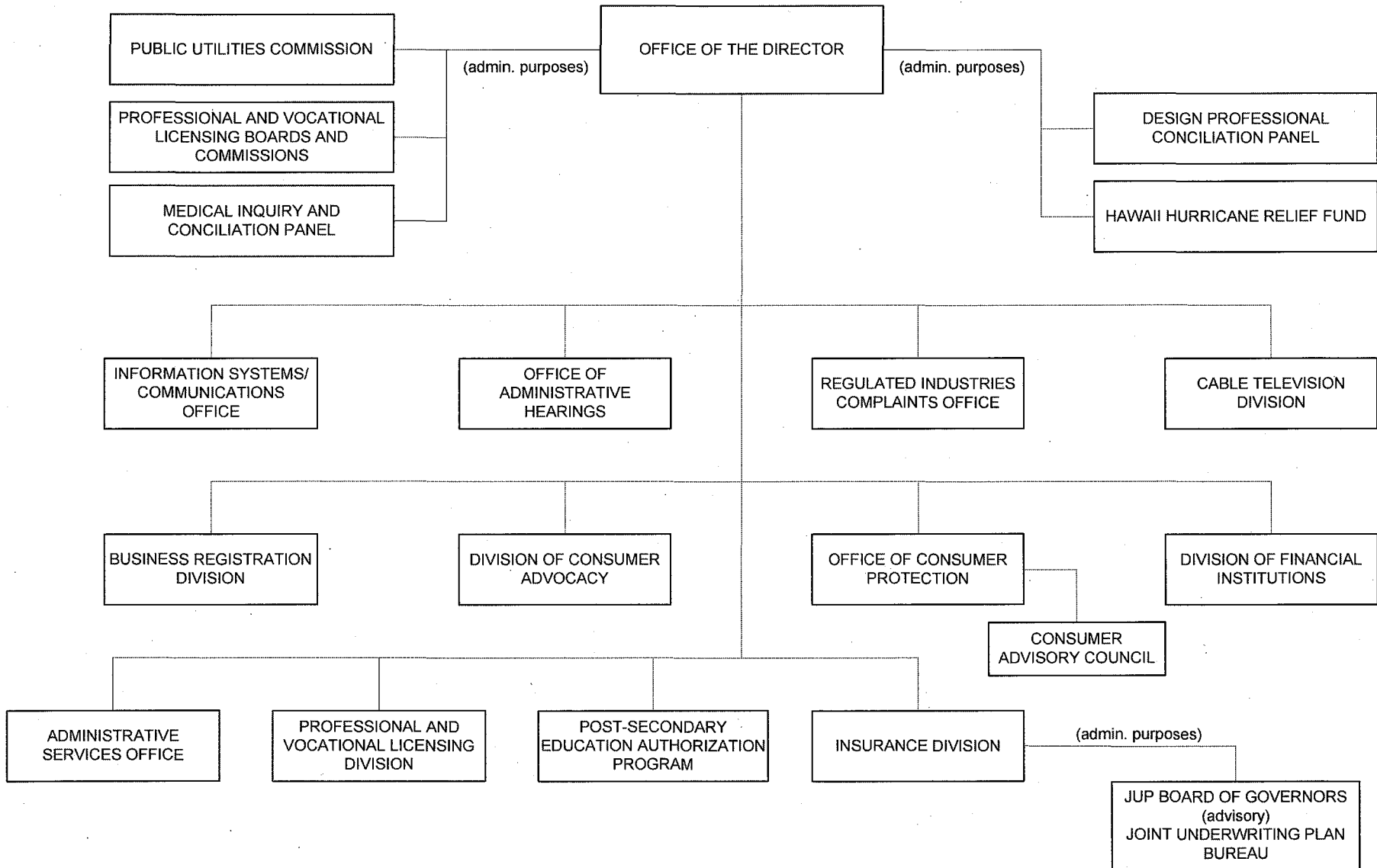




**Department of Commerce and Consumer
Affairs**

**STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
ORGANIZATION CHART**



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

Department Summary

Mission Statement

To promote a strong and healthy business environment by upholding fairness and public confidence in the marketplace, and by increasing knowledge and opportunity for our businesses and citizens.

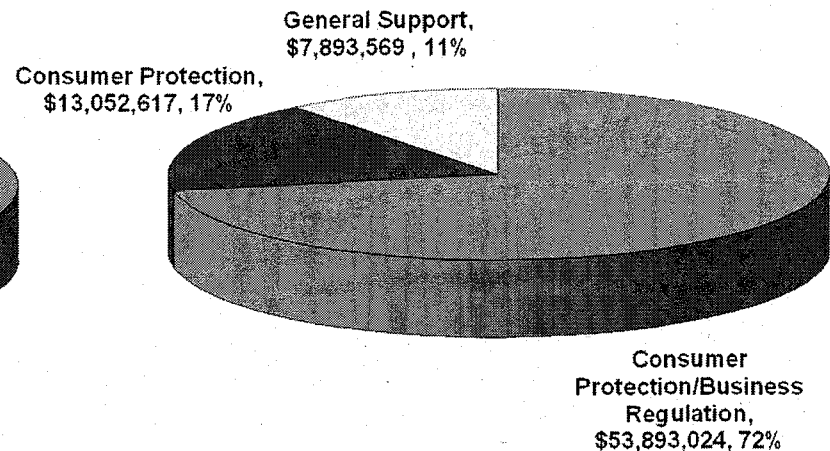
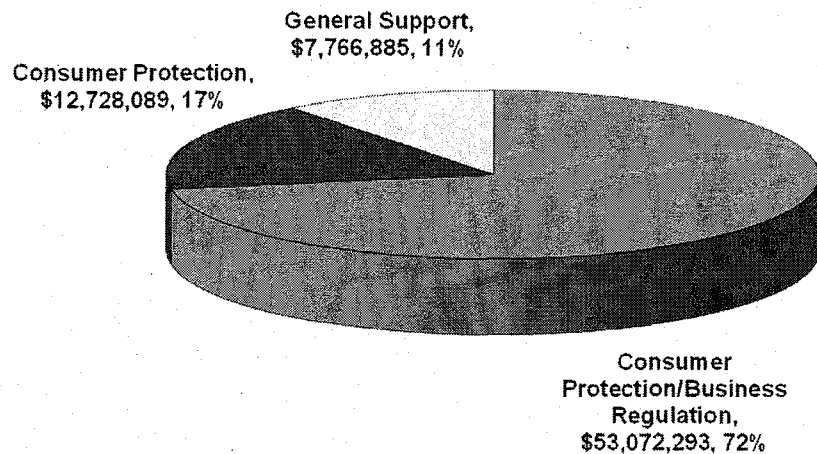
Department Goals

To develop rational business regulation; to achieve fairness and public confidence in the marketplace; and to foster sound consumer practices.

Significant Measures of Effectiveness

	<u>FY 2016</u>	<u>FY 2017</u>
1. Percent of recommended court orders (license violations) in favor of state	95	95
2. Percent of license renewals reviewed and processed in a timely manner pursuant to internal standards	94	94
3. Percent of complaints (cable tv subscribers) addressed within 30 days	99	99

FB 2015-2017 Operating Budget by Major Program Area
FY 2016 FY 2017



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS MAJOR FUNCTIONS

- Develops standards relating to the licensing of and general supervision over the conduct of the financial services industry, the securities industry, professions, businesses, trades, and insurance companies.
- Coordinates consumer protection activities in the State; conducts investigations, research, and enforces laws, rules, and regulations in the area of consumer protection; provides consumer education services and programs.
- Represents, protects, and advances the interest of consumers of utility and interisland water carrier services; conducts investigations; assists and cooperates with Federal, State, and local agencies to protect the consumer's interests.
- Regulates public utilities to ensure regulated companies efficiently and safely provide customers with adequate and reliable services at just and reasonable rates while providing regulated companies with a fair opportunity to earn a reasonable rate of return.
- Grants or denies the issuance of financial services industry, professional, business and trade licenses and registrations; directs investigations or examinations, holds hearings, and suspends, revokes or reinstates licenses and registrations; adopts, amends or repeals such rules as deemed necessary to fully effectuate the provisions of the laws within the Department's scope and jurisdiction.
- Administers the laws of the State relating to corporations; partnerships; companies; trademarks, tradenames; miscellaneous business registrations; the financial services industry; the securities industry; the insurance industry; and provides advice on business formation.
- Ensures that cable subscribers are provided with services that meet acceptable standards of quality, dependability and fair rates; monitors the operations and management of cable television operators; administers the public access television entities' contracts; and promotes the adoption and deployment of broadband services throughout the State.

MAJOR PROGRAM AREAS

The Department of Commerce and Consumer Affairs has programs in the following major program areas:

Individual Rights - Protection of the Consumer

CCA 102	Cable Television
CCA 103	Consumer Advocate for Communication, Utilities, and Transportation Services
CCA 104	Financial Services Regulation
CCA 105	Professional and Vocational Licensing
CCA 106	Insurance Regulatory Services

CCA 107	Post-Secondary Education Authorization
CCA 110	Office of Consumer Protection
CCA 111	Business Registration and Securities Regulation
CCA 112	Regulated Industries Complaints Office
CCA 191	General Support
CCA 901	Public Utilities Commission

**Department of Commerce and Consumer Affairs
(Operating Budget)**

Funding Sources:	Positions	Budget Base	Budget Base	FY 2016	FY 2017
		FY 2016	FY 2017		
Special Funds	\$	412.00	412.00	474.00	474.00
		53,870,315	54,604,534	70,657,593	71,913,481
Other Federal Funds		250,000	250,000	250,000	250,000
		8.00	8.00	8.00	8.00
Trust Funds		2,549,674	2,565,729	2,659,674	2,675,729
		420.00	420.00	482.00	482.00
Total Requirements		56,669,989	57,420,263	73,567,267	74,839,210

Major Adjustments in the Executive Budget Request: (general funds unless noted)

1. Adds \$4,334,650 for FY 16 and \$4,747,154 for FY 17 in special funds for fringe benefits increases.
2. Adds 62.00 positions and \$12,452,628 in special funds for FY 16 and 62.00 positions and \$12,561,793 in special funds for FY 17 to transfer in the Public Utilities Commission from the Department of Budget and Finance pursuant to Act 108, SLH 2014.
3. Adds \$110,000 in trust funds for FY 16 and 17 for the Mortgage Loan Recovery Fund.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID:
 PROGRAM STRUCTURE NO.
 PROGRAM TITLE: **DEPARTMENT OF COMMERCE AND CONSUMER AFFA**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	409.00*	420.00*	482.00*	482.00*	482.0*	482.0*	482.0*	482.0*
PERSONAL SERVICES	29,350,511	35,158,391	47,148,433	48,420,376	48,420	48,420	48,420	48,420
OTHER CURRENT EXPENSES	14,494,176	19,673,451	26,418,834	26,418,834	26,418	26,418	26,418	26,418
EQUIPMENT		37,700						
TOTAL OPERATING COST	43,844,687	54,869,542	73,567,267	74,839,210	74,838	74,838	74,838	74,838
BY MEANS OF FINANCING								
SPECIAL FUND	401.00*	412.00*	474.00*	474.00*	474.0*	474.0*	474.0*	474.0*
	42,568,132	51,994,550	70,657,593	71,913,481	71,912	71,912	71,912	71,912
OTHER FEDERAL FUNDS	253,947	250,000	250,000	250,000	250	250	250	250
TRUST FUNDS	8.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
	1,022,608	2,624,992	2,659,674	2,675,729	2,676	2,676	2,676	2,676
TOTAL POSITIONS	409.00*	420.00*	482.00*	482.00*	482.00*	482.00*	482.00*	482.00*
TOTAL PROGRAM COST	43,844,687	54,869,542	73,567,267	74,839,210	74,838	74,838	74,838	74,838

Department of Commerce and Consumer Affairs
(Capital Improvements Budget)

	<u>FY 2016</u>	<u>FY 2017</u>
Funding Sources:		
General Obligation Bonds	-	-
Federal Funds	-	-
Total Requirements	-	-

Highlights of the Executive CIP Budget Request: (general obligation bonds unless noted)

1. None.

STATE OF HAWAII
 PROGRAM ID
 PROGRAM STRUCTURE NO.
 PROGRAM TITLE

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT
 IN THOUSANDS OF DOLLARS

REPORT B78
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DEPARTMENT OF COMMERCE AND CONSUMER AFFA

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE	BUDGET PERIOD							SUCCEED YEARS		
					PROJECT TOTAL	PRIOR YRS	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18		FY 18-19	FY 19-20
				COST ELEMENT/MOF										
				LAND	3,000	3,000								
				DESIGN	2,001	2,001								
				CONSTRUCTION	28,001	28,001								
				EQUIPMENT	1,998	1,998								
				TOTAL	35,000	35,000								
				G.O. BONDS	35,000	35,000								



Operating Budget Details

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID:
 PROGRAM STRUCTURE NO. 10
 PROGRAM TITLE: INDIVIDUAL RIGHTS

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	409.00*	420.00*	482.00*	482.00*	482.0*	482.0*	482.0*	482.0*
PERSONAL SERVICES	29,350,511	35,158,391	47,148,433	48,420,376	48,420	48,420	48,420	48,420
OTHER CURRENT EXPENSES	14,494,176	19,673,451	26,418,834	26,418,834	26,418	26,418	26,418	26,418
EQUIPMENT		37,700						
TOTAL OPERATING COST	43,844,687	54,869,542	73,567,267	74,839,210	74,838	74,838	74,838	74,838
BY MEANS OF FINANCING								
SPECIAL FUND	401.00*	412.00*	474.00*	474.00*	474.0*	474.0*	474.0*	474.0*
	42,568,132	51,994,550	70,657,593	71,913,481	71,912	71,912	71,912	71,912
OTHER FEDERAL FUNDS	*	*	*	*	*	*	*	*
	253,947	250,000	250,000	250,000	250	250	250	250
TRUST FUNDS	8.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
	1,022,608	2,624,992	2,659,674	2,675,729	2,676	2,676	2,676	2,676
TOTAL POSITIONS	409.00*	420.00*	482.00*	482.00*	482.00*	482.00*	482.00*	482.00*
TOTAL PROGRAM COST	43,844,687	54,869,542	73,567,267	74,839,210	74,838	74,838	74,838	74,838

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **CCA102**
 PROGRAM STRUCTURE NO. **10010301**
 PROGRAM TITLE: **CABLE TELEVISION**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	7.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
PERSONAL SERVICES	635,808	843,807	987,221	1,012,241	1,012	1,012	1,012	1,012
OTHER CURRENT EXPENSES	824,798	1,547,730	1,547,730	1,547,730	1,548	1,548	1,548	1,548
TOTAL OPERATING COST	1,460,606	2,391,537	2,534,951	2,559,971	2,560	2,560	2,560	2,560
BY MEANS OF FINANCING								
SPECIAL FUND	7.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
	1,460,606	2,391,537	2,534,951	2,559,971	2,560	2,560	2,560	2,560
TOTAL POSITIONS	7.00*	8.00*	8.00*	8.00*	8.00*	8.00*	8.00*	8.00*
TOTAL PROGRAM COST	1,460,606	2,391,537	2,534,951	2,559,971	2,560	2,560	2,560	2,560

PROGRAM ID: CCA102
 PROGRAM STRUCTURE: 10010301
 PROGRAM TITLE: CABLE TELEVISION

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
MEASURES OF EFFECTIVENESS								
1. % HOMES WHERE CABLE TV SERVICE AVAILABLE IN STATE	99	99	99	99	99	99	99	99
2. %COMPL BY CABLE TV COM SYS W/STATE & REG RPTG REQS	99	99	99	99	99	99	99	99
3. % COMPLAINTS ADDRESSED WITHIN 30 DAYS	99	99	99	99	99	99	99	99
4. % BROADBAND PROJECTS/ACTIVITIES COMPLETED	99	99	99	99	99	99	99	99
PROGRAM TARGET GROUPS								
1. HAWAII HOUSEHOLDS (000)	560	570	530	540	550	560	560	560
2. HAWAII BUSINESSES (000)	54	55	34	34	36	36	36	36
3. CABLE TELEVISION SUBSCRIBERS (000)	379	369	393	391	389	387	385	383
4. CABLE TELEVISION COMPANIES	2	2	2	2	2	2	2	2
5. PEG ACCESS ORGANIZATIONS	4	4	4	4	4	4	4	4
6. BROADBAND SUBSCRIBERS (000)	411	420	429	439	449	459	469	479
PROGRAM ACTIVITIES								
1. # POL & STDS PROCEEDINGS FOR CABLE COM SVCS (CCS)	2	2	12	12	12	12	12	12
2. # OF CATV APPLICATIONS REVIEWED BY CATV	1	1	1	1	1	1	1	1
3. # INSP, INVSTGN, COMPL REVIEWS BEGUN/ENDED BY CATV	13	13	13	13	13	13	13	13
4. # TESTMNS REL TO CABLE COM TO LEG, CONG, GOVT AGEN	10	10	10	10	10	10	10	10
5. # MTGS ON DEV, CONST, USE OF FACIL REL TO CCS	4	4	4	4	4	4	4	4
6. # OF COMPLAINTS AND INQUIRIES RECEIVED	260	260	280	280	280	280	280	280
7. # RATE FILINGS RECEIVED AND EXAMINED BY CATV	8	8	6	6	6	6	6	6
8. # OF INET PROJ REQUESTS RECEIVED/PROCESSED	58	58	75	75	75	75	75	75
9. # OF PEG ACCESS RELATED ACTIVITIES	300	300	325	325	325	325	325	325
10. # OF BROADBAND RELATED ACTIVITIES	120	130	140	150	150	150	150	150
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
LICENSES, PERMITS, AND FEES	2,056	2,000	2,000	2,000	2,000	2,000	2,000	2,000
REVENUES FROM THE USE OF MONEY AND PROPERTY	9	10	10	10	10	10	10	10
TOTAL PROGRAM REVENUES	2,065	2,010	2,010	2,010	2,010	2,010	2,010	2,010
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
SPECIAL FUNDS	2,065	2,010	2,010	2,010	2,010	2,010	2,010	2,010
TOTAL PROGRAM REVENUES	2,065	2,010	2,010	2,010	2,010	2,010	2,010	2,010

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.

A. Statement of Program Objectives

To foster the development of responsive and reliable cable television communications services for the people of Hawaii, by promoting the public interest in authorizations by the state regarding cable television franchises; regulate basic cable television rates and service to ensure compliance with applicable state and federal law; expand the statewide institutional network (INET); continue the availability of public, education and government (PEG) cable access; and to engage in activities promoting the expansion of, and accelerating, the deployment of broadband infrastructure.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Increase special funds ceiling by \$92,410 in FY16 and \$101,693 in FY 17 for fringe benefits.

C. Description of Activities Performed

1. Franchising is the single most important tool by which the division can determine and build in requirements for quality services. This applies to new franchises, franchise renewals and transfers of franchises.
2. Technical inspections and reporting requirements are an important means by which quality cable communications services can be assured. The program continues to enforce and monitor compliance with applicable orders, laws, and rules.
3. Long-range planning to enhance the division's ability to identify new and improved services, future community needs and interests and enhancing technologies.

4. Monitor complaint responses and complaint resolution to ensure improved consumer service.
5. Support PEG access to promote diversity of programming while procuring PEG contracts pursuant to Act 93, SLH 2014.
6. Advocate for Hawaii's broadband future pursuant to Act 199, SLH 2010 and Act 151, SLH 2011, and continue to utilize work groups to develop procedures for streamlined permitting functions applicable to the development of broadband services or technology.
7. Expansion of the State's INET in a manner that is efficient and effective for the State.

D. Statement of Key Policies Pursued

1. To continue the policy of greater access to cable and broadband services to the extent possible in light of topography and economics.
2. To meet community needs and interests by encouraging the continued accessibility of local educational, governmental and public programming to all cable systems and broadband services.
3. To promote a coordinated approach to planning the State's future cable communication infrastructure, in part, by monitoring and participating in proceedings on both the federal and local level.
4. To use cable communications to bring Hawaii's geographically dispersed communities closer together and to enrich Hawaii's diverse ethnic and cultural groups.
5. To encourage the cable industry to take a significant role in business development and job formation in Hawaii.

6. To pursue broadband policy and funding opportunities for the State of Hawaii.

E. Identification of Important Program Relationships

1. In cable regulation, federal law and state law must be applied together. Communications and working relationships with the Federal Communications Commission and members of Congress will continue to be developed and maintained. For the broadband advisory assistance council, working relationships have been developed with various federal, state and county agencies and representatives from the private sector.
2. Education and government institutions are important constituencies of cable regulation due to a federal law promoting access programming. Independent public producers continue to provide input to the division.
3. Consumers continue to have high priority in the cable regulatory program.
4. Cable operators are large, multiple system operators.

F. Description of Major External Trends Affecting the Program

Rate regulation by the State has been limited, pursuant to federal laws and orders. The Cable Communications Policy Act of 1984, Television Consumer Protection and Competition Act of 1992, and the Telecommunications Act of 1996 continue to spawn litigation and uncertainty in cable regulation and broadband services. The Telecommunications Act of 1996, which allows cable operators to develop advanced informational services and to enter local telephone and communications markets, also fosters entry by communication providers

to the cable market. Local providers have already crossed over into these markets, consistent with national trends. As communications and cable television services migrate to Internet Protocol-based technologies, wireless broadband will enable these and more services for portable devices, blurring the lines between cable television services and informational services. The fact that technological advancements are quickly changing the way that cable services can be provided, among other issues, will provide additional challenges to the division.

G. Discussion of Cost, Effectiveness, and Program Size Data

The division's work load has steadily increased with the addition of broadband responsibilities, changes to the cable market, and increased desire by others for funding from the cable franchise fees. The division's broadband activities range from efforts to map the availability of broadband service statewide; planning efforts to facilitate broadband infrastructure development for unserved and underserved communities; working on partnerships with other public and private agencies to expand and expedite broadband adoption; and participating in Federal Communications Commission proceedings related to reforms affecting funding for telecommunications and broadband. The program size data does not accurately capture the increasing level of activity and the complexity of the issues with which the division is dealing. Because broadband is driven by fast changing technologies, keeping staff up to date in this area continues to be a priority.

H. Discussion of Program Revenue

Program revenue is derived from annual fees assessed to franchised cable operators, consistent with federal law and based upon the operators' annual gross revenues.

I. Summary of Analysis Performed

The 2010 Hawaii State Legislature passed Act 199, amended by Act 151, SLH 2011, which added broadband responsibilities to Chapter 440G, HRS, with the objective to enhance access and availability of advanced broadband services at competitive and affordable price and cost.

J. Further Considerations

The State needs to remain flexible as rapid developments in both technology and the law continue to occur. As it is in the public interest to closely coordinate all communications planning through specific programs to take advantage of what each technology has to offer, it is logical and efficient for the division to continue to work on cable television and broadband activities in concert.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: CCA103
 PROGRAM STRUCTURE NO. 10010302
 PROGRAM TITLE: CONSUMER ADVOCATE FOR COMM, UTIL & TRAN

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	23.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
PERSONAL SERVICES	1,428,339	2,009,224	2,337,429	2,419,501	2,419	2,419	2,419	2,419
OTHER CURRENT EXPENSES	878,565	1,821,712	1,821,712	1,821,712	1,822	1,822	1,822	1,822
TOTAL OPERATING COST	2,306,904	3,830,936	4,159,141	4,241,213	4,241	4,241	4,241	4,241
BY MEANS OF FINANCING								
SPECIAL FUND	23.00*	24.00*	24.00*	24.00*	24.0*	24.0*	24.0*	24.0*
	2,306,904	3,830,936	4,159,141	4,241,213	4,241	4,241	4,241	4,241
TOTAL POSITIONS	23.00*	24.00*	24.00*	24.00*	24.00*	24.00*	24.00*	24.00*
TOTAL PROGRAM COST	2,306,904	3,830,936	4,159,141	4,241,213	4,241	4,241	4,241	4,241

PROGRAM ID: CCA103
 PROGRAM STRUCTURE: 10010302
 PROGRAM TITLE: CONSUMER ADVOCATE FOR COMMUNICATIONS, UTIL & TRANSPORTATION SVCS

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
MEASURES OF EFFECTIVENESS								
1. AVG % PUC DECSNS ACPT AGRMNT ENTRD BY CA WRU	75	75	75	75	75	75	75	75
2. CONS SAVINGS DUE TO PARTIC IN UTIL PROC (000'S)	15000	15000	15000	15000	15000	15000	15000	15000
3. CONS SAV DUE TO PARTIC IN WATER CARR PROC (000'S)	1000	0	1000	0	1000	0	1000	0
4. % PROCEDURAL DEADLINES MET	100	100	100	100	100	100	100	100
5. # OF PEOPLE REACHED THRU EVENTS/DIST PUBLICATIONS	2000	2000	4500	4500	4500	4500	4500	4500
6. % OF COMPLAINTS RESPONDED TO WITHIN 24 HOURS	100	100	100	100	100	100	100	100
7. % OF ALT ENERGY SOURCES USED BY ELECTRIC UTILITIES	24	15	16	21	22	22	22	22
PROGRAM TARGET GROUPS								
1. DE FACTO POPULATION IN HAWAII (000'S)	1500	1500	1562	1562	1562	1562	1562	1562
2. # OF RESIDENTIAL ELECTRICAL METERS (000'S)	425	429	433	437	441	444	444	444
3. # OF NON-RESIDENTIAL USERS (000'S)	68	69	70	71	72	73	73	73
4. # OF ELECTRIC PUBLIC UTILITIES REGULATED BY PUC	4	4	4	4	4	4	4	4
5. # OF SUPPLIERS OF ELEC ENERGY TO ELEC PUB UTILS	35	37	39	43	45	48	48	48
6. # TELECOM COMMON CAR (FED & ST LIC) OPER IN HI	180	180	180	180	150	150	150	150
7. # PIPD GAS, WATR, WAST WATR PUB UTIL REG BY PUC	43	43	43	43	43	43	43	43
8. #PROP MOTOR CARRIERS HLDG CERT PUBLIC CONV & NESSTY	600	600	600	600	600	600	600	600
9. # PASS CARRIERS HLDG CERT PUBLIC CONV & NESSTY	690	690	690	690	690	690	690	690
10. # WATER CARRIERS REGULATED BY PUC	3	3	3	3	3	3	3	3
PROGRAM ACTIVITIES								
1. # OF UTILITY GENERAL RATE APPL REVIEWED BY DIV	7	7	7	7	7	7	7	7
2. #OF GEN TARIFF CHGS FILED BY MOTOR CARR REV BY DIV	10	10	10	10	10	10	10	10
3. # OF NON-RATE APPL BY UTIL COMP REV BY DIV	120	120	120	120	120	120	120	120
4. #OF INVST FOR QUAL SVC/OPER INTEG PARTIC IN BY DIV	1	1	2	2	2	2	2	2
5. # RULE-MKG PROC/GENERIC DCKTS PARTIC IN BY DIV	10	10	10	10	10	10	10	10
6. # OF EDUCATION/OUTREACH EVENTS ATTENDED	4	4	4	4	4	4	4	4
7. # OF NEWSLETTERS/PUBLICATIONS CREATED	4	4	4	4	4	4	4	4
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
REVENUES FROM THE USE OF MONEY AND PROPERTY	14	12	12	12	12	12	12	12
NON-REVENUE RECEIPTS	3,065	3,831	3,831	3,831	3,831	3,831	3,831	3,831
TOTAL PROGRAM REVENUES	3,079	3,843	3,843	3,843	3,843	3,843	3,843	3,843
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
SPECIAL FUNDS	3,079	3,843	3,843	3,843	3,843	3,843	3,843	3,843
TOTAL PROGRAM REVENUES	3,079	3,843	3,843	3,843	3,843	3,843	3,843	3,843

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.

Program Plan Narrative

CCA103: CONSUMER ADVOCATE FOR COMMUNICATION, UTILITIES & TRANSPORTATION SERVICES

10 01 03 02

A. Statement of Program Objectives

Through advocacy, education, and long-range planning, to ensure sustainable, reliable, safe, and quality communications, utility and transportation services at fair cost for Hawaii's consumers for the short and long term.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Increase special funds ceiling by \$216,434 in FY16 and \$264,020 in FY 17 for fringe benefits.

C. Description of Activities Performed

1. The division advocates positions on behalf of consumers of utility and transportation services before the State of Hawaii Public Utilities Commission (PUC), the Federal Communications Commission (FCC), and other federal, state and local agencies. The division is a party to every application before the PUC and includes, but is not limited to, applications for authority to modify or offer new services; rate and fare proposals; revenue requirements; finance transactions review of capital improvement projects; and generic proceedings that affect all companies in an industry, to name a few examples.
2. Compliance investigations are conducted regarding the adequacy and efficiency of utility services.
3. Education of consumers through web site, newsletters, sponsored events, and attendance at trade-shows, fairs, business and community meetings.

D. Statement of Key Policies Pursued

1. Ensure robust utility infrastructures and regulated services. This program is highly proactive in implementing the objectives and policies for transportation, energy and telecommunications systems stated in the Hawaii State Planning Act, HRS, §226-17, 18 and 18.5, respectively. The program advances the public interest by advocating for dependable, efficient and reasonably priced utilities and transportation services.
2. Fostering the adoption of renewable energy and energy efficiency resources. The program considers the long-term benefits of renewable resources and energy efficiency measures consistent with state objectives, which helps to attract investment in Hawaii for various utility projects.
3. Provide jobs; stabilize and diversify Hawaii's economy. The program endeavors to ensure the availability of high quality utility and transportation services to facilitate customers, businesses, and industries needs.
4. Maintain a healthy visitor industry. The program provides Hawaii a voice before regulatory agencies to encourage reasonably-priced utility services to ensure that Hawaii remains competitive with other tourist destinations.
5. Educate people about utility matters that affect them, how they can be wiser consumers, and how they can more fully participate in the regulatory process. Encourage consumers to play a more active role in moving our state's energy and other utility policies forward.

E. Identification of Important Program Relationships

1. Federal regulatory policies should be consistent with components of the Hawaii State Plan. However, Hawaii's uniqueness may, at times, require exemption from federal policies in selected areas and this program may need to make filings before the FCC or other federal agencies to protect Hawaii's interests.
2. Because the PUC makes fact-based findings and determinations, this program provides the PUC with well researched, fact-based recommendations consistent with administrative initiatives and consumers' interests.
3. At the county level, there are occasional overlaps that require coordination with county ordinances and regulatory policies.
4. Various state and county agencies, such as the Department of Health, Department of Business and Economic Development and Tourism, Department of Agriculture, and the Department of Transportation, are continually consulted.

F. Description of Major External Trends Affecting the Program

1. Movement toward competition in the electric, transportation and telecommunications industries and resulting changes in regulation.
2. Changing governmental policies and technological developments in the energy field. Promotion of renewable energy and energy efficiency are examples. In addition, changing environmental regulations are affecting how utility service is provided and at what cost.

3. The growth of wide-spectrum telecommunications and changes in governmental policies are affecting the quality, quantity, nature and pricing of communication services as well as the implementation of universal service support.
4. A recovering economy and changing demands affecting regulated services have caused an increase in rate increase requests.
5. Growing community awareness and other factors have increased public input into the regulatory process, which can require greater resources.

G. Discussion of Cost, Effectiveness, and Program Size Data

1. The program has changed its area of emphasis and the methods by which it carries out the program directives. The program has reduced emphasis in some areas of responsibility and focused more on certain utility services and educational outreach. The Program has secured significant customer savings in rate proceedings and supported various alternative energy projects.
2. The program has fourteen of twenty-five positions filled, and also relies upon consultant services where the size, scope, and sophistication of the problems confronting consumers require specialized expertise.

H. Discussion of Program Revenue

Not applicable.

I. Summary of Analysis Performed

Four studies analyzed and evaluated the current regulatory program: (1) "Management Audit of the Public Utilities Commission and the Division of Consumer Advocacy" (January 2004); (2) "Management Audit of the Public Utilities Program of the State of Hawaii," (February 1989); (3) "Management Study of the Public Utilities Division, Department of Regulatory Agencies and the Public Utilities Commission," (January 1980); and (4) "Management Audit of the Public Utilities Program," (August 1975, three volumes). The Legislative Auditor has made several recommendations affecting the Program.

J. Further Considerations

The Program has implemented some of the recommendations and continues to evaluate other recommendations included in the 2004 study as well as identifying other measures that should enhance the Program's effectiveness.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **CCA104**
 PROGRAM STRUCTURE NO. **10010303**
 PROGRAM TITLE: **FINANCIAL SERVICES REGULATION**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	34.00*	34.00*	34.00*	34.00*	34.0*	34.0*	34.0*	34.0*
PERSONAL SERVICES	2,263,582	2,971,144	3,418,970	3,541,136	3,541	3,541	3,541	3,541
OTHER CURRENT EXPENSES	323,446	633,776	633,776	633,776	634	634	634	634
TOTAL OPERATING COST	2,587,028	3,604,920	4,052,746	4,174,912	4,175	4,175	4,175	4,175
BY MEANS OF FINANCING								
SPECIAL FUND	34.00*	34.00*	34.00*	34.00*	34.0*	34.0*	34.0*	34.0*
TRUST FUNDS	2,587,028	3,384,920	3,832,746	3,954,912	3,955	3,955	3,955	3,955
		220,000	220,000	220,000	220	220	220	220
TOTAL POSITIONS	34.00*	34.00*	34.00*	34.00*	34.00*	34.00*	34.00*	34.00*
TOTAL PROGRAM COST	2,587,028	3,604,920	4,052,746	4,174,912	4,175	4,175	4,175	4,175

PROGRAM ID: CCA104
 PROGRAM STRUCTURE: 10010303
 PROGRAM TITLE: FINANCIAL SERVICES REGULATION

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
MEASURES OF EFFECTIVENESS								
1. % INST EXAMND IN TIMELY MANNER PURS TO STAT RULES	90	96	93	92	93	91	93	92
2. %COMPL FI,ED,MT,MS,MLO APP PROC TMLY & PRS TO STAT	90	90	94	94	94	94	94	94
3. % WRITTEN INQS REVIEWED/PROCESSED W/IN 30 DAYS	75	80	60	60	60	60	60	60
4. % LIC RENWLS REVIEW/PROC TIMELY, PURS TO STDS	95	95	94	94	94	94	94	94
5. % AUDITED FINANCIAL STATEMTS REVIEWED W/IN 60 DAYS	85	85	93	93	93	93	93	93
PROGRAM TARGET GROUPS								
1. DE FACTO POPULATION IN HAWAII (000)	1500	1500	1562	1562	1562	1562	1562	1562
2. FI,ED,MT,MS,MLO,MLOC BRNCHS & OTHER OFCS REGULATED	2800	2800	4990	5280	5570	5860	6150	6440
PROGRAM ACTIVITIES								
1. # FIN INST BRANCHES & OTHER OFFICES EXAMINED	211	230	239	238	241	236	241	238
2. # OF APP OF FIN INST,ED,MT,MS,MLO,MLOC REVIEWED	675	650	720	720	720	720	720	720
3. # OF INQUIRIES RECEIVED	6100	6100	6750	6750	6750	6750	6750	6750
4. # OF LICENSES RENEWED	1535	1535	2452	2662	2917	3067	3367	3617
5. # AUDITED FIN STATEMENTS RECEIVED FOR REVIEW	68	68	75	75	75	75	75	75
6. # OF WRITTEN COMPLAINTS RECEIVED	60	60	60	60	60	60	60	60
7. # OF ED, MT, BRANCHES & AUTH LOCATIONS EXAMINED	54	27	68	27	80	33	80	33
8. # OF MORG LOAN ORGNTR CO & MORG LOAN ORGNTRS EXAM	6	6	53	74	74	74	74	74
9. # OF INVESTIGATIONS RECEIVED	65	65	60	60	60	60	60	60
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
TAXES	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
LICENSES, PERMITS, AND FEES	345	368	371	376	376	376	376	376
REVENUES FROM THE USE OF MONEY AND PROPERTY	12	11	11	11	11	11	11	11
CHARGES FOR CURRENT SERVICES	1,987	2,019	2,080	2,074	2,114	2,115	2,143	2,139
TOTAL PROGRAM REVENUES	4,344	4,398	4,462	4,461	4,501	4,502	4,530	4,526
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
SPECIAL FUNDS	4,344	4,398	4,462	4,461	4,501	4,502	4,530	4,526
TOTAL PROGRAM REVENUES	4,344	4,398	4,462	4,461	4,501	4,502	4,530	4,526

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.

A. Statement of Program Objectives

To ensure the safety and soundness of state-chartered and state-licensed financial institutions, and ensure regulatory compliance by state-licensed financial institutions, escrow depositories, money transmitters, mortgage servicers, mortgage loan originators and mortgage loan originator companies, by fairly administering applicable statutes and rules, in order to protect the rights and funds of depositors, borrowers, consumers and other members of the public.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Increase in special funds ceiling by \$237,331 in FY16 and \$294,549 in FY 17 for fringe benefits.

Increase in trust funds ceiling by \$110,000 in FY 16 and \$110,000 in FY 17 for Mortgage Loan Recovery Fund for other current expenses for the Division of Financial Institutions.

C. Description of Activities Performed

The division is responsible for the licensure, examination and supervision of state-chartered and licensed banks, trust companies, savings banks, savings and loan associations, financial services loan companies, credit unions, escrow depositories, money transmitters, mortgage servicers, mortgage loan originators and mortgage loan originator companies.

D. Statement of Key Policies Pursued

The division's greatest challenge is to be responsive to changes in the financial services industry. This is accomplished through: ensuring that the division's laws, rules, policies, procedures and resources enable the

division to effectively and efficiently regulate and supervise the financial services industry, and maintaining a work force that is highly skilled and effective through continuous and on-going training.

E. Identification of Important Program Relationships

Uniformity, consistency and cooperation among federal and other state financial regulators is required to maintain public confidence in the financial system, especially with the continuing economic uncertainties and the emerging new products (i.e. crypto-currency) and delivery channels (i.e. internet and cell phone), implementation of the federal financial modernization laws allowing affiliations among banks and other financial services companies, increased emphasis on compliance with federal Bank Secrecy Act and anti-money laundering laws, and the sweeping restructuring of U.S. financial services industry due to the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010. Existing laws, policies, and procedures for coordinating the supervision of financial service providers (including the conduct of joint examinations, coordinated processing of applications, sharing of confidential supervisory information, and coordinated efforts for enforcement actions) between the federal and state regulatory agencies continue to be reviewed and refined to achieve optimal supervisory efficiency to protect the public while minimizing the regulatory burdens on the financial services industry.

F. Description of Major External Trends Affecting the Program

The nation and Hawaii appear to be slowly recovering from the mortgage crisis that began in 2007 and evolved into a full-scale financial crisis that resulted in unprecedented economic disruptions both nationally and globally; however, major uncertainties still remain and the economy is fragile. The passage of the Dodd-Frank Act in 2010 resulted in the most

sweeping changes to financial regulation in the U.S. since the Great Depression, and affects almost every aspect of the U.S. financial services industry, including consumer protection; systemic risks; large, complex institutions; liquidation procedures for systemically significant institutions; executive compensation; corporate governance; mortgage practices; and the structure and powers of the federal financial regulatory agencies. The Dodd-Frank Act requires the federal agencies to adopt over 200 rules. In addition, a major overhaul of the international capital standards, Basel III, is being proposed by the global financial regulators to strengthen capital requirements and address the risk of systemically significant institutions.

Meanwhile, the financial services industry continues to undergo dramatic and stunning changes to its operations, structure, and risk profile due to increased competition from non-banking entities; new products and delivery channels; and new laws and rules regarding the elimination of legal barriers to affiliations among banks and other financial services companies, financial privacy, identity theft, terrorism, capital, and liquidity. Simultaneously, there is focus on cybersecurity as the use of cash declines and the use of electronic payments increases.

As the economy slowly improves, Hawaii's financial institutions continue to deal with the impact of the disruptions and resulting steps taken to restore stability and prevent future crises. Hawaii's financial institutions are addressing and adapting to all the changes in their regulatory and competitive environment.

The division has and will continue to closely monitor the impact of all of these changes and disruptions on the financial industry and on individual companies. This has and will continue to require increased supervision of individual companies; review of all new federal laws and rules to determine whether division must submit legislation to change conflicting or inconsistent State laws or amend or adopt administrative rules; adopt

supervisory protocols and agreements with other state and federal agencies to cooperate and coordinate supervisory activities; increase coordination and cooperation with other federal and state agencies that serve as the functional regulators of certain financial institution activities; implement new examination procedures and enhance other program activities; and develop and maintain a highly skilled and effective work force. The division continues to work closely with the private sector, law enforcement, and other state and federal agencies to protect the financial sector.

G. Discussion of Cost, Effectiveness, and Program Size Data

Work load continues to increase substantially. In FY 14 the actual number of institutions and offices regulated, licenses renewed, and applications, inquiries and complaints received were all greater than previously projected. The increase was due not only to a continuing increase in the number of licensees for two new programs requiring the regulation of mortgage servicers, mortgage loan originators, and mortgage loan originator companies, but also due to changes in the other financial services industries regulated, as those industries reacted and adjusted to economic uncertainties, evolving and increasing competition, and newly enacted laws, rules and regulations. Further, the program data does not reflect the increasing complexity of issues the division must review as the financial services industry evolves and as new laws, rules and regulations are enacted that require more comprehensive and enhanced examinations and supervisory efforts.

H. Discussion of Program Revenue

Revenues are generated primarily from the franchise tax, financial institution assessments, application fees, license fees, examination fees, and administrative fines. Revenue estimates were based on the current

level of program activities as adjusted for projected changes primarily based on number of pending applications and plans to fill all vacancies in the examination branch.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **CCA105**
 PROGRAM STRUCTURE NO. **10010304**
 PROGRAM TITLE: **PROFESSIONAL & VOCATIONAL LICENSING**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	62.00*	62.00*	62.00*	62.00*	62.0*	62.0*	62.0*	62.0*
PERSONAL SERVICES	4,348,426	5,243,356	5,979,445	6,097,708	6,098	6,098	6,098	6,098
OTHER CURRENT EXPENSES	1,858,142	2,901,443	2,501,443	2,501,443	2,501	2,501	2,501	2,501
TOTAL OPERATING COST	6,206,568	8,144,799	8,480,888	8,599,151	8,599	8,599	8,599	8,599
BY MEANS OF FINANCING								
SPECIAL FUND	54.00*	54.00*	54.00*	54.00*	54.0*	54.0*	54.0*	54.0*
	5,320,701	6,040,488	6,341,895	6,444,103	6,444	6,444	6,444	6,444
	8.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
TRUST FUNDS	885,867	2,104,311	2,138,993	2,155,048	2,155	2,155	2,155	2,155
TOTAL POSITIONS	62.00*	62.00*	62.00*	62.00*	62.00*	62.00*	62.00*	62.00*
TOTAL PROGRAM COST	6,206,568	8,144,799	8,480,888	8,599,151	8,599	8,599	8,599	8,599

PROGRAM ID: CCA105
PROGRAM STRUCTURE: 10010304
PROGRAM TITLE: PROFESSIONAL AND VOCATIONAL LICENSING

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
MEASURES OF EFFECTIVENESS								
1. % NEW LICENSES ISSUED WITHIN 10-12 BUSINESS DAYS	95	95	95	95	95	95	95	95
2. % LICENSEES RENEWED WITHIN 10-12 BUSINESS DAYS	97	97	97	97	97	97	97	97
3. % PVL-PROPOSED LEGISLATIVE MEASURES ENACTED	90	90	90	90	90	90	90	90
PROGRAM TARGET GROUPS								
1. DE FACTO POPULATION IN HAWAII (000)	1500	1500	1562	1562	1562	1562	1562	1562
2. PERS/BUS LIC BY PVL (ALL STATUSES)	367950	371630	400000	400000	400000	400000	400000	400000
3. PERS/BUS LICENSED BY PVL (CURR AND ACT)	141150	142560	145425	145425	145425	145425	145425	145425
4. REG BOARDS, COMMISSIONS, PROG ASSIGNED TO PVL	48	48	48	48	48	48	48	48
PROGRAM ACTIVITIES								
1. # OF PROF & VOC APPLICATIONS RECEIVED	13640	13900	14160	14420	14680	14940	15200	15460
2. # OF EXAMINEES & REEXAMINEES	9740	9930	10120	10310	10500	10690	10880	11070
3. # OF APPLICANTS LICENSED	9946	10045	10145	10246	10348	10451	10554	10657
4. # OF PERMITS ISSUED	1515	1540	1565	1590	1615	1640	1665	1690
5. # OF LICENSES RENEWED	69795	70492	71196	71907	72626	73352	74078	74804
6. # OF UPDATE TRANSACTIONS FOR LICENSES	200425	200435	200455	200455	200465	200745	201025	201305
7. # CONDO REQUESTS, APPLS, REPORTS & EDUC OFFERINGS	21500	21500	28000	28000	28000	28000	28000	28000
8. # OF REAL ESTATE REQUESTS AND EDUC OFFERINGS	105000	105000	105000	105000	105000	105000	105000	105000
9. # OF TIME SHARE/SUBDIVISION FILINGS RECEIVED	7	7	20	20	20	20	20	20
10. # OF NEW/REVISED HI ADMIN RULES PROMULGATED	3	2	3	3	3	3	3	3
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
LICENSES, PERMITS, AND FEES	4,629	3,668	4,282	3,869	4,329	3,619	4,528	3,668
REVENUES FROM THE USE OF MONEY AND PROPERTY	16	12	12	12	12	12	12	12
CHARGES FOR CURRENT SERVICES	2,085	1,685	1,833	1,707	1,836	1,682	1,858	1,685
NON-REVENUE RECEIPTS	572	1,969	538	1,969	538	1,969	538	1,969
TOTAL PROGRAM REVENUES	7,302	7,334	6,665	7,557	6,715	7,282	6,936	7,334
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	2							
SPECIAL FUNDS	6,724	5,365	6,127	5,588	6,177	5,313	6,398	5,365
ALL OTHER FUNDS	576	1,969	538	1,969	538	1,969	538	1,969
TOTAL PROGRAM REVENUES	7,302	7,334	6,665	7,557	6,715	7,282	6,936	7,334

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.

A. Statement of Program Objectives

To ensure that the individual is provided with professional, vocational, and personal services meeting acceptable standards of quality, equity and dependability by establishing and enforcing appropriate service standards; to regulate activities for the protection, welfare and safety of the participants as well as the public.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Increase special funds ceiling by \$369,436 in FY16 and \$369,215 in FY 17 for fringe benefits.

C. Description of Activities Performed

The program is responsible for the licensing and regulation of 48 different professions and vocations. It provides administrative support to 25 regulatory licensing boards and, on behalf of the director of the department, administers 23 regulatory licensing programs.

The trust funds are dedicated to specific statutory purposes to educate the licensees who are the contributors to the fund, or serve as a source of monetary recovery for an injured consumer, or support increased government service demands by licensees. One fund is federally mandated to collect fees on its behalf, with revenues going to the federal agency.

D. Statement of Key Policies Pursued

For both the special and trust funds, users of the program are to be serviced with quality, equity, dependability, and promptness. Individuals

and entities licensed by the program are to be competent so that the consuming public's health, safety and welfare are protected.

E. Identification of Important Program Relationships

The program has equally important relationships with other State agencies, counties, federal agencies, private sector programs, and national regulatory and licensing bodies. Persons who are licensed by this program may be employees, contractors, or service providers of these private and public sector agencies. Consultation and coordination may be necessary in cases where changes in licensing and regulation could have a significant or adverse effect on said agencies.

The trust funds do not necessarily require agency relationships since the beneficiaries of the trust funds are the contributing licensees, or injured consumers, or a federal agency.

F. Description of Major External Trends Affecting the Program

A change in economic conditions could affect the number of persons seeking licensure or renewing licenses. This impacts revenues to the special fund and the trust funds and the program's self-sufficiency.

The division continues to receive requests to take over licensing functions outside the jurisdiction and expertise of DCCA. The expansion of the division in this fashion would undermine and jeopardize its jurisdictional focus and negatively affect its current population of 141,908 licensees and the on-going professional services that the division currently provides them.

Federal licensing mandates also impact the program, although nothing is pending at this time.

G. Discussion of Cost, Effectiveness, and Program Size Data

For the special fund, the budget is consistent with the program's anticipated expenditures. The programs' prudent spending requires them to have a fund balance at the end of the fiscal year, for carryover purposes. New regulatory programs enacted by the legislature and assigned to this program, as well as general increases in cost for products and services, could increase expenditures, resulting in an increase in program size.

For the trust funds, the budget is consistent with the planned program of work and anticipated expenditures.

H. Discussion of Program Revenue

For the special fund, all revenues are derived from fees paid by applicants for professional and vocational licenses, and renewing licensees.

With the advent of self-sufficiency in July 1994, the program is sustained by its revenues, has provided discounts for online renewals where applicable and as provided for in HRS 92-28, continues its cost control measures to maintain appropriate service standards in spite of rising operational costs, and further ensures sufficient carryover balances each year. In order to cover the cost for the development of a new licensee database, pursuant to HRS 92-28, effective October 20, 2014, fees for new applicants and at renewals were increased by 23%. Further actions are being considered to align revenues with expenditures for the budget plan period.

For the trust funds, revenues are derived from trust fund fees paid in initial license and/or at renewal. Estimation of revenues is based on past trending and other planned program of work, estimation of recovery fund

payouts to consumers from the applicable fund(s). External considerations, such as the effect of economic conditions, also impacts revenues.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: CCA106
 PROGRAM STRUCTURE NO. 10010306
 PROGRAM TITLE: INSURANCE REGULATORY SERVICES

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	85.00*	92.00*	92.00*	92.00*	92.0*	92.0*	92.0*	92.0*
PERSONAL SERVICES	6,501,427	7,964,494	9,291,074	9,577,536	9,577	9,577	9,577	9,577
OTHER CURRENT EXPENSES	6,343,012	7,316,646	7,316,646	7,316,646	7,317	7,317	7,317	7,317
TOTAL OPERATING COST	12,844,439	15,281,140	16,607,720	16,894,182	16,894	16,894	16,894	16,894
BY MEANS OF FINANCING								
SPECIAL FUND	85.00*	92.00*	92.00*	92.00*	92.0*	92.0*	92.0*	92.0*
	12,511,426	14,831,140	16,157,720	16,444,182	16,444	16,444	16,444	16,444
OTHER FEDERAL FUNDS	*	*	*	*	*	*	*	*
TRUST FUNDS	253,947	250,000	250,000	250,000	250	250	250	250
	79,066	200,000	200,000	200,000	200	200	200	200
TOTAL POSITIONS	85.00*	92.00*	92.00*	92.00*	92.00*	92.00*	92.00*	92.00*
TOTAL PROGRAM COST	12,844,439	15,281,140	16,607,720	16,894,182	16,894	16,894	16,894	16,894

PROGRAM ID: CCA106
 PROGRAM STRUCTURE: 10010306
 PROGRAM TITLE: INSURANCE REGULATORY SERVICES

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
MEASURES OF EFFECTIVENESS								
1. % OF COMPLAINTS RESOLVED WITHIN 90 DAYS	90	90	90	90	90	90	90	90
2. % INSURER'S EXAM WKLD COMPL AT LEAST ONCE IN 5 YR	100	100	100	100	100	100	100	100
3. % CAPTIVE INSUR EXAM WKLD CMP W/IN 3 OR 5 YR REQUJ	35	45	100	100	100	100	100	100
4. % RATE/POL FILINGS REVIEWED W/IN STAT TIME REQMTS	95	95	95	95	95	95	95	95
5. % OF INSURANCE FRAUD CASES INDICTED BY THE STATE	100	100	100	100	100	100	100	100
6. % CHANGE FROM PRIOR YEAR IN # OF CAPTIVE LICENSEES	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
7. % CRIMINAL & ADMIN BACKGROUND REVIEWS	1350	1350	1760	1936	2033	2033	2033	2033
8. % SCREENING APPLICANTS ASSIGNED CLAIMS PRG	70	70	50	50	50	50	50	50
PROGRAM TARGET GROUPS								
1. DE FACTO POPULATION IN HAWAII (000)	1510	1520	1562	1562	1562	1562	1562	1562
2. INSURER LICENSEES REGULATED BY INSURANCE DIV	1025	1032	1035	1034	1033	1033	1033	1033
3. CAPTIVE LICENSEES REGULATED BY INSURANCE DIVISION	191	199	195	205	215	225	235	245
4. OTHER LICENSEES REGULATED BY INSURANCE DIVISION	46000	46000	59000	62000	64000	65000	66000	67000
5. MOTOR VEHICLES SUBJECT TO INS REGULATIONS (000)	945	950	950	950	950	950	950	950
PROGRAM ACTIVITIES								
1. # OF LICENSE APPL, RENEWALS & UPDATES PROCESSED	128000	129000	119368	120419	120971	121521	122071	122621
2. # OF COMPLAINTS	620	620	700	705	710	720	730	740
3. # FRAUD REFER & COMPLAINTS OPEN FOR INVESTIGATIONS	75	75	75	75	75	75	75	75
4. # INFORM BRFGS & CAPTIVE DEV ACTIVITIES DURING YR	30	30	30	30	30	30	30	30
5. # OF ANNUAL COMPANY FILINGS PROCESSED	2115	2110	2211	2209	2206	2206	2206	2206
6. # INSUR & CAPTIVES APPL FOR CERT OF AUTH REVIEWED	25	22	32	31	30	30	30	30
7. # OF EXAMS OF DOMESTIC INS & INS-TYPE ENTITIES	50	49	29	38	33	32	49	44
8. # INSURER & ISSUER RATE & POLICY FILINGS ANALYZED	4510	4610	4500	4500	4500	4500	4500	4500
9. # OF PREMIUM TAX STATEMENTS FILED	9200	9200	9000	9000	9000	9000	9000	9000
10. # OF INSURER REPORTS ANALYZED CAPTIVES & RISK RTNT	242	250	260	270	280	290	300	310
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
TAXES	139,074	135,900	137,900	139,900	141,900	141,900	141,900	141,900
LICENSES, PERMITS, AND FEES	10,301	4,600	4,600	4,600	4,000	4,700	4,000	4,700
REVENUES FROM THE USE OF MONEY AND PROPERTY	24	31	31	31	31	31	31	31
CHARGES FOR CURRENT SERVICES	6,359	8,816	8,341	8,266	8,266	8,366	8,366	8,366
FINES, FORFEITS AND PENALTIES	447	210	210	210	210	210	210	210
NON-REVENUE RECEIPTS	485	1,250	2,650	2,650	2,650	2,650	2,650	2,650
TOTAL PROGRAM REVENUES	156,690	150,807	153,732	155,657	157,057	157,857	157,157	157,857
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	142,848	135,100	138,500	140,500	142,500	142,500	142,500	142,500
SPECIAL FUNDS	13,673	15,552	15,077	15,002	14,402	15,202	14,502	15,202
ALL OTHER FUNDS	169	155	155	155	155	155	155	155
TOTAL PROGRAM REVENUES	156,690	150,807	153,732	155,657	157,057	157,857	157,157	157,857

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.

A. Statement of Program Objectives

To ensure that consumers are provided with insurance services meeting acceptable standards of quality, equity, and dependability at fair rates by establishing and enforcing appropriate service standards and fairly administering the Insurance Code.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Transfer position from the Insurance Regulatory Fund to the Captive Administration Fund with no change in special funds ceiling.

Increase special funds ceiling by \$691,201 in FY16 and \$793,495 in FY 17 for fringe benefits for the Insurance Regulatory Services.

Increase special funds ceiling by \$121,104 in FY16 and \$146,594 in FY 17 for fringe benefits for the Captive Insurance Administration Fund.

C. Description of Activities Performed

The program is responsible for the regulatory oversight of the insurance industry. The major activities are: analysis of approval or disapproval of policies and rate filings; review of insurance entities financial, operating and tax statements; field examinations of insurers, health maintenance organizations, rating organizations, mutual and fraternal benefit societies, advisory organizations, agencies, independent claims organizations, guaranty associations; qualification examinations and licensing insurers, health maintenance organizations and all categories of producers to transact insurance; administration of the Hawaii Joint Underwriting Plan, including the development and promulgation of motor vehicle insurance rates, and prepaid legal plans; investigation of complaints by the public of alleged violations of insurance statutes and rules and other consumer

requests for assistance; investigation of violations and enforcement of insurance fraud laws with the exception of workers compensation insurance; regulatory surveillance for market conduct and financial condition of all insurers, health maintenance organizations, and mutual and fraternal benefit societies for compliance with insurance laws; and licensing, examination and regulatory oversight of the captive insurance companies and development of the captive industry in Hawaii.

D. Statement of Key Policies Pursued

Implementing the State Plan on Individual Rights by assuring the public of the broadest possible insurance coverages and benefits commensurate with reasonable rates from competent insurers and producers; by monitoring the financial solvency of licensed insurance companies to assure the insurers' ability to pay claims; by enforcing all laws and regulations; and by improving the level of voluntary compliance by the industry and public.

E. Identification of Important Program Relationships

The Director of the Commerce and Consumer Affairs has tasked the Insurance Division to provide staff support services in the administration of Chapter 448D, HRS, Dental Service Organizations; and Chapter 488, HRS, Legal Service Plans. The Insurance Commissioner is an ex-officio member of the Hawaii Hurricane Relief Fund.

F. Description of Major External Trends Affecting the Program

1. President Obama signed the Patient Protection and Affordable Care Act into law in 2010. The Insurance Division was the recipient of several grants from the Department of Health and Human Services (DHHS) beginning in 2010 in relation to the start-up of a health

insurance exchange in Hawaii and participated in the formation of the Hawaii Health Connector (HHC). The division is devoting resources and is assisting the HHC to ensure that the HHC is sustainable or, in the alternative, planning for contingencies.

2. The Insurance Division was a recipient of a \$3 million grant from DHHS to examine healthcare cost drivers and their relationship to healthcare systems' operations and performance. In coordination with other stakeholders' work in addressing this issue, the division will focus on increasing the availability of data on costs and utilization and factors impacting cost shifting. This information will provide significant value in understanding macro trends that might not otherwise be readily apparent through normal data gathering methods.
3. The Insurance Division is continuously improving its computerization and the use of the Internet. This includes the continued interfacing with the National Association of Insurance Commissioners (NAIC) to support regulatory expertise and speed in the processing of work and the Hawaii Information Consortium to promote the accessing of information by the public. These interfaces will continue to improve the efficiency of the division and provide better services and information via the web to consumers and insurance licensees.

G. Discussion of Cost, Effectiveness, and Program Size Data

1. The Financial Surveillance and Examination Branch performs quarterly and annual financial analyses and evaluates the financial condition of twenty-seven domestic insurers in accordance with guidelines established by the NAIC. The branch also conducts financial examinations of the twenty-eight domestic insurers at least once every three to five years in accordance with the Hawaii Revised Statutes and guidelines established by the NAIC. The branch also licenses and

renews approximately 1,000 out-of-state insurers who are authorized to conduct the business of insurance in Hawaii and processed more than 9,000 premium tax returns and collected over \$137 million in premium taxes and assessments.

2. The Compliance and Enforcement Branch investigators resolved approximately 90% of consumers and industry complaints (excluding cases referred for formal resolutions by administrative hearings) in 90 days in the last fiscal year. The branch handles an average of 550 complaints annually. The Compliance and Enforcement Branch also reviews approximately 1,500 license applications for criminal and administrative violation background checks and fields approximately 4,000 consumer calls a year.
3. The Rate and Policy Analysis Branch completed 95% of forms and rate filings reviews within the statutory time requirements in the last fiscal year. Annually, approximately 4,500 forms and rate filings are analyzed.
4. The Licensing Branch maintains the licensing database for over 50,000 licensees. With the exception of insurers and health maintenance organizations, the branch oversees and collects the renewal fees annually, issues new licenses, and updates the database for changes made by licensees. The branch maintains the online features, which include insurance licensee search, downloading licensing forms, fee schedules and information for various licenses, tracking of licensees' continuing education credits, and an option to pay renewal fees online. The branch is now processing electronic filings for producers' licensing applications, new appointments and termination of appointments and address changes for both resident and nonresident licensees.

5. The Captives Branch has 186 active captive insurance companies licensed at the end of last fiscal year. Hawaii is fourth in the U.S. of number of captive domiciles. The aggregate total of the licensed captive companies' assets, premiums and investments held in Hawaii financial institutions exceeded that of the twenty-eight Hawaii domestic commercial insurers.
6. The Insurance Fraud Investigations Branch opened 70 cases this past fiscal year. The Branch has a 100% success rate in cases either presented to grand jury for indictment or cases where complaints were filed through information charging as approved by the court.
7. The Health Branch received and reviewed 75 health insurance rate and form filings all within statutory time requirements, resulting in consumer savings of over \$22.8 million. The Health Branch reviewed 132 complaints with 14 pending at the end of the fiscal year, resulting in a consumer savings of over \$19,000. The branch handles about 1,000 information inquiries a year.

H. Discussion of Program Revenue

1. The program collected \$137.2 million of insurance premium taxes for deposit into the general fund in FY 2013-2014.
2. The program's operating expenditures, except for the Captive program cost, are paid from the Compliance Resolution Fund (CRF). The CRF revenue sources are licensing fees, fines, penalties, reimbursements, and assessments to cover the program's operating needs. Additionally, funds are available for the education and training of staff and personnel and to pay for the cost of consumer education and information from a trust fund established pursuant to Section 431:2-214, Hawaii Revised Statutes.

3. The Captive program operating expenditures are paid from the Captive Insurance Administrative Fund (CIAF). The CIAF revenue sources are premium taxes, fees, fines, penalties, and reimbursements to cover the program's costs.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **CCA107**
 PROGRAM STRUCTURE NO. **10010307**
 PROGRAM TITLE: **POST-SECONDARY EDUCATION AUTHORIZATION**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
PERSONAL SERVICES		134,964	182,233	188,611	189	189	189	189
OTHER CURRENT EXPENSES		116,132	100,000	100,000	100	100	100	100
EQUIPMENT		12,700						
TOTAL OPERATING COST		263,796	282,233	288,611	289	289	289	289
BY MEANS OF FINANCING								
SPECIAL FUND	*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
		263,796	282,233	288,611	289	289	289	289
TOTAL POSITIONS	*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*	2.00*
TOTAL PROGRAM COST		263,796	282,233	288,611	289	289	289	289

PROGRAM ID: CCA107
 PROGRAM STRUCTURE: 10010307
 PROGRAM TITLE: POST-SECONDARY EDUCATION AUTHORIZATION

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
MEASURES OF EFFECTIVENESS								
1. % OF WRITTEN INQUIRIES ADDRESSED WITHIN 30 DAYS		85	85	85	85	85	85	85
2. % OF COMPLETED APPLICATIONS REVIEWED WITHIN 60 DAYS		80	80	80	80	80	80	80
3. % OF COMPLAINTS ADDRESSED WITHIN 90 DAYS		75	75	75	75	75	75	75
PROGRAM TARGET GROUPS								
1. # OF ACCRTD DGR GRNTING POST-SEC ED INSTS RGLTD		24	24	24	24	24	24	24
PROGRAM ACTIVITIES								
1. # WRTN INQ RECVD CONCERN LAWS REQ FOR AUTHORIZTN		120	120	120	120	120	120	120
2. # OF APPLICATIONS RECEIVED AND REVIEWED		5	19	5	19	5	19	5
3. NUMBER OF AUTHORIZATIONS OR REAUTHORIZATIONS		8	19	5	19	5	19	5
4. NUMBER OF COMPLAINTS RECEIVED		6	6	6	6	6	6	6
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
LICENSES, PERMITS, AND FEES		30	200	30	200	30	200	30
REVENUES FROM THE USE OF MONEY AND PROPERTY		1	1	1	700	700	700	700
TOTAL PROGRAM REVENUES		31	201	31	900	730	900	730
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
SPECIAL FUNDS		31	201	31	900	730	900	730
TOTAL PROGRAM REVENUES		31	201	31	900	730	900	730

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.

A. Statement of Program Objectives

To ensure the soundness of accredited degree-granting, post-secondary educational institutions by fairly administering applicable statutes and rules in order to protect students, consumers, and other members of the community.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Increase special funds ceiling by \$47,269 in FY16 and \$53,647 in FY 17 for fringe benefits.

C. Description of Activities Performed

The Department was tasked by Act 180 (SLH 2013) with establishing the Hawaii Post-Secondary Education Authorization Program (HPEAP) to comply with 34 C.F.R. §600.9. The law, codified as HRS Chapter 305J, requires accredited, degree-granting, post-secondary educational institutions physically present in the State to obtain State authorization to be eligible for Title IV student financial aid. To meet its objective, HPEAP performs the following functions:

1. The HPEAP provides information to educational institutions seeking authorization or clarification of the law regarding its requirements and exemptions and provides information to consumers regarding the complaints process.
2. The HPEAP receives and reviews applications and issues authorizations and subsequent reauthorizations on a biennial basis.

3. The HPEAP monitors authorized institutions for compliance with the law and rules and receives and reviews complaints, conducts investigations, and takes legal action, if necessary, to address violations of the law or rules.

4. The HPEAP receives and reviews any claims from students of closed authorized institutions, and receives educational records from these institutions.

D. Statement of Key Policies Pursued

The HPEAP seeks to implement the State Plan for Individual Rights by working to resolve complaints and investigations in a timely manner, by providing information to consumers as they navigate the complaints process, and by working with educational institutions as they navigate the authorization process.

E. Identification of Important Program Relationships

The HPEAP maintains contact with the U.S. Department of Education (USDE) to monitor changes in the federal regulations and to ensure that the State is in compliance with federal requirements. Additionally, the HPEAP works with USDE-recognized accrediting agencies to monitor action taken by the accrediting agencies relevant to authorized institutions.

F. Description of Major External Trends Affecting the Program

Major external trends, including national and local trends regarding industry practices and economics, can affect the program. For example, USDE intends to adopt regulations that will require State authorization of distance learning. The program will need to reconcile these federal requirements with its existing law.

G. Discussion of Cost, Effectiveness, and Program Size Data

The department has attempted to minimize costs to the extent feasible because projections show the program is not self-sufficient. At this time, the program is operating with a sole staff member; however, the department will need to pursue adequate funding and staffing in the near future which will be critical as the program begins to receive and investigate complaints and engages in enforcement activities.

H. Discussion of Program Revenue

Program revenues are derived from authorization fees and reauthorization fees paid by authorized institutions. Authorizations are renewed biennially, resulting in variances between fiscal years. The number of institutions in the target group which are required to be authorized is limited and revenue projections indicate the program is not self-sufficient.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: CCA901
 PROGRAM STRUCTURE NO. 10010308
 PROGRAM TITLE: PUBLIC UTILITIES COMMISSION

PROGRAM EXPENDITURES	-IN DOLLARS-				-IN THOUSANDS-			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	*	*	62.00*	62.00*	62.0*	62.0*	62.0*	62.0*
PERSONAL SERVICES			6,584,619	6,750,550	6,751	6,751	6,751	6,751
OTHER CURRENT EXPENSES			7,211,515	7,211,515	7,211	7,211	7,211	7,211
TOTAL OPERATING COST			13,796,134	13,962,065	13,962	13,962	13,962	13,962
BY MEANS OF FINANCING								
SPECIAL FUND	*	*	62.00*	62.00*	62.0*	62.0*	62.0*	62.0*
			13,796,134	13,962,065	13,962	13,962	13,962	13,962
TOTAL POSITIONS	*	*	62.00*	62.00*	62.00*	62.00*	62.00*	62.00*
TOTAL PROGRAM COST			13,796,134	13,962,065	13,962	13,962	13,962	13,962

PROGRAM ID: CCA901
 PROGRAM STRUCTURE: 10010308
 PROGRAM TITLE: PUBLIC UTILITIES COMMISSION

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
MEASURES OF EFFECTIVENESS								
1. % RATE CASES COMPLTD W/IN APPLIC STATUTORY TIME PD		100	100	100	100	100	100	100
2. % NON-RATE MATTERS COMPLTD W/IN APPLC STATU/REG PD		100	100	100	100	100	100	100
3. % INFORMAL COMPLAINTS RESOLVED IN REASONABLE TIME		85	90	90	90	90	90	90
4. NO. REPORTED ACCIDENTS INVOLVING UTILITY EMPLOYEES		85	85	85	85	85	85	85
5. AV NO. ELECTRIC SVC INTERRPTNS PER CUSTOMER SVCD		2	2	2	2	2	2	2
6. NO. TELECOMM SVC DISRUPTNS LONGER THAN 1 HR		2	2	2	2	2	2	2
PROGRAM TARGET GROUPS								
1. ELECTRIC AND GAS COMPANIES		5	5	5	5	5	5	5
2. PROPERTY CARRIERS		550	552	555	555	552	552	552
3. PASSENGER CARRIERS		820	825	830	830	830	830	830
4. WATER COMMON CARRIERS		4	4	4	4	4	4	4
5. PRIVATE WATER AND WASTEWATER UTILITY COMPANIES		38	38	38	38	38	38	38
6. TELECOMMUNICATIONS COMPANIES		187	186	185	185	185	185	185
7. OPERATORS OF SUBSURFACE INSTALLATIONS		47	47	47	47	47	47	47
PROGRAM ACTIVITIES								
1. NUMBER OF APPLICATIONS FILED		400	400	400	400	400	400	400
2. NO. DECISIONS/ORDERS & ORDERS ISSUED DOCKETD MATTR		800	800	800	800	800	800	800
3. NO. PUBLIC HEARINGS AND CONTESTED CASE HEARINGS		10	10	10	10	10	10	10
4. NUMBER OF CITATIONS ISSUED		15	15	15	15	15	15	15
5. NUMBER OF INFORMAL COMPLAINTS FILED		130	125	120	120	120	120	120

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.

A. Statement of Program Objectives

To ensure that regulated companies efficiently and safely provide their customers with adequate and reliable services at just and reasonable rates, while providing regulated companies with a fair opportunity to earn a reasonable rate of return.

B. Description of Request and Compliance with Section 37-68(1)(A)(B)

Transfer of the Public Utilities Commission (PUC) to the Department of Commerce and Consumer Affairs pursuant to Act 108, Session Laws of Hawaii 2014; 62.00 Positions and \$12,452,628 in FY 16, 62.00 Positions and \$12,561,793 in FY 17.

Increase special funds ceiling by \$1,343,506 in FY16 and \$1,400,272 in FY 17 for fringe benefits.

C. Description of Activities Performed

The PUC is engaged in legislative, judicial, and administrative regulatory activities, such as:

1. Establishing rules and regulations, which include service standards for regulated public utilities and transportation companies;
2. Rendering decisions regarding the reasonableness of rates and the efficiency in operational and service practices affecting ratepayers and the public;
3. Processing applications; reviewing requests; and conducting audits, inspections, and companies utilizing services under the Commission's jurisdiction, to ensure compliance with rules and regulations; and

4. Developing and administering ratepayer-focused programs pursuant to legislative/statutory directives, such as programs supporting ratepayer financing of renewable energy technologies via the utility billing system.

D. Statement of Key Policies Pursued

The key policies by which the PUC carries out its regulatory functions are:

1. Regulate public utilities to ensure:
 - a. The public of adequate and reliable services at just and reasonable rates; and
 - b. A fair opportunity for the regulated public utilities to earn a reasonable rate of return;
2. Ensure that the public does not experience discriminatory or preferential services, and avoid and eliminate unfair competitive practices among regulated public utilities and other regulated entities;
3. Promote the objectives of the State Plan to, among other things, achieve dependable, efficient, and economical statewide energy services; support research, development, and promotion of renewable energy resources; and preserve the environment, while balancing the cost of energy to ratepayers;

4. Maintain a level of safe, adequate, economical, and efficient motor and water carrier transportation services to ensure and permit the flow of goods for commercial purposes between points within the state at just and reasonable rates and fair practices; and
5. Coordinate and support implementation of applicable regulatory initiatives to ensure safe, adequate, economical, and efficient services to the ratepayers and public, as well as, ensure regulated entity integrity and sustainability.

E. Identification of Important Program Relationships

Environmental and economic concerns due to public utility operations and conservation and efficient use of energy are related to the objectives of the Departments of Health; Land and Natural Resources; Labor and Industrial Relations (DLIR), Taxation; and Business, Economic Development, and Tourism. For transportation, excavator, and subsurface installation services, the Department of Transportation, county offices statewide, and the DLIR are involved in the safety of operations of regulated public utilities. The Division of Consumer Advocacy is the agency tasked with representing consumers of the State in regulatory matters before the PUC.

F. Description of Major External Trends Affecting the Program

1. The PUC continues to participate in the Hawaii Clean Energy Initiative (HCEI), which was established via a Memorandum of Understanding between the State of Hawaii and the United States Department of Energy in January 2008. The HCEI'S primary goal is to transform the State of Hawaii's energy economy from one fueled predominantly by imported oil to one fueled by 70% clean, renewable energy by 2030.

Several major legislative mandates, including the Renewable Portfolio Standards, the Energy Efficiency Portfolio Standards, the Public Benefit Fee, and the Hawaii On-bill Financing Program are key energy initiatives under the purview of the PUC. Given the State's overall desire to promote clean energy policies to stabilize Hawaii's economy and move towards energy independence, the majority of the PUC's time and resources are devoted to this sector. Additionally, the PUC is responsible for implementation of other State energy policies such as net energy metering, feed-in-tariffs, renewable energy infrastructure surcharge program, decoupling, and the Green Energy Market Securitization program, among other matters.

2. The Federal Universal Service Fund (USF) Program, created by the U.S. Congress through the Telecommunications Act of 1994, as amended in 1996 (Act) is designed primarily: 1) to promote the availability of quality telecommunications services at just, reasonable, and affordable rates; 2) to increase access to advance telecommunications services throughout the Nation; and 3) to advance the availability of such services to all consumers, including those in low income, rural, insular, and high cost areas, at rates reasonably comparable to those charged in urban areas. As provided by the Act, the USF receives contributions from providers of telecommunications services and the moneys paid out to those carriers designated as Eligible Telecommunications Carriers (ETCs) in order to assist them in recovering the costs of providing telecommunications services.

In addition to designating ETCs, the PUC annually certifies to the Federal Communications Commission (FCC) that all ETCs that receive high-cost USF support are using those funds for their intended purposes. On November 18, 2011, the FCC released a

comprehensive order to reform universal service which added broadband as a supported service, changed funding eligibility and distribution, and adopted a number of specific performances and reporting obligations. The FCC's stated goals of reform are to preserve and advance the availability of fixed and mobile voice and broadband services, and to minimize the USF contribution burden on the public.

3. Several environmental matters and actions of the federal government affect the regulation of public utilities in Hawaii; changes in laws and regulations can change utility service costs significantly, and these changes have the potential to affect both existing and future facilities. The following are some examples of federal environmental issues affecting Hawaii utilities:

- i. First, the Mercury and Air Toxics Standards (MATS) final rule will affect Hawaii's oil- and coal-fired generating units with capacities of 25 megawatts (MW) or greater. Compliance with MATS is required by April 16, 2015, unless the U.S. Environmental Protection Agency (EPA) approves a maximum of two possible separate one-year extensions.
- ii. The National Ambient Air Quality Standards (NAAQS), updated with new limits on nitrogen dioxide, sulfur dioxide, carbon monoxide, and particulates, will affect all of Hawaii's major combustion power plants.
- iii. A 2013 estimate put the capital costs for Hawaii's electric utilities to comply with MATS and NAAQS at \$1.4 billion if current fuels continued to be used in existing units. Other alternatives, including increased use of renewable resources and switching to other fuels, are being evaluated.

- iv. Nationwide standards for controlling hazardous air pollutant emissions from industrial, commercial, institutional boilers and process heaters, published by the EPA on January 31, 2013, require compliance by April 1, 2016, unless a one-year extension is granted.
- v. The Regional Haze Federal Implementation Plan for Hawaii will limit emission of sulfur dioxide from several sources on the Island of Hawaii by December 31, 2018.
- vi. The EPA requires that large sources of greenhouse gases obtain air permits for new and existing industrial facilities.
- vii. For the control of carbon emissions from existing power plants, the EPA is developing guidelines and standards for publication in 2015. States are expected to use the federal guidelines to develop and submit state plans to the EPA by June 2016.

G. Discussion of Cost, Effectiveness, and Program Size Data

In FY 12, the Hawaii State Legislature appropriated to the PUC funding for all reorganization positions pursuant to Act 177, increasing the PUC's total full-time, permanent position count to 62; and authorized to implement an office expansion project in its current location, the State-owned Kekuanao'a Building. During FY 2013-2015, the PUC worked with the Department of Accounting and General Services, Public Works Division Planning Branch ("DAGS-PWD") and the selected design consultants to finalize renovation plans for the Project.

In FY 14, Act 108 transitioned the PUC from its current administrative status within the Department of Budget and Finance to be administratively attached to the DCCA. It also strengthened the Commission's internal management capacity with the establishment of three new administrative positions, bringing the PUC's total authorized full-time position count to 65.

During the upcoming biennium, the PUC will fully implement its organizational restructuring that will focus expertise and cross functional work groups on new statutory duties that will allow the PUC to better meet its program requirements. Additionally, the PUC will work with DAGS-PWD and the consultants to complete the office renovations that will create a more efficient and effective work environment for the commission.

H. Discussion of Program Revenues

Regulated utilities and transportation companies are assessed fees for filings, earnings and penalties. For FY 15, it is projected that \$21.8 million will be collected. Funds remaining in the PUC Special Fund in excess of \$1 million are lapsed from the PUC Special Fund to the General Fund at the end of each FY pursuant to Section 269-33(d). For FY 14, \$13.4 million lapsed to the General Fund, and it is estimated that \$6.5 million, \$3.5 million and \$7.2 million will lapse to the General Fund in FY 15, FY 16 and FY 17, respectively.

I. Summary of Analysis Performed

To address existing duties and responsibilities more efficiently, the PUC continues the implementation of a strategic plan that, among other things, focuses on filling reorganization positions as authorized by Act 177, and as later modified by Act 108, increasing information accessibility, and improving services to the public. To address newly established and foreseeable additional statutory duties and responsibilities, the PUC has also initiated

steps to establish an organizational structure that fosters industry-specific knowledge in order to elicit more in-depth analysis and recommendations to the commissioners and allow for more informed and comprehensive decision making.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: CCA110
 PROGRAM STRUCTURE NO. 10010401
 PROGRAM TITLE: OFFICE OF CONSUMER PROTECTION

PROGRAM EXPENDITURES	--IN DOLLARS--				--IN THOUSANDS--			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	17.00*	17.00*	17.00*	17.00*	17.0*	17.0*	17.0*	17.0*
PERSONAL SERVICES	1,374,395	1,459,622	1,700,417	1,754,264	1,754	1,754	1,754	1,754
OTHER CURRENT EXPENSES	212,140	425,711	425,711	425,711	426	426	426	426
TOTAL OPERATING COST	1,586,535	1,885,333	2,126,128	2,179,975	2,180	2,180	2,180	2,180
BY MEANS OF FINANCING								
SPECIAL FUND	17.00*	17.00*	17.00*	17.00*	17.0*	17.0*	17.0*	17.0*
TRUST FUNDS	57,675	100,681	100,681	100,681	101	101	101	101
TOTAL POSITIONS	17.00*	17.00*	17.00*	17.00*	17.00*	17.00*	17.00*	17.00*
TOTAL PROGRAM COST	1,586,535	1,885,333	2,126,128	2,179,975	2,180	2,180	2,180	2,180

PROGRAM ID: CCA110
 PROGRAM STRUCTURE: 10010401
 PROGRAM TITLE: OFFICE OF CONSUMER PROTECTION

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
MEASURES OF EFFECTIVENESS								
1. # CONSUMERS DIRECTLY AFFECTED BY OFFICE ACTN (000)	30	30	30	30	30	30	30	30
2. # BUSINESSES DIRECTLY AFFECTED BY OFFICE INVSTGTNS	1100	1100	1100	1100	1100	1100	1100	1100
3. \$ AMT OF FINES ASSESSED OR COSTS IMPOSED (000)	300	300	300	300	300	300	300	300
4. \$ AMTS RECOVERED THRU MULTISTATE CASES (000)	150	150	150	150	150	150	150	150
5. % LEGAL ACTIONS RESOLVED IN FAVOR OF OCP	100	100	100	100	100	100	100	100
PROGRAM TARGET GROUPS								
1. RESIDENT STATE POPULATION (000)	1300	1300	1400	1400	1400	1400	1400	1400
2. VISITORS TO HAWAII (000)	7000	7000	8000	8000	8000	8000	8000	8000
PROGRAM ACTIVITIES								
1. # OF CONSUMER COMPLAINTS REC (EXCL LANDLD/TENANT)	1500	1500	1500	1500	1500	1500	1500	1500
2. # OF COMPLAINTS INITIATED BY OCP	75	75	75	75	75	75	75	75
3. # OF LANDLORD-TENANT INQUIRIES RECEIVED	10000	10000	10000	10000	10000	10000	10000	10000
4. # OF COMPLNTS RESOLVED AT INVESTIGATIVE LEVEL	700	700	700	700	700	700	700	700
5. # OF MULTISTATE CASES	5	5	5	5	5	5	5	5
6. # OF LEGAL ACTIONS	15	15	15	15	15	15	15	15
7. # INQ RECVD ON BUSINESS COMPLAINT HISTORIES	8000	8000	8000	8000	8000	8000	8000	8000
8. # PERSONS REACHED THRU EDUCATIONAL EFFORTS	10000	10000	10000	10000	10000	10000	10000	10000
9. # LEG PROP FOR WHICH OCP PROVIDED TESTIMONY	20	20	20	20	20	20	20	20
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
REVENUES FROM THE USE OF MONEY AND PROPERTY	14	10	10	10	10	10	10	10
CHARGES FOR CURRENT SERVICES		2	1	1	1	1	1	1
FINES, FORFEITS AND PENALTIES	66	1,800	150	150	150	150	150	150
TOTAL PROGRAM REVENUES	80	1,812	161	161	161	161	161	161
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
SPECIAL FUNDS	80	1,812	161	161	161	161	161	161
TOTAL PROGRAM REVENUES	80	1,812	161	161	161	161	161	161

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.

A. Statement of Program Objectives

To protect consumers by investigating alleged violations of consumer protection laws, taking legal action to stop unfair or deceptive trade practices in the marketplace, and educating consumers and businesses about their respective rights and obligations in the marketplace under Hawaii consumer protection laws.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Increase special funds ceiling by \$124,310 in FY16 and \$142,216 in FY 17 for fringe benefits.

C. Description of Activities Performed

Investigation of Complaints - Receive consumer complaints on a statewide basis; determine all facts of complaint; determine from facts whether or not there is a violation of any consumer protection law; refer cases which fall within the jurisdiction of another agency; inform complainant of findings of fact and course of action to be taken, if any, by this office or another governmental agency; coordinate fact finding functions with other governmental agencies; monitor advertisements; and subpoena witnesses for investigation of facts.

Landlord-Tenant Cases - Provide Residential Landlord-Tenant Code information to callers.

Prosecution - Determine adequacy of evidence to prove violation prior to filing a complaint in court; negotiate Assurance of Voluntary Compliance or Consent Judgment prior to the filing of a complaint in court; take court action against business entity which has violated consumer protection

laws; obtain injunction, civil penalties and restitution for consumers in court actions and settlement of cases.

Legislation and Rulemaking - Promulgate rules and regulations to protect consumers; draft consumer protection legislation; recommend consumer protection legislation to the Legislature; and offer testimony on other consumer protection legislation.

D. Statement of Key Policies Pursued

To protect the interests of both the general public and legitimate businesses by investigating alleged violations of consumer protections laws; taking legal action to stop unfair or deceptive practices in the marketplace; proposing, drafting or responding to consumer protection-related legislation and contributing to the department's efforts in educating the consumer public and businesses of their respective legal rights and obligations in the marketplace; to promote voluntary compliance with consumer protection-related laws by the business community; to enforce consumer protection laws within the Division's jurisdiction; and to promote and to assist in the formation of consumer education groups and programs.

These policies will further the stated objectives of the State Plan on Individual Rights.

E. Identification of Important Program Relationships

Important program relationships are maintained with the National Association of Attorneys General, the Federal Trade Commission, the Consumer Financial Protection Bureau, the U.S. Consumer Product Safety Commission, the State Attorney General, various divisions of the Department, and various county, state, and federal law enforcement agencies.

F. Description of Major External Trends Affecting the Program

State and Federal consumer protection offices across the country continue to be a strong force in protecting the public from unfair or deceptive trade practices. The Office of Consumer Protection (OCP) regularly participates in joint investigations and prosecutions with numerous state and federal agencies, such as, the state attorneys general, the Federal Trade Commission and the Consumer Financial Protection Bureau. Close inter-jurisdictional coordination with these external entities has allowed the division to expand its level of consumer protection without increasing costs.

G. Discussion of Cost, Effectiveness, and Program Size Data

The nature and complexity of the OCP's workload has increased dramatically over the past decade. The OCP has witnessed a significant increase in the number of multi-state investigations dealing with complex consumer protections issues during the past few years. In addition, the OCP now averages approximately 1,100 new complaints and 10,000 Landlord-Tenant Hotline inquiries a year. The OCP also conducts education and outreach programs for businesses and the general public on consumer protection topics, including mortgage rescue fraud. The OCP strives to meet its responsibilities on behalf of the consumer counsel for the State with its existing investigative (9) and legal staff (4). This forces the OCP to prioritize cases and workload to meet this ongoing situation.

H. Discussion of Program Revenue

The OCP has successfully underwritten a large portion of its operating revenues through fines and penalties collected in numerous national multi-state investigations. While these recoveries are unpredictable from year

to year, it is critical that these revenues continue in the future to sustain the OCP's operational effectiveness in the absence of a permanent source of funding for the OCP.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: CCA111
 PROGRAM STRUCTURE NO. 10010403
 PROGRAM TITLE: BUSINESS REGISTRATION & SECURITIES REGUL

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	71.00*	71.00*	71.00*	71.00*	71.0*	71.0*	71.0*	71.0*
PERSONAL SERVICES	4,494,543	5,131,685	5,800,066	5,896,577	5,897	5,897	5,897	5,897
OTHER CURRENT EXPENSES	999,198	1,517,555	1,517,555	1,517,555	1,517	1,517	1,517	1,517
TOTAL OPERATING COST	5,493,741	6,649,240	7,317,621	7,414,132	7,414	7,414	7,414	7,414
BY MEANS OF FINANCING								
SPECIAL FUND	71.00*	71.00*	71.00*	71.00*	71.0*	71.0*	71.0*	71.0*
	5,493,741	6,649,240	7,317,621	7,414,132	7,414	7,414	7,414	7,414
TOTAL POSITIONS	71.00*	71.00*	71.00*	71.00*	71.00*	71.00*	71.00*	71.00*
TOTAL PROGRAM COST	5,493,741	6,649,240	7,317,621	7,414,132	7,414	7,414	7,414	7,414

PROGRAM ID: CCA111
 PROGRAM STRUCTURE: 10010403
 PROGRAM TITLE: BUSINESS REGISTRATION AND SECURITIES REGULATION

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
MEASURES OF EFFECTIVENESS								
1. AV DAYS PROC CORP,PART,LLC,TRADE NM W/EXPED HANDLG	1	1	1	1	1	1	1	1
2. AV DAYS PROC CORP,PART,LLC,TRADE NM W/ REG HANDLG	4	4	4	4	4	4	4	4
3. AV DAYS PROC APPS FOR BROKER/DEALERS/INV ADVISORS	25	25	25	25	25	25	25	25
4. AV DAYS TO PROCESS APPLCS FOR SALES AGENTS	15	15	15	15	15	15	15	15
5. AV DAYS TO PROCESS APPS FOR INVESTMT ADVISERS REPS	15	15	15	15	15	15	15	15
PROGRAM TARGET GROUPS								
1. CORP, PART, LLC,TRNAMES, TRMKS,SVC MKS ON REC(000)	172000	172000	172	172	172	172	172	172
2. BRKR, SALES, SECURITY OFF, FRANCH, INV ADV & REPS	75000	75000	105000	105000	105000	105000	105000	105000
PROGRAM ACTIVITIES								
1. # DOCS RECEIVED FOR PROCESSING & ANNUAL REPORTS	0	0	140000	140000	140000	140000	140000	140000
2. # SECURITIES COMPLIANCE APPLICATIONS RECEIVED	35000	35000	58000	58000	58000	58000	58000	58000
3. # OF ENFORCEMENT CASES OPENED	45	45	45	45	45	45	45	45
4. # OF INQUIRIES RECEIVED BY SECURITIES ENFORCEMENT	1400	1400	1500	1500	1500	1500	1500	1500
5. # OF COMPLTS RESOLVED AT INVESTIGATIVE LEVEL IN FY	50	50	50	50	50	50	50	50
6. # ENFORCEMENT CASES CLOSED DURING THE FISCAL YR	55	55	55	55	55	55	55	55
7. # OF ORDERS, CONSENT AGREE AND SETTLMNTS COMPLETED	13	13	13	13	13	13	13	13
8. # OF SUSPENSIONS OR BARS IMPOSED	15	15	15	15	15	15	15	15
9. # OF PERSONS REACHED THRU INVSTR ED PROG ACTIVITY	27500	27500	27500	27500	27500	27500	27500	27500
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
LICENSES, PERMITS, AND FEES	2,487	3,800	3,800	3,800	3,800	3,800	3,800	3,800
REVENUES FROM THE USE OF MONEY AND PROPERTY	31	41	41	41	41	41	41	41
CHARGES FOR CURRENT SERVICES	3,857	3,844	3,834	3,834	3,834	3,834	3,834	3,834
FINES, FORFEITS AND PENALTIES	942	75	75	75	75	75	75	75
TOTAL PROGRAM REVENUES	7,317	7,760	7,750	7,750	7,750	7,750	7,750	7,750
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
SPECIAL FUNDS	7,317	7,760	7,750	7,750	7,750	7,750	7,750	7,750
TOTAL PROGRAM REVENUES	7,317	7,760	7,750	7,750	7,750	7,750	7,750	7,750

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.

A. Statement of Program Objectives

To ensure that business registration information is accurately maintained for corporations, partnerships, limited liability companies, trade names, trademarks, service marks, publicity name rights and other entities; to run business centers to provide personalized assistance to small and startup businesses; and to ensure compliance with and enforcement of securities and franchise laws.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Increase special funds ceiling by \$347,288 in FY16 and \$344,727 in FY 17 for fringe benefits.

C. Description of Activities Performed

1. Corporations, partnerships, trade names, limited liability companies, etc. - Determine that all documents are filed in compliance with applicable statutory requirements. Assist the public in accessing information regarding documents that have been successfully filed with the Business Registration Division, including implementing online access to public registration services and public documents. Provide personalized assistance to businesses registering with the division.
2. Sales of securities and franchises - Examine applications for registration of securities and franchises to determine that offerings of the securities or franchise comply with statutory requirements; register securities, sales agents, broker-dealers, investment advisers, investment adviser representatives and franchises; examine financial reports and records of securities broker-dealers and investment companies; and conduct investigations of fraud and other securities or franchise violations and prosecute violations.

D. Statement of Key Policies Pursued

Implementation of the State Plan for Individual Rights by ensuring that:

1. All filed business registration documents are examined and recorded in a consistent manner and comply with statutory requirements and that the review of documents is done expeditiously and accurately. Public documents are made accessible to the public by request or online. The division also sponsors legislation regarding business registration.
2. All sales of securities are done in compliance with the law. Securities broker-dealers, sales agents, investment advisers, investment adviser representatives and investment companies are properly registered under state law. To ensure compliance, applications for registration are examined in a consistent and detailed manner. To enforce regulations, the division conducts investigations and takes administrative action against violators of the Uniform Securities Act and State franchise laws. The division also sponsors legislation regarding securities regulation. Effort is made to resolve consumer complaints.
3. News releases and announcements are made to the public to report fraud to the division's hotline. In addition, the division provides investor education literature and other outreach to assist the public in becoming aware of ways to protect themselves against securities fraud and to make better financial investing decisions.

E. Identification of Important Program Relationships

Relationships are maintained with the United States Securities and Exchange Commission, the Financial Regulatory Authority, securities divisions of the different states and provinces of Canada, the Office of

Consumer Protection, the Attorney General's Office, the Department of Taxation, county prosecutors' offices, the International Association of Corporation Administrators, the North American Securities Administrator's Association, Inc., the Federal Bureau of Investigation, the U.S. Commodity Futures Trading Commission, and the Honolulu Police Department.

F. Description of Major External Trends Affecting the Program

The division expects an increase in the number of business registration filings due to the improving state of the economy. The division has also experienced and anticipates increased information requests as a result of the growing popularity, ease and availability of Internet communication through the division's internet portal, email and Live Chat.

Additionally, the division expects to see changes in the securities industry as a result of the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act. State securities registration filings will continue to increase due to the increased state jurisdiction under the new act. Securities violation complaints to the Securities Enforcement Branch of the Division are expected to rise as a continuation of the speed and popularity of online activities, including securities solicitors and new laws that are expected to relax securities regulation. Securities fraud schemes are also likely to increase in complexity. In addition, securities violations against seniors are expected to rise as pensions, 401ks and other retirement money of the next generation of seniors begin to enter the market in an unprecedented volume. Many seniors, fearful over their dwindling retirement funds, may be more vulnerable to fraud and schemes by unscrupulous advisers and sales agents. The division anticipates that the enforcement side of securities regulation will be busy. The division also anticipates an active investor education program to help stop the fraud and loss before it happens. The division expects outreach to

educate 25,000+ seniors and others about ways to protect themselves from fraudulent schemes.

The division continues to monitor the changes in federal regulation as the U.S. Securities Exchange Commission reviews, sets forth and implements significant new securities rules.

G. Discussion of Cost, Effectiveness, and Program Size Data

The most notable discrepancy in planned expenditures was in planned amounts allocated to a new information technology system for case management and securities compliance. Due to delays in establishing the agreements, and obtaining adequate approvals, the project was not instituted and resulted in reduced expenditures. It is expected that this project will be implemented in the next two years.

Our measures of effectiveness did not show discrepancies. We anticipate the same for next year. Our program size last year had been significantly reduced due to a significant number of retirements and other sources of attrition. This year, we have successfully filled many of the positions and do not expect notable discrepancies between the estimated 71 total positions and the actual number of filled positions, apart from attrition.

Over the next four years, we expect information technology costs to rise due to increasing dependence on databases and information technology systems and the ongoing licensing, maintenance, and hardware requirements. It is expected that the measurements of effectiveness will remain steady and program size will also remain fairly steady with accommodation for attrition.

H. Discussion of Program Revenue

Revenues from business registration and securities registration fees are expected to be higher next year due to general economic growth.

I. Summary of Analysis Performed

Not applicable.

J. Further Considerations

To continue to offer the public the efficiency and cost-effectiveness of online services, the division continues to look to improving our systems and the ways the public can access the registry information. The division is in the process of making other modifications to adapt to business and legal requirements. The division is also prioritizing strategies for online securities and franchise investigations and enforcement efforts as part of the recognition that the public has moved online in record numbers.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: **CCA112**
 PROGRAM STRUCTURE NO. **10010404**
 PROGRAM TITLE: **REGULATED INDUSTRIES COMPLAINTS OFFICE**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	66.00*	66.00*	66.00*	66.00*	66.0*	66.0*	66.0*	66.0*
PERSONAL SERVICES	4,369,799	4,933,021	5,744,811	5,933,420	5,933	5,933	5,933	5,933
OTHER CURRENT EXPENSES	534,377	698,009	698,009	698,009	698	698	698	698
TOTAL OPERATING COST	4,904,176	5,631,030	6,442,820	6,631,429	6,631	6,631	6,631	6,631
BY MEANS OF FINANCING								
SPECIAL FUND	66.00*	66.00*	66.00*	66.00*	66.0*	66.0*	66.0*	66.0*
	4,904,176	5,631,030	6,442,820	6,631,429	6,631	6,631	6,631	6,631
TOTAL POSITIONS	66.00*	66.00*	66.00*	66.00*	66.00*	66.00*	66.00*	66.00*
TOTAL PROGRAM COST	4,904,176	5,631,030	6,442,820	6,631,429	6,631	6,631	6,631	6,631

PROGRAM ID: CCA112
 PROGRAM STRUCTURE: 10010404
 PROGRAM TITLE: REGULATED INDUSTRIES COMPLAINTS OFFICE

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
MEASURES OF EFFECTIVENESS								
1. % OF SETTLEMENT AGREEMENTS ADOPTED	95	95	95	95	95	95	95	95
2. % OF RECOMMENDED ORDERS IN FAVOR OF STATE	95	95	95	95	95	95	95	95
3. % OF FINAL ORDERS SUSTAINED ON APPEAL	95	95	95	95	95	95	95	95
4. DOLLAR AMOUNT OF FINES	1000000	1000000	1000000	1000000	1000000	1000000	1000000	1000000
PROGRAM TARGET GROUPS								
1. DE FACTO POPULATION IN HAWAII (000)	1500	1500	1562	1562	1562	1562	1562	1562
2. LICENSEES (000)	267	267	400	400	400	400	400	400
3. BOARDS & COMMISSIONS ADMIN ASSIGNED TO DCCA	57	57	48	48	48	48	48	48
PROGRAM ACTIVITIES								
1. # INQUIRIES TO CONSUMER RESOURCE CENTER	15000	15000	15000	15000	15000	15000	15000	15000
2. # COMPLAINT HISTORY INQUIRIES	3500	3800	25000	25000	25000	25000	25000	25000
3. # LEGAL ACTIONS	300	300	300	300	300	300	300	300
4. # OF COMPLAINTS RECEIVED	25000	25000	3500	3500	3500	3500	3500	3500
5. # PEOPLE REACHED THRU CONS EDUCATIONAL EFFORTS	65000	65000	65000	65000	65000	65000	65000	65000
6. # ASSISTS BY NI OFCS TO PUBLIC ON NON-RICO MATTERS	6000	6500	6000	6000	6000	6000	6000	6000
7. # OF ORDERS & JUDGEMENTS	300	300	300	300	300	300	300	300
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
REVENUES FROM THE USE OF MONEY AND PROPERTY	14	14	30	30	30	30	30	30
CHARGES FOR CURRENT SERVICES	5,129	5,085	4,262	5,085	4,262	5,085	4,262	4,262
FINES, FORFEITS AND PENALTIES	425	350	350	350	350	350	350	350
TOTAL PROGRAM REVENUES	5,568	5,449	4,642	5,465	4,642	5,465	4,642	4,642
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
SPECIAL FUNDS	5,567	5,447	4,640	5,463	4,640	5,463	4,640	4,640
ALL OTHER FUNDS	1	2	2	2	2	2	2	2
TOTAL PROGRAM REVENUES	5,568	5,449	4,642	5,465	4,642	5,465	4,642	4,642

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.

Program Plan Narrative

CCA112: REGULATED INDUSTRIES COMPLAINTS OFFICE

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A. Statement of Program Objectives

To assist the general public through consumer education and by enforcing the State's licensing laws.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Increase special funds ceiling by \$434,750 in FY16 and \$507,024 in FY 17 for fringe benefits.

C. Description of Activities Performed

The Regulated Industries Complaints Office (RICO) is the enforcement arm of over forty-eight professional boards, commissions, and programs that are administratively attached to the Department of Commerce and Consumer Affairs. To meet its objective, the RICO performs the following functions:

1. The RICO receives complaints, conducts investigations, and prosecutes licensing law violations. Through the administrative process, the RICO may seek fines, restitution, and license sanctions. The RICO also prosecutes unlicensed activity through the issuance of citations and by filing civil lawsuits in the Circuit Courts.
2. The RICO provides educational information to consumers and industry members through brochures, presentations and by participating in industry events and consumer fairs. The RICO, its Consumer Resource Center, and its License Business and Information Center provide real time licensing, business registration, and complaint history information to the public.

3. The RICO also administers the State Certified Arbitration Program (SCAP) for "lemon" motor vehicle claims.

D. Statement of Key Policies Pursued

The RICO seeks to implement the State Plan for Individual Rights by continuing to work to resolve investigations and complaints in a timely manner, by working to provide information to consumers as they navigate the marketplace, and by timely and effectively prosecuting violators of state licensing laws.

E. Identification of Important Program Relationships

The RICO assists and maintains contacts with compatible programs in the Departments of Agriculture, the Attorney General, Health, Land and Natural Resources, Transportation, and Labor and Industrial Relations; the State Tax Office; and other agencies of state government. Additionally, the program works closely with law enforcement agencies on the federal and county levels.

F. Description of Major External Trends Affecting the Program

Major external trends, including national and local trends regarding industry practices, consumerism, and economics, affect the program. For example, a dip in home sales may result in fewer complaints based on real estate transactions. The same dip may result in an increase in complaints about real estate rentals. An uptick in construction may result in an increase in complaints against unlicensed contractors. RICO workload may also change as new laws and new programs are implemented.

G. Discussion of Cost, Effectiveness, and Program Size Data

The program's revenue structure requires that there be a sufficient fund balance each fiscal year for carryover purposes. New regulatory programs enacted by the Legislature and assigned to the program and continuing increases in costs for personnel, products, and services have increased expenditures.

H. Discussion of Program Revenue

The vast majority of program revenues are derived from compliance resolution fees paid by licensees. Revenues fluctuate with economic trends. Additionally, licenses are renewed biennially, resulting in higher revenues on odd-numbered years. Revenue projections indicate that revenues in even-numbered years will not be sufficient to support program operations. To compensate for this fluctuation, it is important that the program maintains sufficient carryover balances each year so that it can continue to support its operations during even-numbered fiscal years. Without these balances, the program will be forced to further reduce expenditures related to enforcement activities or increase fees. The program, in its efforts to align revenues with expenditures, has recently instituted temporary fee increases pursuant to Section 92-28, Hawaii Revised Statutes. Analysis is being conducted to determine if further actions are needed for the budget plan period.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.

OPERATING AND CAPITAL APPROPRIATIONS

REPORT P61-A

PROGRAM ID: CCA191
 PROGRAM STRUCTURE NO. 100105
 PROGRAM TITLE: GENERAL SUPPORT

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY2013-14	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21
OPERATING COST	44.00*	44.00*	44.00*	44.00*	44.0*	44.0*	44.0*	44.0*
PERSONAL SERVICES	3,934,192	4,467,074	5,122,148	5,248,832	5,249	5,249	5,249	5,249
OTHER CURRENT EXPENSES	2,520,498	2,694,737	2,644,737	2,644,737	2,644	2,644	2,644	2,644
EQUIPMENT		25,000						
TOTAL OPERATING COST	6,454,690	7,186,811	7,766,885	7,893,569	7,893	7,893	7,893	7,893
BY MEANS OF FINANCING								
SPECIAL FUND	44.00*	44.00*	44.00*	44.00*	44.0*	44.0*	44.0*	44.0*
	6,454,690	7,186,811	7,766,885	7,893,569	7,893	7,893	7,893	7,893
TOTAL POSITIONS	44.00*	44.00*	44.00*	44.00*	44.00*	44.00*	44.00*	44.00*
TOTAL PROGRAM COST	6,454,690	7,186,811	7,766,885	7,893,569	7,893	7,893	7,893	7,893

PROGRAM ID: CCA191
 PROGRAM STRUCTURE: 100105
 PROGRAM TITLE: GENERAL SUPPORT

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
MEASURES OF EFFECTIVENESS								
1. %CASES COMPL W/IN DESIG TIME FOR CONTSTD CASE HRGS	85	85	85	85	85	85	85	85
2. %HRGS OFFCER REC ORDERS ADOPTED BY FINAL ADM AUTH	90	90	90	90	90	90	90	90
3. % HRGS OFFR REC ORDRS ADPT FINAL ADM AUTH SUSTAIN	90	90	90	90	90	90	90	90
4. % OF ERROR-FREE INVOICES PROCESSED	99	99	99	99	99	99	99	99
5. %COMPLAINTS/INQ RESPONDED TO IN TIMELY MANNER	95	95	95	95	95	95	95	95
6. %LEG HRGS TO WHICH TIMELY WRITTN TESTMNY SUBMTTD	95	95	95	95	95	95	95	95
7. %REQUESTS FOR SYSTEMS ADDTNS OR ENHANCE FULFILLED	50	50	50	50	50	50	50	50
8. % INFORMATION SYS WORK REQ COMPLETED IN REQ'D TIME	86	86	86	86	85	85	85	85
PROGRAM TARGET GROUPS								
1. DE FACTO POPULATION IN HAWAII (000)	1500	1500	1562	1562	1562	1562	1562	1562
2. LICENSEES (000)	412	412	460	460	460	460	460	460
3. DCCA DIVISIONS	12	12	13	13	13	13	13	13
4. BOARDS & COMMISSIONS ADMIN ASSIGNED TO DCCA	53	53	53	53	53	53	53	53
5. DCCA EMPLOYEES	359	359	400	400	400	400	400	400
PROGRAM ACTIVITIES								
1. # WRITTN NOTICES ISS BY HRGS OFF RE: PROCED EVENTS	450	450	450	450	450	450	450	450
2. # PRE-HRG EVENTS BY HRG OFF INVOLVG THE PARTIES	300	300	200	200	200	200	200	200
3. # HEARINGS CONDUCTED BY HEARINGS OFFICERS	225	225	150	150	150	150	150	150
4. # RECOMMENDED & FINAL ORDERS ISS BY HRGS OFFICERS	200	200	200	200	200	200	200	200
5. # INFO PRESENTATIONS FOR EDUCATIONAL GUIDANCE	24	24	35	35	35	35	35	35
6. # SYSTEMS ADDED OR ENHANCED	145	145	145	145	145	145	145	145
7. # OF INFORMATION SYSTEMS WORK REQUESTS	4300	4300	4300	4300	4300	4300	4300	4300
8. # OF INVOICES PROCESSED	8000	8000	8000	8000	8000	8000	8000	8000
PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)								
LICENSES, PERMITS, AND FEES	213							
REVENUES FROM THE USE OF MONEY AND PROPERTY	9	8	8	8	1,007	1,007	1,007	1,007
CHARGES FOR CURRENT SERVICES	554	457	460	457	457	457	457	457
TOTAL PROGRAM REVENUES	776	465	468	465	1,464	1,464	1,464	1,464
PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)								
GENERAL FUNDS	6							
SPECIAL FUNDS	770	465	468	465	1,464	1,464	1,464	1,464
TOTAL PROGRAM REVENUES	776	465	468	465	1,464	1,464	1,464	1,464

NOTE: PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.

A. Statement of Program Objectives

To uphold fairness and public confidence in the marketplace, and promote sound consumer practices by increasing knowledge and opportunity for our businesses and citizens.

B. Description of Request and Compliance with §37-68(1)(A)(B)

Increase special funds ceiling by \$77,301 in FY16 and \$72,360 in FY 17 for fringe benefits for the Director's Office (DO) and Administrative Services Office (ASO).

Increase special funds ceiling by \$61,688 in FY16 and \$64,314 in FY 17 for fringe benefits for the Office of Administrative Hearings (OAH).

Increase special funds ceiling by \$170,622 in FY16 and \$193,028 in FY 17 for fringe benefits for the Information Systems Office and Communications Office (ISCO).

C. Description of Activities Performed

The Administrative Division is organized into four divisions: the Director's Office, the Administrative Services Office, the Information Systems and Communications Office, and the Office of Administrative Hearings.

1. The DO provides: general policy and administrative leadership, supervision and coordination of the various programs of the department; assistance in the direction and supervision of operating divisions; and centralized personnel management and organizational analysis support services to operating divisions.

2. The ASO provides to the divisions of the Department of Commerce and Consumer Affairs (DCCA): centralized budgeting and accounting services; centralized clerical services; building management services; and other administrative support services.
3. The ISCO provides to the divisions of the DCCA: services to find, acquire, implement and maintain information technology; support for telephone systems, through the Department of Accounting and General Services-Information and Communication Services Division and the State's telephone service providers, for additions, changes and problems to telephone services, as well as maintenance of phone directories for internal and external-use; services to enhance and update the DCCA's web site; support for the Automated Information System, a computer driven system that contains pre-recorded DCCA contact information, consumer information, consumer alerts, and forms; and network support services, including upgrades to provide increase network performance, uptime, and additional layers of protection from malicious software.
4. The OAH provides: specialized staff support to the divisions, as well as attached boards/commissions, by conducting pre-hearing conferences and formal hearings to resolve business disputes through impartial and informed treatment of consumer complaints; recommended decisions based on written findings of fact and conclusions of law; due process hearings for the Department of Education that arise under the Individuals with Disabilities Education Act; and administrative hearings of appeals relating to the administration of the State's Procurement Code, for the Employer-Union Health Benefits Trust Fund, and for the Employees' Retirement System. In addition, OAH administers the Medical Inquiry and Conciliation Panel and the Design Claims Conciliation Panel.

D. Statement of Key Policies Pursued

The program's divisions implement the State Plan for Individual Rights through the following:

1. The DO provides support services in the implementation of the State Plan for Individual Rights, Sociocultural Advancement-government, and Fiscal Management-government by examining policies and procedures to improve the efficiency and effectiveness of the administrative processes as well as to improve the quality of programmed services provided.
2. The ASO ensures that departmental programs are provided with the necessary support in the areas of budgeting, accounting, cashing, building maintenance, and administrative services.
3. The ISCO strives to improve the efficiency of divisions' operations and therein provide faster and lower cost service to commerce and consumers; strives to make all public information readily available, up-to-date, and in formats, and at hours of the day and week that are convenient to commerce and consumers; and strives to protect information from malicious or fraudulent tampering or inappropriate release.
4. The OAH provides a fair, simple, and speedy adjudication of contested cases by conducting administrative hearings. The administrative review of determinations will provide a basis for informed and correct administrative action to protect individual rights against arbitrariness, whim and unreasonableness.

E. Identification of Important Program Relationships

The Administrative Division assists and maintains contacts with compatible programs in other executive branch departments, most notably, the Departments of the Attorney General, Budget and Finance, Accounting and General Services, Human Resources Development, and Education.

F. Description of Major External Trends Affecting the Program

The program is affected by major external trends as they affect the other programs within the department. Public awareness of consumerism continues to affect the number of hearings conducted by the OAH. Public interest in having governmental services online affects the volume of work performed by the ISCO.

G. Discussion of Cost, Effectiveness, and Program Size Data

The DCCA is responsible for the effective administration of all departmental programs. In order to enable these programs to function efficiently, the Director provides adequate resources and management services to ensure efficient and effective utilization of manpower and expenditures.

The current program organization and activities are subject to change depending upon the amount and quality of centralized administrative support services and specific supportive services required for effective coordination of resources and objectives of the departmental program. Any increase in the number of programs or activities placed in the department by legislative action will cause a proportionate increase in the administration and management of resources available, program planning, accounting and disbursement of general, special, and capital improvement

monies, as well as personnel services, centralized mail processing, records reproduction services, and other centralized administrative support services provided.

H. Discussion of Program Revenue

Estimation of program revenues is based on past collections and future estimates of the licensee population.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.



Capital Budget Details

STATE OF HAWAII

PROGRAM ID

PROGRAM STRUCTURE NO.

PROGRAM TITLE

CCA-191

100105

GENERAL SUPPORT

REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT
IN THOUSANDS OF DOLLARS

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PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE		BUDGET PERIOD						SUCCEED YEARS
				PROJECT TOTAL	PRIOR YRS	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	
PROGRAM TOTALS												
			LAND	3,000	3,000							
			DESIGN	2,001	2,001							
			CONSTRUCTION	28,001	28,001							
			EQUIPMENT	1,998	1,998							
			TOTAL	35,000	35,000							
			G.O. BONDS	35,000	35,000							