding.

IV. **Performance Measures**

A. **Customer Satisfaction measure** – In September 2016, the Commission invited registered candidates, committees, corporations, and email subscribers to participate in an online survey to help the Commission evaluate and improve the effectiveness of operations and communications. The survey was divided into five areas: 1) general background information of the survey taker; 2) communication with or access to the Commission; 3) education and training provided by the Commission; 4) compliance and enforcement; 5) public funding; and 6) questions related to the Hawaii Election Campaign Fund, Super PACs and independent expenditures, as well as a general comment question. The deadline to complete this survey is October 15, 2016 so the Commission is unable to report any findings at this time. Notably, this is the fifth year of this survey and past findings have been helpful to the Commission.

B. **Program Standard measure** – The number of serious campaign spending law violations should decline as compliance increases as a result of the Commission’s widely-publicized investigations, as training sessions increase, as enforcement remains proactive and stable, as public use of the Commission’s website increases including employment of more user friendly tools such as graphics of the data contained in our electronic filing systems.

C. **Cost Effectiveness measure** – We believe we can be cost effective if we can continue to carry out our duties and responsibilities without increasing costs significantly. We continually look for new ways to work more efficiently and implement changes accordingly.