

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
ANNUAL REPORT ON GOALS, OBJECTIVES AND POLICIES

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Program ID/Title: AGS 871/Campaign Spending Commission

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

I. Goals

- A. Goal - To improve campaign finance laws and rules to increase transparency, compliance, and ensure the integrity of the campaign finance process.
- B. Goal - To provide training, education, and access to committees for purposes of compliance with, and increasing awareness of, campaign finance laws and rules.
- C. Goal – To increase education, awareness, and access for the public.
- D. Goal – To explore, examine, and implement technological advances and capacities to improve access, reduce paperwork, and increase compliance.
- E. Goal – To obtain compliance with campaign finance laws and rules through enforcement actions.
- F. Goal – To ensure organizational and institutional sustainability.

II. Objectives and Policies

- A. Goal - To improve campaign finance laws and rules to increase transparency, compliance, and ensure the integrity of the campaign finance process.
 - Review existing laws as well as propose and submit legislation as needed.
 - Review existing rules and procedures as well as propose administrative rules as needed.
- B. Goal - To provide training, education, and access to committees for purposes of compliance with, and increasing awareness of, campaign finance laws and rules.
 - Offer and provide training on campaign finance laws and rules.
 - Provide educational and informational materials on how to comply with campaign finance laws and rules.
 - Evaluate the effectiveness of and explore (and implement as needed) new methods of training, education, and communication of information.

- Direct the committees to the Commission's website and continue to improve web-based information as well as other social media applications.
 - Encourage the committees to contact the Commission and/or visit the Commission's office to assist in compliance with campaign finance laws and rules.
 - Issue advisory opinions as requested.
- C. Goal – To increase education, awareness, and access for the public.
- Inform and educate the public about campaign finance laws and rules.
 - Explore and implement improvements to the Commission's online presence and other media applications to provide the public with campaign finance committee data and information.
- D. Goal – To explore, examine, and implement technological advances and capacities to improve access, reduce paperwork, and increase compliance.
- Increase the Commission's capability to process and analyze reported data.
 - 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.
- E. Goal – To obtain compliance with campaign finance laws and rules through enforcement actions.
- Develop escalating penalties for repeat and gross violations and disseminate information about the penalties.
 - Seek enforcement of the campaign finance laws and rules against violators.
- F. Goal – To ensure organizational and institutional sustainability.
- Monitor funding and develop proposals to stabilize funding as needed.
 - Provide Commissioner and staff development.
 - Develop and implement plans for continuity of operations.

- Monitor compliance with the strategic plan and annually report to the Commission, committees, and the public.

III. Action Plan with Timetable

A. Goal - To improve campaign finance laws and rules to increase transparency, compliance, and ensure the integrity of the campaign finance process.

- **Past Year Accomplishments**

Reviewed existing laws as well as propose and submit legislation as needed. For the 2019 Legislative Session, the Commission submitted five (5) bills to the President of the Senate and the Speaker of the House for introduction, of which two (2) were signed into law and went in to effect on July 1, 2019. The bills that passed were:

Act 8 (H.B. No. 165) – This bill was introduced on behalf of the Commission. Requires candidate committees to inform the Commission if they intend to spend or receive \$1,000 or less by June 30th of an election year and noncandidate committees to inform the Commission if they intend to spend or receive \$1,000 or less by the fifth calendar day before the due date of the preliminary report.

Act 107 (S.B. No. 197) – Allows donations to charities and full-time scholarship awards prior to the day after the general election if the candidate wins outright or loses in the primary election. Donations to charities and full-time scholarship awards are currently prohibited from the filing of nomination papers through the general election for charitable donations, or from the nomination paper filing deadline through the general election for full-time scholarship awards.

Act 241 (S.B. No. 138) – This bill was introduced on behalf of the Commission. Requires an October 1st report for candidate committees and the House added another report on April 30th for candidate committees whose candidates file nomination papers by April 25th of an election year.

Reviewed existing rules and procedures as well as propose administrative rules as needed. There were no changes to the Commission’s administrative rules and procedures during this fiscal year.

- **One Year** – Draft and submit legislation seeking technical revisions to the campaign finance laws for purposes of clarity, consistency, and style as well as to seek substantive changes as needed.
- **Two Year/Five Year** – Continue to update the law and monitor whether changes to the Commission’s rules and procedures are needed.

B. Goal - To provide training, education, and access to committees for purposes of compliance with, and increasing awareness of, campaign finance laws and rules.

o **Past Year Accomplishments**

Offered and provided training on campaign finance laws and rules. Most of the onsite training was conducted last fiscal year in anticipation of the 2018 election; however, we did participate on a Hawaii Public Radio program in August 2018 and on another radio show in October 2018, sat on a panel regarding the Constitutional Convention at the University of Hawaii, William S. Richardson School of Law in October 2018, and delivered a training on fundraising to the Democratic Party in January 2019.

Provided educational and informational materials on how to comply with campaign finance laws and rules. In preparation for the 2018 election, the Commission reviewed and revised its training modules which are all available on the Commission's website (i.e., guidebooks, manuals, cyber-learning videos, and PowerPoint presentations). This fiscal year was unusual since the Hawaii Supreme Court invalidated the results of the general election regarding the Honolulu City Council, District 4, race which resulted in an unprecedented Special Election that occurred on April 13, 2019. Efforts to communicate with the two candidates and all noncandidate committees as well as coordinate with the Office of Elections and Honolulu County Clerk's Office were critical.

Evaluated the effectiveness and explored (and implement as needed) new methods of training, education, and communication of information. Current efforts to communicate with committees 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.

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. When candidates file their nomination papers, Office of Elections has included on their Candidate Profile worksheet a section that the candidate initials acknowledging that he/she understood that they need to register with the Commission and file reports. This has been very beneficial. Prior to each election, the Commission meets with Office of Elections and county clerks to address any new concerns/issues as well as to ensure that the process of certifying compliance so that the winning candidates can be sworn into office is operating properly.

Directed the committees to the Commission's website and continued to improve web-based information as well as other social media applications. For purposes of transparency, much of the Commission's operations, business, and finances are posted on the Commission's website including Commissioners' biographies,

meeting agendas and minutes, newsletters, advisory opinions, Hawaii Election Campaign Fund (“HECF”) trust fund 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 on 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 period, we had 174,049 “hits” to our website.

The Commission regularly uses e-blasts as well as Facebook and Twitter accounts to inform and educate committees 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 127 times and we have 903 total subscribers. Notably, subscribers are separated into three groups – candidates (359 subscribers), noncandidate committees (243 subscribers), and the public (301 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 393 tweets with a total tally of over 186,710 impressions or times a tweet has been seen.

Furthermore, the Commission has an ongoing partnership with the State of Hawaii’s Office of Enterprise Technology Services (“ETS”) to improve the Commission’s two statutorily required electronic filing systems for candidate committees and noncandidate committees which provides us with the campaign spending data that we use to provide transparency in elections to the public.

The new candidate dashboard app that was launched at the end of last fiscal year which consolidated campaign spending data filed by candidates and provided for better comparative analyses of the data by office, party, and reporting period, was very helpful and was viewed 13,914 times. Its success helped the Commission to

seek funding to build the noncandidate committee dashboard counterpart in the next fiscal year.

Encouraged the committees to contact the Commission and/or visit the Commission's office to assist in compliance with campaign finance laws and rules. This position has always been emphasized. The Commission handles numerous phone calls, walk-ins, and inquiries daily. A computer is located in our office for committees to file their reports and to seek our assistance.

Issued advisory opinions as requested. There were no advisory opinions requested during this fiscal year.

- **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. Issue advisory opinions as requested.
- **Two Year/Five Year** – Plan, organize, and host trainings in election years. Continue to identify mechanisms to increase education, awareness and access to the committees.

C. Goal – To increase education, awareness, and access for the public.

○ **Past Year Accomplishments**

Informed and educated the public about campaign finance laws and rules. The Commission disseminates to the public information concerning campaign finance by posting anything new/interesting on our website under “What’s New,” publishing biannual newsletters, and e-blasting, tweeting, and posting on Facebook. New laws, legislation, guidance, updates to the guidebooks and manuals, updates to the electronic filing systems, and new forms are examples of what the Commission e-blasts, tweets, and posts. With the Special Election in April 2019, the Commission composed and sent out a special memo and emailed it to all the committees as well as posted it on the Commission’s website and tweeted it to inform the committees of the laws and rules as it applied to the unanticipated election.

Explored and implemented improvements to the Commission’s online presence and other media applications to provide the public with campaign finance committee data and information. 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 political campaigns to enable the public to follow the money of candidate committees’ and noncandidate committees’ participation in Hawaii elections. As

mentioned above, just before this fiscal year came to a close, the Commission decided to add another data visualization app to help the public (and committees) see contributions and expenditures from candidates in a comparative format arranged by office, party, and reporting period. Further, at the close of each election, election data is compiled, sorted, analyzed, and summarized in charts, top 10 lists, and cost per vote which is then posted on the Commission's website.

- **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 – To explore, examine, and implement technological advances and capacities to improve access, reduce paperwork, and increase compliance.

○ **Past Year Accomplishments**

Increased the Commission's capability to process and analyze reported data. During this period, there were no changes to the Commission's electronic filing systems besides house-keeping measures as a result of legislative enactments to improve transparency and disclosure. The Commission continues to rely on its searchable database to run queries on various campaign finance issues.

Maintained 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 scaling and maximizing our hardware/software applications.

The Commission continues its employment of eSign forms for committees to use as an additional and alternative way to submit forms. The new tool was made available through ETS' commitment to employ new technology to improve government efficiency, services, and communication. The success of eSign is tremendous and we have received and processed 1,814 eSign documents during this reporting period.

Effective January 2018, the Commission extended an alternative payment method for those committees fined to achieve a higher level of compliance and offer better convenience to the committees. Specifically, committees who were assessed an administrative fine were informed that they would have the option to pay their fine not only by check, money order, or cash, but with a credit card online via PayPal using their PayPal account or a guest account. The committees were informed that there would be no fee to use this alternative option and that the Commission opted to absorb the fee of 2.9% of the total payment plus \$0.30. The Commission however noted that if at any point in time the Commission was unable to afford these fees or the fees were approaching the state procurement threshold, it would notify the committees that it would have to stop accepting online payments. During this fiscal year, the Commission received 121 payments via PayPal totaling \$25,585.

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.

Maintained awareness of the implications of technological changes on all aspects of campaign finance. 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** - Update guidebooks, manuals, and cyber learning videos. Continue to work closely with the Office of Elections concerning certification of elected officials. Renew our instructor certification with Board of Accountancy.
- **Two Year/Five Year** – Explore other avenues for training and disseminating information.

E. Goal – To obtain compliance with campaign finance laws and rules through enforcement actions.

- **Past Year Accomplishments**

Developed 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 or violate campaign finance laws. 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. Four (4) matters were referred to this office in this fiscal year for collections and enforcement.

As for complaints in this fiscal year, which was an election year, there were 38 which resulted in a total of \$15,163.51 in assessed administrative fines.

- 25 complaints yielded a preliminary determination of a campaign finance violation resulting in \$14,213.51 in assessed administrative fines;
- 3 complaints were withdrawn or dismissed due to compliance resulting in \$950 in assessed administrative fines;
- 3 complaints resulted in conciliation agreements; and
- 1 complaint is pending and is anticipated to be resolved in the next fiscal year.

The remaining complaints were closed or dismissed because they did not result in a finding of a campaign spending violation.

Pursuant to Hawaii Administrative Rules (“HAR”) §3-160-73(d), this annual report is the means in which the Commission reports the amount of fines paid by persons thereby furthering the dissemination of information concerning the penalties. This rule also requires that the Commission adopt a Schedule of Fines for violations which is posted on the Commission’s website and is referred to in all fine letters to the committees.

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

During this fiscal year, a total of \$108,384.18 was assessed in administrative fines and \$32,224.73 was escheated to the HECF due to campaign finance violations. There were 164 conciliation agreements resulting in reduced fines totaling \$44,368.47. The majority of the conciliation agreements concerned the failure to file or the late filing of the Statement of Electioneering Communications (89) followed by the late filing of reports (79).

Most of the Commission’s enforcement actions were a result of late or unfiled reports. Specifically, there were 132 late or unfiled reports which did not involve a complaint or a conciliation agreement (i.e., 75 times from candidate committees and 57 times from noncandidate committees) for a total of \$32,316.21 in assessed administrative fines. Other campaign finance violations that occurred during this period that did not include the issuance of an administrative complaint or a conciliation agreement which resulted in a total of \$16,535.99 in assessed fines include:

- 21 late filing of the Statement of Electioneering Communications resulting in \$5,250 in fines;
- 13 prohibited expenditures resulting in \$2,460.99 in fines;
- 12 failures to register and file organizational reports resulting in \$700 in fines;

- 12 insufficient advertisement disclaimers resulting in \$375 in fines;
 - 10 failures to report expenditures resulting in \$2,500 in fines;
 - 6 failures to report contributions resulting in \$1,500 in fines;
 - 6 excess contributors resulting in \$800 in fines;
 - 3 late fundraiser notices resulting in \$75 in fines;
 - 2 exceeding the expenditure limit resulting in \$1,000 in fines;
 - 1 failure to file the Statement of Electioneering Communications resulting in a \$500 fine;
 - 1 failure to timely deposit contributions resulting in a \$375 fine; and
 - 1 government contractor ban resulting in a \$1,000 fine.
- **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 – To ensure organizational and institutional sustainability.

- **Past Year Accomplishments**

Monitored funding and developed proposals to stabilize funding as needed. The Commission's beginning balance at the close of fiscal year 2018 was \$1,003,228.16. In fiscal year 2019, a total of \$186,619.88 in revenue was realized (i.e., \$145,524 in tax check-offs and \$41,095.88 in other revenue) and a total of \$103,688.08 in expenditures/encumbrances was incurred, thereby closing fiscal year 2019 with a balance of \$1,086,159.96.

Notably, this was the second fiscal year that the Commission's operating expenses including salaries and administrative expenses were absorbed by the Executive Branch and thus general funded. It is expected that this will permit HECF trust funds to replenish and provide a healthier base to pay for public funding for qualified candidates in the upcoming elections. That said, it was a challenging year for the Commission when the Governor restricted spending for all departments and agencies. However, the Commission was able to successfully seek an exemption from the budgetary restrictions thereby permitting it to use most of the funds allocated for this fiscal year.

Provided Commissioner and staff development. Commissioners are regularly updated on any new or developing issues and provided information from annual COGEL conferences. This year's COGEL conference in December 2018 was held in Philadelphia, Pennsylvania, and was attended by Commissioners Stanley Lum and Maryellen Markley as well as Executive Director Kristin Izumi-Nitao and General Counsel Gary Kam.

In May 2019, Associate Director Tony Baldomero attended the annual conference at the PCATT (Pacific Center for Advanced Technology Training) to identify and learn new ways to improve and educate committees and the general public in campaign finance. This year, the symposium was entitled “Data Science and Cybersecurity” which focused on data analytics, cybersecurity, emerging technologies, as well as new projects and concepts defining the human-technology frontier.

Developed and implemented plans for continuity of operations. A new Elections Assistant was hired in May 2019 who transitioned quickly and has been performing well. The transition from trust fund to general funds operations continue to go smoothly.

Monitored compliance with the strategic plan and annually report to the Commission, committees, and the public. Records are organized and kept to satisfy this requirement internally. The annual report is typically prepared and presented in a public Sunshine meeting in the fall to the Commissioners for their consideration and approval. Once approved, the annual report is posted on the Commission’s website.

- **One Year** – Monitor trust fund monies. Continue to add processes and procedures to each position binder to provide smoother transitions in the future.
- **Two Year/Five Year** – Monitor Commission operations to assess whether there are sufficient general funds to cover operating costs as well as trust funds to cover public funding. Implement, oversee, and annually report on the Commission’s strategic plan.

IV. Performance Measures

- A. Customer Satisfaction measure – For the past 7 years, in September/October, the Commission invites candidates, committees, email subscribers, and the public to participate in an online survey to help the Commission evaluate and improve the effectiveness of operations and communications. The survey is 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 HECF, Super PACs and independent expenditures, as well as a general comment question. The results of the survey are assembled and shared with the Commission at a public meeting. Once presented, the survey is then posted on the Commission’s website.
- 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.