Department of Commerce and Consumer Affairs
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

<table>
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<tr>
<th>Measure</th>
<th>FY 2018</th>
<th>FY 2019</th>
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</thead>
<tbody>
<tr>
<td>1. Percent of recommended court orders (license violations) in favor of state</td>
<td>95</td>
<td>95</td>
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<tr>
<td>2. Percent of license renewals reviewed and processed in a timely manner pursuant to internal standards</td>
<td>94</td>
<td>94</td>
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<tr>
<td>3. Percent of complaints (cable tv subscribers) addressed within 30 days</td>
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FB 2017-2019 Operating Budget by Major Program Area

**FY 2018**
- Consumer Protection, $14,041,458, 16%
- General Support, $8,130,870, 10%
- Consumer Protection/Business Regulation, $64,151,631, 74%

**FY 2019**
- Consumer Protection, $14,103,493, 17%
- General Support, $8,130,870, 9%
- Consumer Protection/Business Regulation, $62,357,123, 74%
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)

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<th>Funding Sources:</th>
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<th>Budget Base FY 2019</th>
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<th>FY 2019</th>
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**Major Adjustments in the Executive Budget Request:** (general funds unless noted)

1. Adds $3,144,640 in trust funds for FY 18 and $2,620,676 in trust funds in FY 19 to support a State institutional network (INET)/broadband project.
2. Adds $942,000 in special funds in FY18 for consultant and training cost for the Public Utilities Commission.
3. Increases special fund ceiling by $500,000 in FY 18 and FY 19 to facilitate the disbursement of funds from the Driver Education Fund.
4. Adds $420,000 in special funds in FY 18 and $70,000 in special funds for FY 19 for IT projects.
## OPERATING AND CAPITAL EXPENDITURES

<table>
<thead>
<tr>
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<th>DEPT OF COMMERCE &amp; CONSUMER AFFAIRS</th>
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### OPERATING COST

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### BY MEANS OF FINANCING

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### TOTAL PERM POSITIONS

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Department of Commerce and Consumer Affairs  
(Capital Improvements Budget)

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

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Operating Budget Details
## OPERATING AND CAPITAL EXPENDITURES

**PROGRAM ID:**

**PROGRAM STRUCTURE NO:** 10

**PROGRAM TITLE:** INDIVIDUAL RIGHTS

### PROGRAM EXPENDITURES

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## OPERATING AND CAPITAL EXPENDITURES

**REPORT: P61-A**

**PROGRAM ID:**

**PROGRAM STRUCTURE NO:** 1001

**PROGRAM TITLE:** PROTECTION OF THE CONSUMER

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100103

**PROGRAM STRUCTURE NO:**
REGULATION OF SERVICES

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<th>PROGRAM STRUCTURE NO:</th>
<th>PROGRAM TITLE:</th>
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<tr>
<td></td>
<td>100103</td>
<td>REGULATION OF SERVICES</td>
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<tr>
<td>OPERATING COST</td>
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<td>292.00*</td>
<td>294.00*</td>
<td>301.00*</td>
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<tr>
<td>OTHER CURRENT EXPENSES</td>
<td>17,586,361</td>
<td>23,283,203</td>
<td>27,691,158</td>
<td>25,921,245</td>
<td>23,301</td>
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<td>EQUIPMENT</td>
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<tr>
<td>TOTAL OPERATING COST</td>
<td>38,953,034</td>
<td>54,260,252</td>
<td>59,890,119</td>
<td>58,354,043</td>
<td>55,734</td>
<td>55,734</td>
<td>55,734</td>
<td>55,734</td>
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</tbody>
</table>

| BY MEANS OF FINANCING |                      |            |            |            |            |            |            |            |
| SPECIAL FUND          | 284.00*               | 286.00*    | 293.00*    | 293.00*    | 293.0*     | 293.0*     | 293.0*     |            |
| OTHER FEDERAL FUNDS   | 14.00**               | 14.00**    | 12.00**    | 12.00**    | 12.0**     | 12.0**     | 12.0**     | 12.0**     |
| TRUST FUNDS           | 37,750,995            | 51,235,204 | 53,631,592 | 52,553,480 | 52,554     | 52,554     | 52,554     | 52,554     |
| 4.00**                | 4.00**                 | 4.00**     | 4.00**     | 4.00**     | 4.0**      | 4.0**      | 4.0**      | 4.0**      |
| OTHER FEDERAL FUNDS   | 250,000               | 250,000    | 250,000    | 250,000    | 250        | 250        | 250        | 250        |
| 8.00*                 | 8.00*                  | 8.00*      | 8.00*      | 8.0*       | 8.0*       | 8.0*       | 8.0*       | 8.0*       |
| 3.00**                | 3.00**                 | 5.00**     | 5.00**     | 5.0**      | 5.0**      | 5.0**      | 5.0**      | 5.0**      |
| TRUST FUNDS           | 1,202,039              | 2,775,048  | 6,008,527  | 5,550,563  | 2,930      | 2,930      | 2,930      | 2,930      |
| TOTAL PERM POSITIONS  | 292.00*               | 294.00*    | 301.00*    | 301.00*    | 301.0*     | 301.0*     | 301.0*     |            |
| TOTAL TEMP POSITIONS  | 21.00**               | 21.00**    | 21.00**    | 21.00**    | 21.0**     | 21.0**     | 21.0**     |            |
| TOTAL PROGRAM COST    | 38,953,034            | 54,260,252 | 59,890,119 | 58,354,043 | 55,734     | 55,734     | 55,734     | 55,734     |
**OPERATING AND CAPITAL EXPENDITURES**

**REPORT: P61-A**

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

<table>
<thead>
<tr>
<th>PROGRAM EXPENDITURES</th>
<th>IN DOLLARS</th>
<th>IN THOUSANDS</th>
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</thead>
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<tr>
<td>OPERATING COST</td>
<td>8.00*</td>
<td>8.00*</td>
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<tr>
<td>PERSONAL SERVICES</td>
<td>748,378</td>
<td>1,012,241</td>
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<td>OTHER CURRENT EXPENSES</td>
<td>770,827</td>
<td>1,547,730</td>
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<tr>
<td>TOTAL OPERATING COST</td>
<td>1,519,205</td>
<td>2,559,971</td>
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<tr>
<th>BY MEANS OF FINANCING</th>
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<td>SPECIAL FUND</td>
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<td>2,559,971</td>
<td>2,609,370</td>
<td>2,609,370</td>
<td>2,609</td>
<td>2,609</td>
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<tr>
<td>TRUST FUNDS</td>
<td>3,144,640</td>
<td>2,620,676</td>
<td></td>
<td></td>
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<td>TOTAL PERM POSITIONS</td>
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<td>8.00*</td>
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<td>8.0*</td>
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<td>TOTAL TEMP POSITIONS</td>
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<td>2,559,971</td>
<td>5,754,010</td>
<td>5,230,046</td>
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### Performance Measures and Program Revenues

**Program ID:** CCA102  
**Program Structure:** 10010301  
**Program Title:** Cable Television

#### Measures of Effectiveness

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<tbody>
<tr>
<td>1. % homes where cable TV service available in State</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
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<tr>
<td>2. % complaints by cable TV COM SYS w/STATE &amp; REG RPTG REQS</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
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<tr>
<td>3. % complaints addressed within 30 days</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
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#### Program Target Groups

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<tbody>
<tr>
<td>1. Hawaii Households (000)</td>
<td>530</td>
<td>540</td>
<td>550</td>
<td>560</td>
<td>560</td>
<td>560</td>
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<tr>
<td>2. Hawaii Businesses (000)</td>
<td>34</td>
<td>34</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
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<tr>
<td>3. Cable Television Subscribers (000)</td>
<td>393</td>
<td>391</td>
<td>389</td>
<td>387</td>
<td>385</td>
<td>383</td>
<td>383</td>
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<tr>
<td>4. Cable Television Companies</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
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<tr>
<td>5. PEG Access Organizations</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
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<tr>
<td>6. Broadband Subscribers (000)</td>
<td>429</td>
<td>439</td>
<td>449</td>
<td>459</td>
<td>469</td>
<td>479</td>
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#### Program Activities

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<tbody>
<tr>
<td>1. # Pol &amp; Stds Proceedings for Cable COM Svcs (CCS)</td>
<td>12</td>
<td>12</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>6</td>
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<tr>
<td>2. # of New CATV Applications Reviewed by CATV</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3. # Inspect, Investg, Compl Reviews Begun/Ended by CATV</td>
<td>13</td>
<td>13</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
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</tr>
<tr>
<td>4. # Testms Rs to Cable COM to Leg, Cong, Govt Agen</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>5. # Mtgs on Dev, Const, Use of Facil Rel to CCS</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
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<tr>
<td>6. # of Complaints and Inquiries Received</td>
<td>280</td>
<td>280</td>
<td>280</td>
<td>280</td>
<td>280</td>
<td>280</td>
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<td>7. # Rate Filings Received and Examined by CATV</td>
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<td>6</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
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<tr>
<td>8. # of Inet Proj Requests Received/Processed</td>
<td>76</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
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<tr>
<td>9. # of PEG Access Related Activities</td>
<td>325</td>
<td>325</td>
<td>325</td>
<td>325</td>
<td>325</td>
<td>325</td>
<td>325</td>
<td>325</td>
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<tr>
<td>10. # of Broadband Related Activities</td>
<td>140</td>
<td>150</td>
<td>150</td>
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#### Program Revenues by Type (in thousands of dollars)

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<tbody>
<tr>
<td>Licenses, Permits, and Fees</td>
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<td>2,500</td>
<td>2,500</td>
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<td>2,500</td>
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<tr>
<td>Revenues from the use of money and property charges</td>
<td>33</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
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<td>31</td>
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<tr>
<td>Total Program Revenues</td>
<td>2,874</td>
<td>2,531</td>
<td>2,531</td>
<td>2,531</td>
<td>2,531</td>
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#### Program Revenues by Fund (in thousands of dollars)

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</thead>
<tbody>
<tr>
<td>Special Funds</td>
<td>2,874</td>
<td>2,531</td>
<td>2,531</td>
<td>2,531</td>
<td>2,531</td>
<td>2,531</td>
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<tr>
<td>Total Program Revenues</td>
<td>2,874</td>
<td>2,531</td>
<td>2,531</td>
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Note: Program revenues by type and fund may not be accurate due to system error.
Program Plan Narrative

CCA102: CABLE TELEVISION

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 (to the extent authorized by federal law) 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 Section 37-68(1)(A)(B)

Increase special funds ceiling by $46,759 in FY18 and FY19 for fringe benefits.

Increase trust funds ceiling by $3,144,640 in FY 18 and $2,620,676 in FY 19 for INET/Broadband projects.

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 contracts for PEG services pursuant to Act 93, SLH 2014.

6. Advocate for Hawaii’s broadband future pursuant to Act 199, SLH 2010 and Act 151, SLH 2011; continue to utilize work groups to develop procedures for streamlined permitting functions applicable to the development of broadband services or technology; and facilitate expansion of broadband services throughout the State, especially in unserved and underserved areas.

7. Expansion of the State’s INET to meet the communications needs of the State in efficient and effective manner.

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 the State’s topography, economics, and changing laws and technologies.

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.
Program Plan Narrative

CCA102: CABLE TELEVISION

E. Identification of Important Program Relationships

1. In cable regulation, federal law and state laws 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 and the cable advisory committee continue to provide input and advice to the division.

3. Consumers continue to have high priority in the cable regulatory program.

4. The incumbent cable operator in the State is large, operate multiple systems in the State, and have a national footprint. In 2011, the incumbent telephone service provider was granted a franchise to provide cable service on the island of Oahu.

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 and conducting pilot projects 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 monitoring 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 Revenues

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 EXPENDITURES

**REPORT: P61-A**

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

#### PROGRAM EXPENDITURES

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<tbody>
<tr>
<td><strong>OPERATING COST</strong></td>
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<td>24.0*</td>
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<tr>
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<td>1,624,605</td>
<td>2,419,501</td>
<td>2,448,314</td>
<td>2,448,314</td>
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<td>1,821,712</td>
<td>1,781,860</td>
<td>1,781,860</td>
<td>1,782</td>
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#### BY MEANS OF FINANCING

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<tbody>
<tr>
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<td>24.00*</td>
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#### TOTAL PROGRAM COST

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<tr>
<td><strong>TOTAL PERM POSITIONS</strong></td>
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<tr>
<td><strong>TOTAL TEMP POSITIONS</strong></td>
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## STATE OF HAWAII

### PERFORMANCE MEASURES AND PROGRAM REVENUES

**REPORT P62**

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

### PROGRAM結構

<table>
<thead>
<tr>
<th>PROGRAM ID:</th>
<th>CCA103</th>
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<tbody>
<tr>
<td>PROGRAM STRUCTURE:</td>
<td>10010302</td>
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<tr>
<td>PROGRAM TITLE:</td>
<td>CONSUMER ADVOCATE FOR COMMUNICATIONS, UTIL &amp; TRANSPORTATION SVCS</td>
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### MEASURES OF EFFECTIVENESS

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<tr>
<td>1. AVG % PUC DECSNS ACPT AGRMT ENTRD BY CA WRU</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
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<tr>
<td>2. CONS SAV DUE TO PARTIC IN UTIL PROC (000'S)</td>
<td>15000</td>
<td>15000</td>
<td>15000</td>
<td>15000</td>
<td>15000</td>
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<td>3. CONS SAV DUE TO PARTIC IN WATER CARR PROC (000'S)</td>
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<td>1000</td>
<td>0</td>
<td>1000</td>
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<td>4. % PROCEDURAL DEADLINES MET</td>
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<td>100</td>
<td>100</td>
<td>100</td>
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<td>5. # OF PEOPLE REACHED THRU EVENTS/DIST PUBLICATIONS</td>
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<td>4500</td>
<td>4500</td>
<td>4500</td>
<td>4500</td>
<td>4500</td>
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<td>6. % OF COMPLAINTS RESPONDED TO WITHIN 24 HOURS</td>
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<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
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<tr>
<td>7. % OF ALT ENERGY SOURCES USED BY ELECTRIC UTILITIES</td>
<td>16</td>
<td>21</td>
<td>22</td>
<td>25</td>
<td>27</td>
<td>30</td>
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### PROGRAM TARGET GROUPS

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<tr>
<td>1. DE FACTO POPULATION IN HAWAII (000'S)</td>
<td>1562</td>
<td>1562</td>
<td>1562</td>
<td>1562</td>
<td>1562</td>
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<td>1606</td>
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<td>2. # OF RESIDENTIAL ELECTRICAL METERS (000'S)</td>
<td>433</td>
<td>437</td>
<td>441</td>
<td>444</td>
<td>444</td>
<td>445</td>
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<td>3. # OF NON-RESIDENTIAL USERS (000'S)</td>
<td>70</td>
<td>71</td>
<td>72</td>
<td>73</td>
<td>73</td>
<td>74</td>
<td>74</td>
<td>75</td>
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<tr>
<td>4. # OF ELECTRIC PUBLIC UTILITIES REGULATED BY PUC</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
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<tr>
<td>5. # OF SUPPLIERS OF ELEC ENERGY TO ELEC PUB UTILS</td>
<td>39</td>
<td>43</td>
<td>45</td>
<td>48</td>
<td>50</td>
<td>51</td>
<td>52</td>
<td>53</td>
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<tr>
<td>6. # TELECOM COMMON CAR (FED &amp; ST LIC) OPER IN HI</td>
<td>180</td>
<td>180</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
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<tr>
<td>7. # PIPD GAS, WATR, WAST WATR PUB UTIL REG BY PUC</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
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<td>8. #PROP MOTOR CARRIERS HLDG CERT PUBLC CONV &amp; NESSTY</td>
<td>600</td>
<td>600</td>
<td>600</td>
<td>600</td>
<td>600</td>
<td>600</td>
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<tr>
<td>9. # PASS CARRIERS HLDG CERT PUBLC CONV &amp; NESSTY</td>
<td>690</td>
<td>690</td>
<td>690</td>
<td>690</td>
<td>690</td>
<td>690</td>
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<tr>
<td>10. # WATER CARRIERS REGULATED BY PUC</td>
<td>3</td>
<td>3</td>
<td>2</td>
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### PROGRAM ACTIVITIES

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<tr>
<td>1. # OF UTILITY GENERAL RATE APPL REVIEWED BY DIV</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
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<tr>
<td>2. # OF GEN TARIFF CHGS FILED BY MOTOR CARR REV BY DIV</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
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<tr>
<td>3. # OF NON-RATE APPL BY UTIL COMP REV BY DIV</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
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<tr>
<td>4. # OF INVST FOR QUAL SVC/OPER INTG PARITY IN BY DIV</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
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<tr>
<td>5. # RULE-MKG PROC/GENERIC DCKTS PARITY IN BY DIV</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
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<tr>
<td>6. # OF EDUCATION/OUTREACH EVENTS ATTENDED</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
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<tr>
<td>7. # OF NEWSLETTERS/PUBLICATIONS CREATED</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
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</tbody>
</table>

### PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS)

| REVENUES FROM THE USE OF MONEY AND PROPERTY | 42 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| NON-REVENUE RECEIPTS | 4,175 | 4,241 | 4,241 | 4,241 | 4,241 | 4,241 | 4,241 | 4,241 |
| TOTAL PROGRAM REVENUES | 4,217 | 4,261 | 4,261 | 4,261 | 4,261 | 4,261 | 4,261 | 4,261 |

### PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)

| SPECIAL FUNDS | 4,217 | 4,261 | 4,261 | 4,261 | 4,261 | 4,261 | 4,261 | 4,261 |
| TOTAL PROGRAM REVENUES | 4,217 | 4,261 | 4,261 | 4,261 | 4,261 | 4,261 | 4,261 | 4,261 |

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

CCA103: CONSUMER ADVOCATE FOR COMM, UTIL & TRAN SVC 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 Section 37-68(1)(A)(B)

Decrease special funds ceiling by $39,852 for other current expenses in FY18 and FY19.

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, Sections 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, Economic Development and Tourism, Department of Agriculture, and the Department of Transportation, are continually consulted.
Program Plan Narrative

CCA103: CONSUMER ADVOCATE FOR COMM, UTIL & TRAN SVC

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. Changing governmental policies in the water and wastewater industries are affecting how utility service is provided and the costs incurred to serve customers.

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 19 of 25 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 Revenues

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 EXPENDITURES

**REPORT: P61-A**

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

### PROGRAM EXPENDITURES

<table>
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<tr>
<th></th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
<th>FY 2017-18</th>
<th>FY 2018-19</th>
<th>IN THOUSANDS</th>
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</thead>
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<tr>
<td>OPERATING COST</td>
<td>39.00*</td>
<td>39.00*</td>
<td>39.00*</td>
<td>39.00*</td>
<td>39.0*</td>
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<tr>
<td></td>
<td>0.00**</td>
<td>0.00**</td>
<td>0.00**</td>
<td>0.00**</td>
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<tr>
<td>PERSONAL SERVICES</td>
<td>2,511,836</td>
<td>4,036,236</td>
<td>4,141,702</td>
<td>4,141,702</td>
<td>4,142</td>
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<td>OTHER CURRENT EXPENSES</td>
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<td>1,155,616</td>
<td>805,090</td>
<td>805,090</td>
<td>805</td>
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<tr>
<td>TOTAL OPERATING COST</td>
<td>2,934,630</td>
<td>5,191,852</td>
<td>4,946,792</td>
<td>4,946,792</td>
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### BY MEANS OF FINANCING

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<th>FY 2015-16</th>
<th>FY 2016-17</th>
<th>FY 2017-18</th>
<th>FY 2018-19</th>
<th>IN THOUSANDS</th>
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<tr>
<td>SPECIAL FUND</td>
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<td>4,971,852</td>
<td>4,836,792</td>
<td>4,836,792</td>
<td>4,837</td>
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<tr>
<td>TRUST FUNDS</td>
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<td>110,000</td>
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<td>TOTAL PERM POSITIONS</td>
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<td>39.00*</td>
<td>39.00*</td>
<td>39.00*</td>
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<td>TOTAL TEMP POSITIONS</td>
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<tr>
<td>TOTAL PROGRAM COST</td>
<td>2,934,630</td>
<td>5,191,852</td>
<td>4,946,792</td>
<td>4,946,792</td>
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# Performance Measures and Program Revenues

**Program ID:** CCA104  
**Program Structure:** 10010303  
**Program Title:** Financial Services Regulation

## Measures of Effectiveness

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<tr>
<td>1. % of instructions examined in timely manner purs to Stat rules</td>
<td>93%</td>
<td>92%</td>
<td>93%</td>
<td>91%</td>
<td>93%</td>
<td>92%</td>
<td>93%</td>
<td>92%</td>
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<tr>
<td>2. % of applications reviewed/processed timely &amp; purs to Stat</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
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<tr>
<td>3. % of inquiries reviewed/processed within 30 days</td>
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<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
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<tr>
<td>4. % of audits financial statements reviewed within 60 days</td>
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<td>93%</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
<td>93%</td>
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## Program Target Groups

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<tbody>
<tr>
<td>1. De Facto Population in Hawaii (000)</td>
<td>1,562</td>
<td>1,562</td>
<td>1,562</td>
<td>1,562</td>
<td>1,562</td>
<td>1,562</td>
<td>1,606</td>
<td>1,606</td>
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<tr>
<td>2. Financial Institutions, EM, MS, MLO, MLOC Branches &amp; Other Offices Regulated</td>
<td>4,990</td>
<td>5,280</td>
<td>4,300</td>
<td>4,300</td>
<td>4,300</td>
<td>4,300</td>
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## Program Activities

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<tbody>
<tr>
<td>1. # of financial institutions &amp; other offices examined</td>
<td>239</td>
<td>238</td>
<td>241</td>
<td>236</td>
<td>241</td>
<td>238</td>
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<td>2. # of inquiries received</td>
<td>6,750</td>
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<td>9,500</td>
<td>9,500</td>
<td>9,500</td>
<td>9,500</td>
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<tr>
<td>3. # of licenses reviewed</td>
<td>2,452</td>
<td>2,662</td>
<td>2,917</td>
<td>3,067</td>
<td>3,367</td>
<td>3,617</td>
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<td>4. # of investigations received</td>
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<td>75</td>
<td>75</td>
<td>75</td>
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<td>75</td>
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<tr>
<td>5. # of written complaints received</td>
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<td>60</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
<td>75</td>
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<tr>
<td>6. # of examinations received</td>
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<td>60</td>
<td>60</td>
<td>60</td>
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## Program Revenues by Type (in thousands of dollars)

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<tr>
<td>Taxes</td>
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<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Licenses, Permits, and Fees</td>
<td>390</td>
<td>400</td>
<td>380</td>
<td>380</td>
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<td>380</td>
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<tr>
<td>Revenues from the use of money and property</td>
<td>45</td>
<td>20</td>
<td>15</td>
<td>15</td>
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<td>15</td>
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<tr>
<td>Charges for current services</td>
<td>2,672</td>
<td>2,080</td>
<td>2,104</td>
<td>2,117</td>
<td>2,119</td>
<td>2,117</td>
<td>2,119</td>
<td>2,119</td>
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<tr>
<td>Total Program Revenues</td>
<td>5,116</td>
<td>4,500</td>
<td>4,499</td>
<td>4,512</td>
<td>4,514</td>
<td>4,512</td>
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## Program Revenues by Fund (in thousands of dollars)

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<tbody>
<tr>
<td>Special Funds</td>
<td>5,116</td>
<td>4,500</td>
<td>4,499</td>
<td>4,512</td>
<td>4,514</td>
<td>4,512</td>
<td>4,514</td>
<td>4,514</td>
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<tr>
<td>Total Program Revenues</td>
<td>5,116</td>
<td>4,500</td>
<td>4,499</td>
<td>4,512</td>
<td>4,514</td>
<td>4,512</td>
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</table>

**Note:** Program revenues by type and fund may not be accurate due to system error.
Program Plan Narrative

CCA104: FINANCIAL SERVICES REGULATION

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 ("financial institutions"), 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 Section 37-68(1)(A)(B)

Increase special funds ceiling by $61,011 in FY18 and FY19 for training.

Increase special funds ceiling by $98,463 in FY18 and FY19 for central services assessment expenses.

Increase special funds ceiling by $86,732 in FY18 and FY19 for fringe benefits.

C. Description of Activities Performed

The division is responsible for the licensure, regulation, supervision and examination of state-chartered and licensed financial institutions.

D. Statement of Key Policies Pursued

The division is challenged by changes in the financial services industry. The division strives to ensure that the division's laws, rules, policies, procedures and resources enable the division to effectively and efficiently regulate and supervise financial institutions, while maintaining a highly skilled and effective work force with 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 economic uncertainties and the emerging new products (i.e. virtual currency and crypto-currency), delivery channels (i.e. internet and cell phone), and delivery methods (i.e. fin tech companies). Congressional changes to financial services laws compel closer working relationships with federal agencies, with increased emphasis on compliance with federal Bank Secrecy Act and anti-money laundering laws, and the continuous 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 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. 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, has been 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.
Program Plan Narrative

CCA104: FINANCIAL SERVICES REGULATION

As the economy 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. The division has been assisting Hawaii's financial institutions in 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 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 with law enforcement, state and federal agencies and private industry to protect the financial sector.

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

Work load continues to increase substantially. Since FY14, the division has implemented electronic processing of applications and examinations. In FY16 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 to an increase in the number of licensees for non-depository financial institutions. 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 complex review and enhanced examinations and supervisory efforts.

H. Discussion of Program Revenues

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 vacancies.

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.
## OPERATING AND CAPITAL EXPENDITURES

### PROGRAM ID:
CCA105

### PROGRAM STRUCTURE NO:
10010304

### PROGRAM TITLE:
PROFESSIONAL & VOCATIONAL LICENSING

#### PROGRAM EXPENDITURES

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<td>68.00*</td>
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<td>8,839,151</td>
<td>9,639,782</td>
<td>9,803,510</td>
<td>9,804</td>
<td>9,804</td>
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#### BY MEANS OF FINANCING

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<td>7,183,623</td>
<td>7,184</td>
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<td><strong>TOTAL TEMP POSITIONS</strong></td>
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<td>15.00**</td>
<td>16.00**</td>
<td>16.00**</td>
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<td><strong>TOTAL PROGRAM COST</strong></td>
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STATE OF HAWAII
PERFORMANCE MEASURES AND PROGRAM REVENUES

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

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<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
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<td>2. % LICENSEES RENEWED WITHIN 10-12 BUSINESS DAYS</td>
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<td>97</td>
<td>97</td>
<td>97</td>
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<td>3. % PVL-PROPOSED LEGISLATIVE MEASURES ENACTED</td>
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<td>90</td>
<td>90</td>
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PROGRAM ACTIVITIES

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<td>14420</td>
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<td>15460</td>
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<td>2. # OF EXAMINEES &amp; REEXAMINEES</td>
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<td>10310</td>
<td>10500</td>
<td>10690</td>
<td>10880</td>
<td>11070</td>
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<td>3. # OF APPLICANTS LICENSED</td>
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<td>10246</td>
<td>10348</td>
<td>10451</td>
<td>10554</td>
<td>10657</td>
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<td>4. # OF PERMITS ISSUED</td>
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<td>71907</td>
<td>72626</td>
<td>73352</td>
<td>74078</td>
<td>74904</td>
<td>74804</td>
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<tr>
<td>5. # OF LICENSES RENEWED</td>
<td>1565</td>
<td>1590</td>
<td>1615</td>
<td>1640</td>
<td>1665</td>
<td>1690</td>
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<td>6. # OF UPDATE TRANSACTIONS FOR LICENSES</td>
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<td>200465</td>
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<td>201305</td>
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<td>7. # CONDO REQUESTS, APPLS, REPORTS &amp; EDUC OFFERINGS</td>
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<td>28000</td>
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<td>8. # OF REAL ESTATE REQUESTS AND EDUC OFFERINGS</td>
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<td>105000</td>
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<td>9. # OF TIME SHARE/SUBDIVISION FILINGS RECEIVED</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
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<tr>
<td>10. # OF NEW/REVISED HI ADMIN RULES PROMULGATED</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
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PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)

| LICENSES, PERMITS, AND FEES | 5,748 | 4,755 | 5,586 | 3,942 | 4,547 | 3,709 | 3,907 |
| REVENUES FROM THE USE OF MONEY AND PROPERTY | 35 | 25 | 23 | 25 | 25 | 23 | 25 |
| CHARGES FOR CURRENT SERVICES | 1,949 | 1,866 | 1,961 | 1,808 | 1,978 | 1,811 | 1,833 |
| NON-REVENUE RECEIPTS | 471 | 2,813 | 399 | 3,021 | 402 | 3,227 | 3,548 |
| TOTAL PROGRAM REVENUES | 8,203 | 9,459 | 7,969 | 6,796 | 6,950 | 6,772 | 6,703 | 9,313 |

PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)

| SPECIAL FUNDS | 7,724 | 6,641 | 7,567 | 5,770 | 6,545 | 5,540 | 6,293 | 5,760 |
| ALL OTHER FUNDS | 479 | 2,818 | 402 | 3,026 | 405 | 3,232 | 410 | 3,553 |
| TOTAL PROGRAM REVENUES | 8,203 | 9,459 | 7,969 | 6,796 | 6,950 | 6,772 | 6,703 | 9,313 |

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

CCA105: PROFESSIONAL & VOCATIONAL LICENSING

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 Section 37-68(1)(A)(B)

Add one temporary Office Assistant position and increase special funds ceiling by $64,179 in FY18 and FY19 for transfer in to provide additional resources needed due to increased workload.

Add four permanent Office Assistant positions and increase special funds ceiling by $97,728 in FY18 and $195,456 in FY19 to provide necessary staff support for ongoing increases in licensing programs and responsibilities.

Add one temporary position and increase trust funds ceiling by $51,000 in FY18 and $84,000 in FY19 for the Condominium Education Trust Fund due to increased work complexity and expanding of program's responsibilities.

Add one temporary position and increase trust funds ceiling by $51,000 in FY18 and $84,000 in FY19 for the Real Estate Education Trust Fund due to increased work complexity and expanding of program's responsibilities.

Increase special funds ceiling by $91,000 in FY18 and FY19 for central services assessment expenses.

Increase special funds ceiling by $97,969 in FY18 and FY19 for fringe benefits.

Increase trust funds ceiling by $70,549 in FY18 and FY19 for fringe benefits.

C. Description of Activities Performed

The program is responsible for the licensing and regulation of 49 different professions and vocations. It provides administrative support to 25 regulatory licensing boards and, on behalf of the director of the department, administers 24 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.
Program Plan Narrative

CCA105: PROFESSIONAL & VOCATIONAL LICENSING

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 149,348 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 Revenues

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 HAR 16-53, effective October 10, 2016, fees for new applicants and at renewals were increased by 30% to 90%.

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 EXPENDITURES

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

### PROGRAM EXPENDITURES

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<td>10,238,618</td>
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<tr>
<td>TOTAL OPERATING COST</td>
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<td>18,499,753</td>
<td>18,569,862</td>
<td>18,570</td>
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### BY MEANS OF FINANCING

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<td>95.0*</td>
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## 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 Wn 3 Or 5 Yr Requi: 100 100 100 100 100 100 100 100
4. % Rate/Poli Filings Reviewed Wn Stat Time Reqmts: 95 95 90 90 90 90 90 90
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: 5.0 5.0 4.6 4.4 4.2 4.0 3.9 3.7
7. % Screening Applicants Assigned Claims Prg: 50 50 90 90 90 90 90 90

## PROGRAM TARGET GROUPS

1. DE FACTO POPULATION IN HAWAII (000): 1562 1562 1562 1562 1562 1562 1606 1606
2. INSURER LICENSEES REGULATED BY INSURANCE DIV: 1035 1034 1362 1383 1403 1424 1446 1467
3. CAPTIVE LICENSEES REGULATED BY INSURANCE DIVISION: 195 205 228 238 248 258 268 278
4. OTHER LICENSEES REGULATED BY INSURANCE DIVISION: 59000 62000 65000 69000 70000 71000 72000 73000
5. MOTOR VEHICLES SUBJECT TO INS REGULATIONS (000): 950 950 980 980 980 980 980 980

## PROGRAM ACTIVITIES

1. # Of License Appl, Renewals & Updates Processed: 119368 120419 133715 134727 135790 136803 137867 138881
2. # Of Complaints: 700 705 610 615 620 620 620 620
3. # Fraud Refer & Complaints Open For Investigations: 75 75 75 75 75 75 75 75
4. # Inform Brfngs & Captive Dev Activities During Yr: 30 30 35 35 35 35 35 35
5. # Of Annual Company Filings Processed: 2211 2209 2640 2685 2737 2789 2842 2897
6. # Insur & Captives Appl For Cert Of Auth Reviewed: 32 31 33 33 33 33 33 33
7. # Of Exams Of Domestic Ins & Ins-Type Entities: 29 38 39 44 52 49 47 49
8. # Insur & Issuer Rate & Policy Filings Analyzed: 4500 4500 3975 3975 3975 3975 3975 3975
9. # Of Premium Tax Statements Filed: 9500 9500 9500 9500 9500 9500 9500 9500
10. # Of Insurer Reports Analyzed Captives & Risk Rtnt: 260 270 280275 285 295 305 315 325

## PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS)

**Taxes:**
- Licenses, Permits, and Fees: 159,075 167,000 172,000 177,000 182,000 187,000 192,000 192,000
- Revenues from the Use of Money and Property: 5,590 5,000 6,000 6,250 6,500 6,750 7,000 7,000
- Charges for Current Services: 7,428 7,911 7,661 7,811 7,961 8,111 8,261 8,261
- Fines, Forfeits and Penalties: 138 210 210 210 210 210 210 210

**Total Program Revenues:** 174,894 184,132 189,182 194,583 199,983 205,383 210,783 210,783

## PROGRAM REVENUES BY FUND (IN THOUSANDS OF DOLLARS)

**General Funds:**
- Total Program Revenues: 159,440 168,100 173,100 178,100 183,100 188,100 193,100 193,100

**Special Funds:**
- Total Program Revenues: 15,295 15,876 16,326 16,726 17,126 17,526 17,926 17,926

**All Other Funds:**
- Total Program Revenues: 255 255 255 255 255 255 255 255

**Total Program Revenues:** 174,894 184,132 189,182 194,583 199,983 205,383 210,783 210,783

**Note:** Program revenues by type and fund may not be accurate due to system error.
Program Plan Narrative

CCA106: INSURANCE REGULATORY SERVICES

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 Section 37-68(1)(A)(B)

Convert temporary position to permanent in the Insurance Regulatory Fund with no change in special funds ceiling.

Add two permanent positions and increase special funds ceiling by $70,109 in FY18 and $140,218 in FY19 for the Insurance Regulatory Fund to meet demands from increasing workload and provide resources needed to meet timely analysis/review requirements of regulatory responsibilities.

Increase special funds ceiling by $135,000 in FY18 and FY19 for rent.

Increase special funds ceiling by $500,000 in FY18 and FY19 to facilitate funds transfer for the Drivers Education Fund.

Increase special funds ceiling by $150,000 in FY18 and FY19 for central services assessment expenses.

Increase special funds ceiling by $435,236 in FY18 and FY19 for fringe benefits for the Insurance Regulatory 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 legal service 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

Assuring the public of the broadest possible insurance coverages and benefits commensurate with reasonable rates from competent insurers and producers; monitoring the financial solvency of licensed insurance companies to assure the insurers' ability to pay claims; enforcing all laws and regulations; and 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 4480, 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 (ACA) 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 conducted form and rate review for the Hawaii Health Connector (HHC). The future of ACA is uncertain under a new Administration but the division continues to provide form and review for the federal exchange which has since replaced the unsustainable HHC.

2. The Insurance Division was a recipient of a $1.2 million grant from DHHS to use for enforcement and oversight of issuer compliance with select ACA key consumer protections. The current federal guidance was
Program Plan Narrative

CCA106: INSURANCE REGULATORY SERVICES

for states to proceed with the work plan as grant funds are allocated. The new Administration has indicated that key consumer protections may continue in the event that ACA is repealed and replaced.

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 26 domestic insurers in accordance with guidelines established by the NAIC. The branch also conducts financial examinations of 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 9,400 premium tax returns and collected over $159 million in premium taxes and assessments.

2. The Compliance and Enforcement Branch investigators resolved approximately 95% 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 400 complaints annually. The Compliance and Enforcement Branch also reviews approximately 1,800 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 86% of forms and rate filings reviews within the statutory time requirements in the last fiscal year. Annually, approximately 3,700 forms and rate filings are analyzed.

4. The Licensing Branch maintains the licensing database for over 59,000 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 208 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 28 Hawaii domestic commercial insurers.

6. The Insurance Fraud Investigations Branch opened 76 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 77 health insurance rate and form filings all within statutory time requirements, resulting in consumer savings of over $9.3 million. The Health Branch reviewed 138 complaints with the resolution of complaints resulting in consumer savings of $439,000. The branch handles about 1,000 information inquiries a year.

H. Discussion of Program Revenues

1. The program collected $152.6 million of insurance premium taxes for deposit into the general fund in FY 15-16.

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 EXPENDITURES

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

### PROGRAM EXPENDITURES

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<td>BY MEANS OF FINANCING</td>
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<td>SPECIAL FUND</td>
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<td>TOTAL TEMP POSITIONS</td>
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<td>TOTAL PROGRAM COST</td>
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## Measures of Effectiveness

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## Program Activities

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<td>Number of Authorizations or Reauthorizations</td>
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<td>Number of Complaints Received</td>
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## Program Revenues by Type (in Thousands of Dollars)

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<td>Licenses, Permits, and Fees</td>
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## Program Revenues by Fund (in Thousands of Dollars)

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<td>Special Funds</td>
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<td>49</td>
<td>297</td>
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**Note:** Program revenues by type and fund may not be accurate due to system error.
Program Plan Narrative

CCA107: POST-SECONDARY EDUCATION AUTHORIZATION

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 Section 37-68(1)(A)(B)

Trade-off from Other Current Expenses 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. Section 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 regulations concerning distance learning and reporting of gainful employment data by institutions may affect program operations. Any new federal requirements will need to be reconciled with HPEAP's 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 two staff members; however, the department will need to pursue adequate funding in the near future to ensure it has sufficient resources to investigate complaints, engage in enforcement activities, and respond to any sudden closures of institutions.

H. Discussion of Program Revenues

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.
Program Plan Narrative

CCA107: POST-SECONDARY EDUCATION AUTHORIZATION

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.
## OPERATING AND CAPITAL EXPENDITURES

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

### PROGRAM EXPENDITURES

#### IN DOLLARS

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## State of Hawaii

### PERFORMANCE MEASURES AND PROGRAM REVENUES

**Report P62**

**Program ID:** CCA901  
**Program Structure:** 10010308  
**Program Title:** Public Utilities Commission

### Measures of Effectiveness

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<tr>
<td>2. % Non-Rate Matters Compltd w/in Applic Statutory PD</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
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<td>100%</td>
<td>100%</td>
<td>100%</td>
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</tr>
<tr>
<td>3. % Inforal Complaints Resolved in Reasonable Time</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
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<tr>
<td>4. No. Reported Accidents Involving Utility Employees</td>
<td>8 5</td>
<td>8 5</td>
<td>8 5</td>
<td>8 5</td>
<td>8 5</td>
<td>8 5</td>
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<tr>
<td>5. AV No. Electric SVC Interruptions Per Customer Servd</td>
<td>2 2</td>
<td>2 2</td>
<td>2 2</td>
<td>2 2</td>
<td>2 2</td>
<td>2 2</td>
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<tr>
<td>6. No. Telecomm SVC Disruptions Longer Than 1 HR</td>
<td>2 2</td>
<td>2 2</td>
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</tr>
</tbody>
</table>

### Program Target Groups

1. Electric and Gas Companies
2. Property Carriers
3. Passenger Carriers
4. Water Common Carriers
5. Private Water and Wastewater Utility Companies
6. Telecommunications Companies
7. Operators of Subsurface Installations

### Program Activities

1. Number of Applications Filed
2. No. Decisions/Orders & Orders Issued Docketed Matter
3. No. Public Hearings and Contested Case Hearings
4. Number of Citations Issued
5. Number of Informal Complaints Filed

### Program Revenues by Type (In Thousands of Dollars)

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<tbody>
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<td>Charges for Current Services</td>
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<td>20,083</td>
<td>20,083</td>
<td>20,083</td>
<td>20,083</td>
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<td>Fines, Forfeits and Penalties</td>
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<td>27</td>
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<tr>
<td>Non-Revenue Receipts</td>
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<td>4,617</td>
<td>4,617</td>
<td>4,617</td>
<td>4,617</td>
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<td>4,617</td>
</tr>
<tr>
<td><strong>Total Program Revenues</strong></td>
<td><strong>22,174</strong></td>
<td><strong>24,918</strong></td>
<td><strong>24,727</strong></td>
<td><strong>24,727</strong></td>
<td><strong>24,727</strong></td>
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<td><strong>24,727</strong></td>
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### Program Revenues by Fund (In Thousands of Dollars)

**General Funds**

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<tbody>
<tr>
<td>Charges for Current Services</td>
<td>22,174</td>
<td>20,110</td>
<td>20,110</td>
<td>20,110</td>
<td>20,110</td>
<td>20,110</td>
<td>20,110</td>
<td>20,110</td>
</tr>
<tr>
<td><strong>Total Program Revenues</strong></td>
<td><strong>22,174</strong></td>
<td><strong>24,918</strong></td>
<td><strong>24,727</strong></td>
<td><strong>24,727</strong></td>
<td><strong>24,727</strong></td>
<td><strong>24,727</strong></td>
<td><strong>24,727</strong></td>
<td><strong>24,727</strong></td>
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</table>

**Note:** Program revenues by type and fund may not be accurate due to system error.
Program Plan Narrative

CCA901: PUBLIC UTILITIES COMMISSION

A. Statement of Program Objectives

To provide effective, proactive, and informed oversight of all regulated entities; to ensure that they operate at a high level of performance so as to serve the public fairly, efficiently, safely, and reliably, while addressing the goals and future needs of the State in the most economically, operationally, and environmentally sound manner; and affording the opportunity for regulated entities to achieve and maintain commercial viability.

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

Increase special funds ceiling by $35,800 in FY18 and FY19 for recurring expenses related to the office space renovation project.

Increase special funds ceiling by $303,949 in FY18 for non-recurring expenses related to the completion of the office space renovation project.

Increase special funds ceiling by $942,000 in FY18 for consultants and training.

Increase special funds ceiling by $193,220 in FY18 and FY19 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 enforcement activities of companies under the PUC's jurisdiction, to ensure compliance with rules and regulations; and

4. Developing and administering ratepayer-focused programs pursuant to legislative/statutory directives, such as renewable energy and energy efficiency programs, the One Call Center and Telephone Relay Service.

D. Statement of Key Policies Pursued

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

1. Increase the efficiency and effectiveness of the regulatory process,

2. Foster greater understanding of the regulatory process by the public,

3. Inspire confidence in the regulatory process,

4. Require regulated entities to continually achieve outstanding performance,

5. Create a regulatory environment that contributes to the economic and clean energy goals of the State,

6. Stimulate and encourage competition where appropriate and feasible, and

7. Cultivate high morale and performance among PUC employees.

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 PUC-regulated entities. 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. Several major legislative mandates, including the Renewable Portfolio Standards, the Energy Efficiency Portfolio Standards, the Public Benefit
2. The Federal Universal Service Fund (USF) Program, created by the U.S. Congress through the Telecommunications Act of 1934, 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. On April 1, 2016, the FCC released an order to modernize and reform the Lifeline telephone subsidy for low-income Americans to include internet access. 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. Such regulations include the Mercury and Air Toxics Standards (MATS), the National Ambient Air Quality Standards (NAAQS), nationwide standards for controlling hazardous air pollutant emissions from industrial, commercial, institutional boilers and process heaters, the Regional Haze Federal Implementation Plan and programs to control carbon emissions from power plants.

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

During the FY 2015-17, the PUC continued to work with the Department of Accounting and General Services Public Works Division ("DAGS"), the selected design consultant, and the selected contractor to finalize renovation plans and initiate the construction phase of the PUC's expansion and renovation project ("project"). The project is targeted to be completed in the third quarter of FY18.

In FY15, the PUC successfully completed its transition from its administrative status within the Department of Budget and Finance to being administratively attached to the Department of Commerce and Consumer Affairs, pursuant to Act 108, SLH 2014. Act 108 also strengthened the Commission's internal management capacity with the establishment of three new key administrative positions, bringing the PUC's total authorized full-time position count to 65.

In FY16, the acquisition of a temporary swing space allowed the PUC to immediately recruit to fill all authorized and funded positions.

During the upcoming biennium, the PUC will complete the project and relocate swing space staff back to the PUC's main office in the Kekuanaoa building which will create a more efficient and effective work environment that will allow the PUC to better meet its program requirements.

H. Discussion of Program Revenues

Regulated utilities and transportation companies are assessed fees for filings, earnings and penalties. For FY17, it is projected that $20 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). In FY16 $5.8 million lapsed to the General Fund, and it is estimated that $5.2 million, $4.1 million, and $5.1 million will lapse to the General Fund in FY17, FY18 and FY19, 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 all funded and authorized positions, 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 EXPENDITURES

**PROGRAM ID:**

**PROGRAM STRUCTURE NO:** 100104

**PROGRAM TITLE:** ENFORCEMENT OF FAIR BUSINESS PRACTICES

<table>
<thead>
<tr>
<th></th>
<th>IN DOLLARS</th>
<th>IN THOUSANDS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING COST</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>154.00*</td>
<td>154.00*</td>
<td>156.00*</td>
</tr>
<tr>
<td>10.00**</td>
<td>10.00**</td>
<td>11.00**</td>
</tr>
<tr>
<td><strong>PERSONAL SERVICES</strong></td>
<td>10,909,151</td>
<td>13,584,261</td>
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<tr>
<td><strong>OTHER CURRENT EXPENSES</strong></td>
<td>2,255,190</td>
<td>2,671,275</td>
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<tr>
<td><strong>TOTAL OPERATING COST</strong></td>
<td>13,164,341</td>
<td>16,255,536</td>
</tr>
<tr>
<td><strong>BY MEANS OF FINANCING</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>154.00*</td>
<td>154.00*</td>
<td>156.00*</td>
</tr>
<tr>
<td>10.00**</td>
<td>10.00**</td>
<td>11.00**</td>
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<tr>
<td><strong>SPECIAL FUND</strong></td>
<td>13,155,580</td>
<td>16,154,855</td>
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<tr>
<td><strong>TRUST FUNDS</strong></td>
<td>8,761</td>
<td>100,681</td>
</tr>
<tr>
<td><strong>TOTAL PERM POSITIONS</strong></td>
<td>154.00*</td>
<td>154.00*</td>
</tr>
<tr>
<td><strong>TOTAL TEMP POSITIONS</strong></td>
<td>10.00**</td>
<td>10.00**</td>
</tr>
<tr>
<td><strong>TOTAL PROGRAM COST</strong></td>
<td>13,164,341</td>
<td>16,255,536</td>
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</tbody>
</table>
## OPERATING AND CAPITAL EXPENDITURES

**REPORT: P61-A**

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

<table>
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<tr>
<th>PROGRAM EXPENDITURES</th>
<th>IN DOLLARS</th>
<th>IN THOUSANDS</th>
</tr>
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<tbody>
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<td>OPERATING COST</td>
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<td>17.00*</td>
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<tr>
<td></td>
<td>1.00**</td>
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<tr>
<td>PERSONAL SERVICES</td>
<td>1,510,548</td>
<td>1,754,264</td>
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<td>OTHER CURRENT EXPENSES</td>
<td>239,624</td>
<td>455,711</td>
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<td>TOTAL OPERATING COST</td>
<td>1,750,172</td>
<td>2,209,975</td>
</tr>
</tbody>
</table>

| BY MEANS OF FINANCING  |            |            |            |            |            |            |            |            |
|                        | 17.00*     | 17.00*     | 18.00*     | 18.00*     | 18.0*      | 18.0*      | 18.0*      | 18.0*      |
|                        | 1.00**     | 1.00**     | 2.00**     | 2.00**     | 2.0**      | 2.0**      | 2.0**      | 2.0**      |
| SPECIAL FUND           | 1,741,411  | 2,109,294  | 2,543,459  | 2,605,494  | 2,606      | 2,606      | 2,606      | 2,606      |
|                        |            |            |            |            |            |            |            |            |
| TRUST FUNDS            | 8,761      | 100,681    | 100,681    | 100,681    | 101        | 101        | 101        | 101        |
| TOTAL PERM POSITIONS   | 17.00*     | 17.00*     | 18.00*     | 18.00*     | 18.0*      | 18.0*      | 18.0*      | 18.0*      |
| TOTAL TEMP POSITIONS   | 1.00**     | 1.00**     | 2.00**     | 2.00**     | 2.0**      | 2.0**      | 2.0**      | 2.0**      |
| TOTAL PROGRAM COST     | 1,750,172  | 2,209,975  | 2,644,140  | 2,706,175  | 2,707      | 2,707      | 2,707      | 2,707      |
### Measures of Effectiveness

1. **# Consumers Directly Affected by Office Actn (000)**
   - 2015-16: 30
   - 2016-17: 30
   - 2017-18: 50
   - 2018-19: 50
   - 2019-20: 50
   - 2020-21: 50
   - 2021-22: 50
   - 2022-23: 50

2. **# Businesses Directly Affected by Office Investgtns**
   - 2015-16: 1100
   - 2016-17: 1100
   - 2017-18: 900
   - 2018-19: 900
   - 2019-20: 900
   - 2020-21: 900
   - 2021-22: 900
   - 2022-23: 900

3. **$ Amts Recovered Thru Multistate Cases (000)**
   - 2015-16: 150
   - 2016-17: 150
   - 2017-18: 150
   - 2018-19: 1000
   - 2019-20: 1000
   - 2020-21: 1000
   - 2021-22: 1000
   - 2022-23: 1000

4. **$ % Legal Actions Resolved in Favor of OCP**
   - 2015-16: 100
   - 2016-17: 100
   - 2017-18: 100
   - 2018-19: 100
   - 2019-20: 100
   - 2020-21: 100
   - 2021-22: 100
   - 2022-23: 100

### Program Target Groups

1. **Resident State Population (000)**
   - 2015-16: 1400
   - 2016-17: 1400
   - 2017-18: 1400
   - 2018-19: 1400
   - 2019-20: 1400
   - 2020-21: 1400
   - 2021-22: 1400
   - 2022-23: 1400

2. **Visitors to Hawaii (000)**
   - 2015-16: 8000
   - 2016-17: 8000
   - 2017-18: 8000
   - 2018-19: 8000
   - 2019-20: 8000
   - 2020-21: 8000
   - 2021-22: 8000
   - 2022-23: 8000

### Program Activities

1. **# of Consumer Complaints Rec (Excl Landld/Tenant)**
   - 2015-16: 1500
   - 2016-17: 1500
   - 2017-18: 1500
   - 2018-19: 1000
   - 2019-20: 1000
   - 2020-21: 1000
   - 2021-22: 1000
   - 2022-23: 1000

2. **# of Complaints Initiated by OCP**
   - 2015-16: 75
   - 2016-17: 75
   - 2017-18: 75
   - 2018-19: 75
   - 2019-20: 75
   - 2020-21: 75
   - 2021-22: 75
   - 2022-23: 75

3. **# of Landlord-Tenant Inquiries Received**
   - 2015-16: 10000
   - 2016-17: 10000
   - 2017-18: 10000
   - 2018-19: 10000
   - 2019-20: 10000
   - 2020-21: 10000
   - 2021-22: 10000
   - 2022-23: 10000

4. **# of Complaints Resolved at Investigative Level**
   - 2015-16: 700
   - 2016-17: 700
   - 2017-18: 700
   - 2018-19: 700
   - 2019-20: 700
   - 2020-21: 700
   - 2021-22: 700
   - 2022-23: 700

5. **# of Multistate Cases**
   - 2015-16: 5
   - 2016-17: 5
   - 2017-18: 5
   - 2018-19: 8
   - 2019-20: 8
   - 2020-21: 8
   - 2021-22: 8
   - 2022-23: 8

6. **# of Legal Actions**
   - 2015-16: 15
   - 2016-17: 15
   - 2017-18: 15
   - 2018-19: 15
   - 2019-20: 15
   - 2020-21: 15
   - 2021-22: 15
   - 2022-23: 15

7. **# Inq Recvd on Business Complaint Histories**
   - 2015-16: 8000
   - 2016-17: 8000
   - 2017-18: 8000
   - 2018-19: 10000
   - 2019-20: 10000
   - 2020-21: 10000
   - 2021-22: 10000
   - 2022-23: 10000

8. **# Persons Reached Thru Educational Efforts**
   - 2015-16: 10000
   - 2016-17: 10000
   - 2017-18: 10000
   - 2018-19: 10000
   - 2019-20: 10000
   - 2020-21: 10000
   - 2021-22: 10000
   - 2022-23: 10000

9. **# Leg Prop for Which OCP Provided Testimony**
   - 2015-16: 20
   - 2016-17: 20
   - 2017-18: 20
   - 2018-19: 20
   - 2019-20: 20
   - 2020-21: 20
   - 2021-22: 20
   - 2022-23: 20

### Program Revenues by Type (in Thousands of Dollars)

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<tbody>
<tr>
<td>Revenues from the Use of Money and Property</td>
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<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Charges for Current Services</td>
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<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
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</tr>
<tr>
<td>Fines, Forfeits, and Penalties</td>
<td>2247</td>
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<td>2200</td>
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<tr>
<td>Non-Revenue Receipts</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Total Program Revenues</strong></td>
<td>2316</td>
<td>2610</td>
<td>2210</td>
<td>2211</td>
<td>2211</td>
<td>2211</td>
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### Program Revenues by Fund (in Thousands of Dollars)

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<tr>
<td>All Other Funds</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Program Revenues</strong></td>
<td>2316</td>
<td>2610</td>
<td>2210</td>
<td>2211</td>
<td>2211</td>
<td>2211</td>
<td>2211</td>
<td>2211</td>
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</tbody>
</table>

**Note:** Program revenues by type and fund may not be accurate due to system error.
Program Plan Narrative

CCA110: OFFICE OF CONSUMER PROTECTION

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 Section 37-68(1)(A)(B)

Transfer in one temporary Program Specialist position and increase special funds ceiling by $242,282 in FY18 and FY19 to consolidate mortgage foreclosure dispute resolution functions within the division.

Add one permanent Staff Attorney position and increase special funds ceiling by $68,145 in FY18 and $130,180 in FY19 for continuing efforts to protect Hawaii consumers from fraud involving homeowner foreclosure relief.

Increase special funds ceiling by $96,897 in FY18 and FY19 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.
Program Plan Narrative

CCA110: OFFICE OF CONSUMER PROTECTION

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 Revenues

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 EXPENDITURES

### PROGRAM ID:
CCA111

### PROGRAM STRUCTURE NO:
10010403

### PROGRAM TITLE:
BUSINESS REGISTRATION & SECURITIES REGULATION

### PROGRAM EXPENDITURES

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<td>7,414,132</td>
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<td>8,233,254</td>
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### BY MEANS OF FINANCING

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## PERFORMANCE MEASURES AND PROGRAM REVENUES

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

#### MEASURES OF EFFECTIVENESS

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<td>2. AV DAYS PROC CORP, PART, LLC, TRADE NM W/ REG HANDLING</td>
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<td>4. AV DAYS TO PROCESS APPLCS FOR SALES AGENTS</td>
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<tr>
<td>5. AV DAYS TO PROCESS APPLCS FOR INVESTMT ADVISERS REPS</td>
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#### PROGRAM TARGET GROUPS

1. CORP, PART, LLC, TRNAMES, TRMKS, SVC MKS ON REC: 172
2. BRKR, SALES, SECURITY OFF, FRANCH, INV ADV & REPS: 105000

#### PROGRAM ACTIVITIES

1. # DOCS RECEIVED FOR PROCESSING & ANNUAL REPORTS: 140000
2. # SECURITIES COMPLIANCE APPLICATIONS RECEIVED: 58000
3. # OF ENFORCEMENT CASES OPENED: 45
4. # OF INQUIRIES RECEIVED BY SECURITIES ENFORCEMENT: 1500
5. # OF COMPLTS RESOLVED AT INVESTIGATIVE LEVEL IN FY: 50
6. # OF ORDERS, CONSENT AGREE AND SETTLMNTS COMPLETED: 13
7. # OF PERSONS REACHED THRU INVESTED ED PROG ACTIVITY: 27500

#### PROGRAM REVENUES BY TYPE (IN THOUSANDS OF DOLLARS)

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<tr>
<td>LICENSES, PERMITS, AND FEES</td>
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<td>2,600</td>
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<td>CHARGES FOR CURRENT SERVICES</td>
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<td>TOTAL PROGRAM REVENUES</td>
<td>6,746</td>
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#### PROGRAM REVENUES BY FUND (IN THOUSANDS OF DOLLARS)

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<td>SPECIAL FUNDS</td>
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**NOTE:** PROGRAM REVENUES BY TYPE AND FUND MAY NOT BE ACCURATE DUE TO SYSTEM ERROR.
Program Plan Narrative

CCA111: BUSINESS REGISTRATION & SECURITIES REGULATN

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, 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 Section 37-68(1)(A)(B)

Add a Deputy Securities Commissioner position and increase special funds ceiling by $91,568 in FY18 and $183,136 in FY19 for Business Registration and Securities Regulation.

Increase special funds ceiling by $420,000 in FY18 and $70,000 in FY 19 for IT project.

Increase special funds ceiling by $256,269 in FY18 and FY19 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, agents, broker-dealers, investment advisers, investment adviser representatives and franchise companies; 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 introduces legislation regarding business registration.

2. All sales of securities are done in compliance with the law. Securities broker-dealers, 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 introduces legislation regarding securities regulation. Effort is made to resolve consumer complaints.

3. News releases are made to encourage the public to report fraud to the division. In addition, the division provides investor education literature and conducts outreach events to inform the public of on-going scams and provide them with tools to protect themselves against securities fraud.

E. Identification of Important Program Relationships

Relationships are maintained with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, securities divisions of different states and provinces of Canada, the Office of Consumer Protection, the Department of the Attorney General, the Department of Taxation, the Department of Human Services, the Executive Office on Aging, county prosecutors' offices, Maui and Hawaii counties' Business Resource Center, 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.
Program Plan Narrative

CCA111: BUSINESS REGISTRATION & SECURITIES REGULATN

F. Description of Major External Trends Affecting the Program

The division expects to see changes relating to federal securities regulation as a result of the new administration. The division continues to monitor any changes in federal regulation that may affect state securities laws. Cases involving securities violations are expected to remain steady, but securities fraud schemes are likely to increase in complexity. In addition, securities cases involving seniors are expected to rise as the senior population continues to grow. The division also anticipates an increase in demand for the growth of the investor education program to educate the public, from children to seniors, to provide financial literacy information and investor protection information.

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. The discrepancy between the division's budgeted program size and the actual number of positions filled last year is due to attrition, including a number of retirements. The division continues to actively recruit to fill its vacant positions.

Over the next four years, we expect information technology costs to rise as the division finalizes and implements its new IT system for case management and securities compliance. This project will likely incur added costs relating to licensing, maintenance, and hardware requirements. It is expected that the measures of effectiveness will remain steady and the division will continue to recruit to fill vacant positions.

H. Discussion of Program Revenues

Revenues are expected to be higher next year due to the restoration of some business registration and securities registration filing fees to their statutory levels. Affected fees were reduced in previous years to appropriately balance the amounts collected by the division with its expenditure needs.

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.
## OPERATING AND CAPITAL EXPENDITURES

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

### PROGRAM EXPENDITURES

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<td><strong>OPERATING COST</strong></td>
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<td>66.00*</td>
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<tr>
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<tr>
<td><strong>TOTAL OPERATING COST</strong></td>
<td>5,830,265</td>
<td>6,631,429</td>
<td>7,167,144</td>
<td>7,167,144</td>
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### TOTAL PERM POSITIONS

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**STATE OF HAWAII**

**PERFORMANCE MEASURES AND PROGRAM REVENUES**

**REPORT P62**

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

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<td>95</td>
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<td>3. % OF FINAL ORDERS SUSTAINED ON APPEAL</td>
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<td>95</td>
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**PROGRAM TARGET GROUPS**

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<td>1. DE FACTO POPULATION IN HAWAII (000)</td>
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<td>3. BOARDS &amp; COMMISSIONS ADMIN ASSIGNED TO DCCA</td>
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**PROGRAM ACTIVITIES**

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<td>1. # INQUIRIES TO CONSUMER RESOURCE CENTER</td>
<td>15000</td>
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<td>15000</td>
<td>10000</td>
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<td>2. # COMPLAINT HISTORY INQUIRIES</td>
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<td>3. # LEGAL ACTIONS</td>
<td>300</td>
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<td>4. # OF COMPLAINTS RECEIVED</td>
<td>3500</td>
<td>3500</td>
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<tr>
<td>5. # PEOPLE REACHED THRU CONS EDUCATIONAL EFFORTS</td>
<td>65000</td>
<td>65000</td>
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<td>55000</td>
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<tr>
<td>6. # ASSISTS BY NI OFCS TO PUBLIC ON NON-RICO MATTERS</td>
<td>6000</td>
<td>6000</td>
<td>6000</td>
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<td>5000</td>
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<td>7. # OF ORDERS &amp; JUDGEMENTS</td>
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**PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)**

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</thead>
<tbody>
<tr>
<td>CHARGES FOR CURRENT SERVICES</td>
<td>6,333</td>
<td>6,964</td>
<td>5,825</td>
<td>6,964</td>
<td>4,865</td>
<td>5,089</td>
<td>5,089</td>
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<tr>
<td>FINES, FORFEITS AND PENALTIES</td>
<td>684</td>
<td>350</td>
<td>350</td>
<td>350</td>
<td>350</td>
<td>350</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td><strong>TOTAL PROGRAM REVENUES</strong></td>
<td>7,055</td>
<td>7,339</td>
<td>6,200</td>
<td>7,339</td>
<td>5,240</td>
<td>5,464</td>
<td>5,464</td>
<td>5,464</td>
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**PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)**

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<tr>
<td>SPECIAL FUNDS</td>
<td>7,052</td>
<td>7,337</td>
<td>6,198</td>
<td>7,337</td>
<td>5,238</td>
<td>5,462</td>
<td>5,462</td>
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<tr>
<td>ALL OTHER FUNDS</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
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</tr>
<tr>
<td><strong>TOTAL PROGRAM REVENUES</strong></td>
<td>7,055</td>
<td>7,339</td>
<td>6,200</td>
<td>7,339</td>
<td>5,240</td>
<td>5,464</td>
<td>5,464</td>
<td>5,464</td>
</tr>
</tbody>
</table>

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

CCA112: REGULATED INDUSTRIES COMPLAINTS OFFICE

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 Section 37-68(1)(A)(B)
Convert Investigator position to Staff Attorney and add special funds ceiling of $35,331 in FY18 and FY19 to provide for a better ratio of investigators to attorneys for more efficient, effective and timely licensing enforcement.

Increase special funds ceiling by $122,250 in FY18 and FY19 for central services assessment expenses.

Increase special funds ceiling by $272,341 in FY18 and FY19 for fringe benefits.

C. Description of Activities Performed
The Regulated Industries Complaints Office (RICO) is the enforcement arm of over 49 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. The RICO workload also changes 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 agency and continuing increases in costs for personnel, products, and services have increased expenditures.
Program Plan Narrative

CCA112: REGULATED INDUSTRIES COMPLAINTS OFFICE

H. Discussion of Program Revenues

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. The program, in its efforts to align revenues with expenditures, had instituted temporary fee increases pursuant to Section 92-28, Hawaii Revised Statutes. Those temporary fee increases were followed by permanent fee increases effective July 6, 2016 as authorized by Hawaii Revised Statutes Section 26-9(1) and Section 26H-2(7).

I. Summary of Analysis Performed

No significant analysis of specific issues was conducted.

J. Further Considerations

None.
## OPERATING AND CAPITAL EXPENDITURES

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

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</thead>
<tbody>
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<td>OPERATING COST</td>
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<td>44.00*</td>
<td>44.00*</td>
<td>44.00*</td>
<td>44.0*</td>
<td>44.0*</td>
<td>44.0*</td>
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<tr>
<td>PERSONAL SERVICES</td>
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<td>5,248,832</td>
<td>5,468,896</td>
<td>5,468,896</td>
<td>5,469</td>
<td>5,469</td>
<td>5,469</td>
<td>5,469</td>
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<tr>
<td>OTHER CURRENT EXPENSES</td>
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<td>2,819,474</td>
<td>2,661,974</td>
<td>2,661,974</td>
<td>2,662</td>
<td>2,662</td>
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<tr>
<td>TOTAL OPERATING COST</td>
<td>6,877,596</td>
<td>8,068,306</td>
<td>8,130,870</td>
<td>8,130,870</td>
<td>8,131</td>
<td>8,131</td>
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<td>8,131</td>
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</table>

<table>
<thead>
<tr>
<th>BY MEANS OF FINANCING</th>
<th>IN DOLLARS</th>
<th>IN THOUSANDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING COST</td>
<td>44.00*</td>
<td>44.00*</td>
</tr>
<tr>
<td>PERSONAL SERVICES</td>
<td>4,148,578</td>
<td>5,248,832</td>
</tr>
<tr>
<td>OTHER CURRENT EXPENSES</td>
<td>2,729,018</td>
<td>2,819,474</td>
</tr>
<tr>
<td>TOTAL OPERATING COST</td>
<td>6,877,596</td>
<td>8,068,306</td>
</tr>
</tbody>
</table>

| TOTAL PERM POSITIONS | 44.00* | 44.00* | 44.00* | 44.00* | 44.0* | 44.0* | 44.0* | 44.0* |
| TOTAL TEMP POSITIONS | 8.00** | 8.00** | 6.00** | 6.00** | 6.0** | 6.0** | 6.0** | 6.0** |
| TOTAL PROGRAM COST   | 6,877,596 | 8,068,306 | 8,130,870 | 8,130,870 | 8,131 | 8,131 | 8,131 | 8,131 |
### MEASURES OF EFFECTIVENESS

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1. % Cases Completing Within Design Time for Contested Case Hearings</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
</tr>
<tr>
<td>2. % Hearings Officer Rec'd Orders Adopted by Final Admin Authoriz.</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>3. % HRGs Offr Recd Ordrs Adpt Final Admin Auth Sustain</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>5. % Complaints/Complaints Responded to in Timely Manner</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>6. % of Hearings to Which Timely Written Testimony Submitted</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>7. % of Requests for Systems Addns or Enhance Fulfilled</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>8. % Information Sys Work Req Comptd in Req'd Time</td>
<td>86</td>
<td>86</td>
<td>85</td>
<td>85</td>
<td>85</td>
<td>85</td>
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### PROGRAM TARGET GROUPS

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<tbody>
<tr>
<td>1. De Facto Population in Hawaii (000)</td>
<td>1562</td>
<td>1562</td>
<td>1562</td>
<td>1562</td>
<td>1562</td>
<td>1562</td>
<td>1606</td>
<td>1606</td>
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<tr>
<td>2. Licensees (000)</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
<td>460</td>
</tr>
<tr>
<td>3. DCCA Divisions</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>5. DCCA Employees</td>
<td>400</td>
<td>400</td>
<td>539</td>
<td>539</td>
<td>539</td>
<td>539</td>
<td>539</td>
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### PROGRAM ACTIVITIES

<table>
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<tr>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. # Written Notices Issued by Hearings Officer Re: Proced Events</td>
<td>450</td>
<td>450</td>
<td>450</td>
<td>450</td>
<td>450</td>
<td>450</td>
<td>450</td>
<td>450</td>
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<tr>
<td>2. # Pre-Hrg Events Iss by Hrg Off Involvng the Parties</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>3. # Hearings Conducted by Hearings Officers</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>4. # Recommended &amp; Final Orders Iss by Hrgs Officers</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>5. # Info Presentations for Educational Guidance</td>
<td>35</td>
<td>35</td>
<td>24</td>
<td>24</td>
<td>24</td>
<td>24</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>6. # Systems Added or Enhanced</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
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<tr>
<td>7. # of Information Systems Work Requests</td>
<td>4300</td>
<td>4300</td>
<td>4300</td>
<td>4300</td>
<td>4300</td>
<td>4300</td>
<td>4300</td>
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<tr>
<td>8. # of Invoices Processed</td>
<td>8000</td>
<td>8000</td>
<td>8000</td>
<td>8000</td>
<td>8000</td>
<td>8000</td>
<td>8000</td>
<td>8000</td>
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### PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses, Permits, and Fees</td>
<td>67</td>
<td>86</td>
<td>86</td>
<td>86</td>
<td>86</td>
<td>86</td>
<td>86</td>
<td>86</td>
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<tr>
<td>Revenues from the Use of Money and Property</td>
<td>18</td>
<td>18</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Charges for Current Services</td>
<td>936</td>
<td>1,221</td>
<td>856</td>
<td>856</td>
<td>856</td>
<td>856</td>
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<td>856</td>
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<tr>
<td>Non-Revenue Receipts</td>
<td>250</td>
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**Total Program Revenues**: 1,271,135,950,950,950,950,950,950

### PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Funds</td>
<td>1,271</td>
<td>1,315</td>
<td>950</td>
<td>950</td>
<td>950</td>
<td>950</td>
<td>950</td>
<td>950</td>
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</tbody>
</table>

**Total Program Revenues**: 1,271,135,950,950,950,950,950,950

NOTE: Program revenues by type and fund may not be accurate due to system error.
CCA191: GENERAL SUPPORT

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 Section 37-68(1)(A)(B)

Transfer out a temporary Office Assistant position and decrease special funds ceiling by $64,179 in FY18 and FY19; transfer to the Professional and Vocational Licensing Division to meet increased workload.

Transfer out a temporary Program Specialist position and decrease special funds ceiling by $242,282 in FY18 and FY19 to consolidate mortgage foreclosure dispute resolution functions in the Office of Consumer Protection.

Increase special funds ceiling by $20,000 in FY18 and FY19 for chiller maintenance.

Increase special funds ceiling by $87,827 in FY18 and FY19 for fringe benefits for the Director's Office and Administrative Services Office.

Increase special funds ceiling by $25,795 in FY18 and FY19 for fringe benefits for the Office of Administrative Hearings.

Increase special funds ceiling by $123,126 in FY18 and FY19 for fringe benefits for the Information Systems Office and Communications Office.

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 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.
Program Plan Narrative

CCA191: GENERAL SUPPORT

2. The ASO ensures that departmental programs are provided with the necessary support in the areas of budgeting, accounting, cashiering, 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 Revenues

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
### Required Capital Appropriations - By Capital Project

**In Thousands of Dollars**

<table>
<thead>
<tr>
<th>Project Title</th>
<th>FY 15-16</th>
<th>FY 16-17</th>
<th>FY 17-18</th>
<th>FY 18-19</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
<th>Succeed Years</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
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#### Program Totals

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<tr>
<th>Cost Element/MOF</th>
<th>FY 15-16</th>
<th>FY 16-17</th>
<th>FY 17-18</th>
<th>FY 18-19</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
<th>FY 21-22</th>
<th>FY 22-23</th>
<th>Succeed Years</th>
</tr>
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<tbody>
<tr>
<td>Land</td>
<td>3,000</td>
<td>3,000</td>
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<td>Design</td>
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<td>Construction</td>
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<td>Equipment</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>G.O. Bonds</strong></td>
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