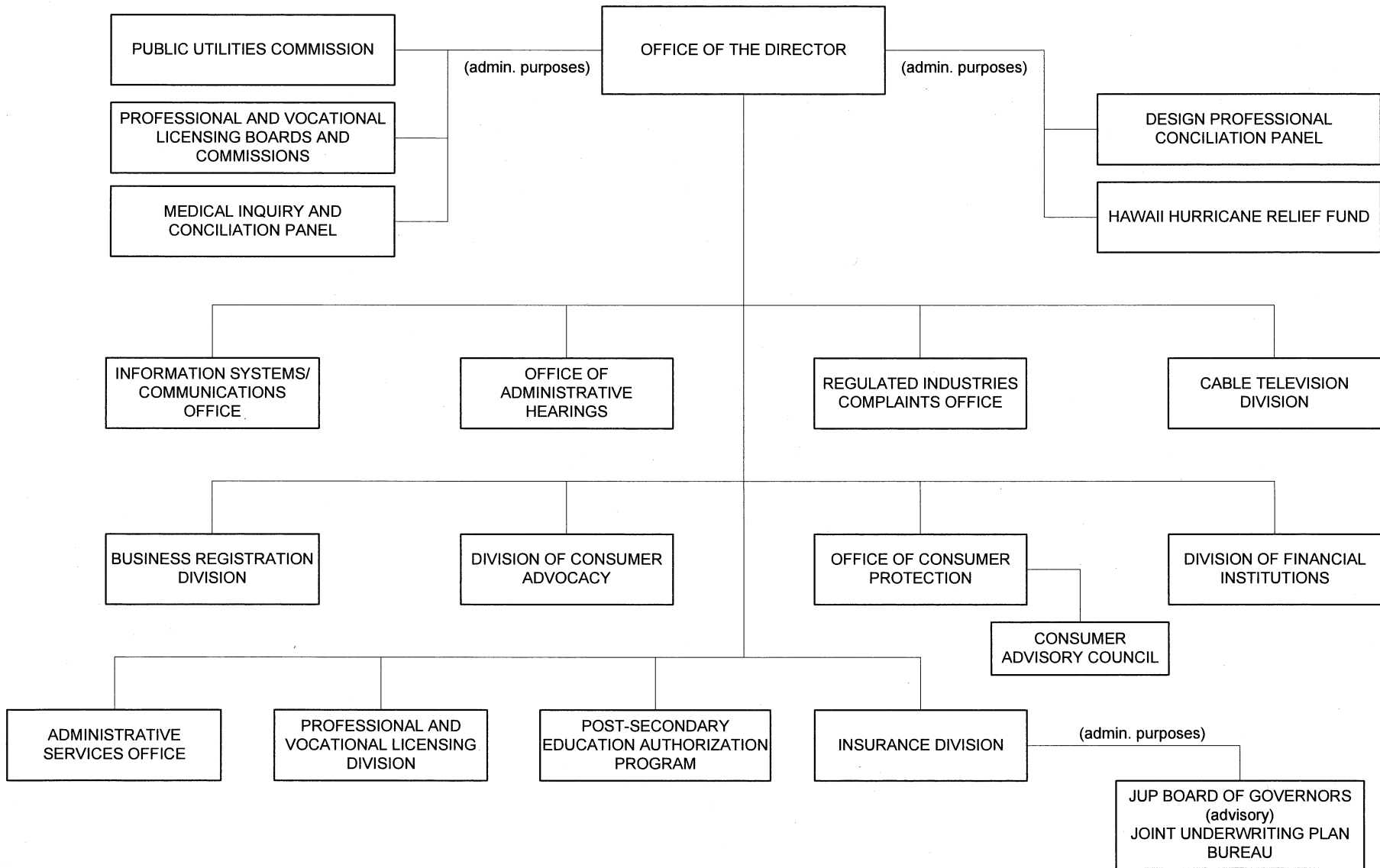




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**Department of Commerce and Consumer  
Affairs**

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



# DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

## Department Summary

### ***Mission Statement***

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

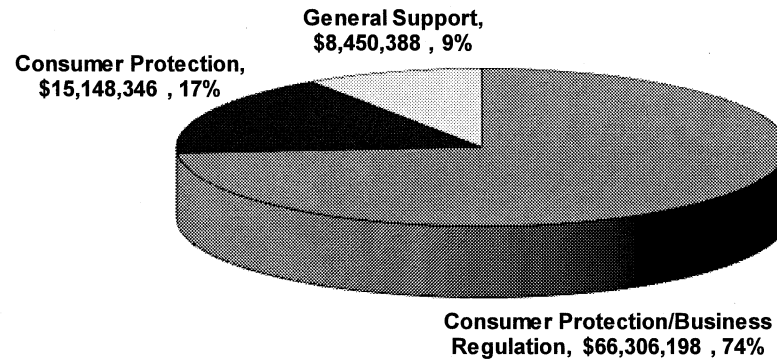
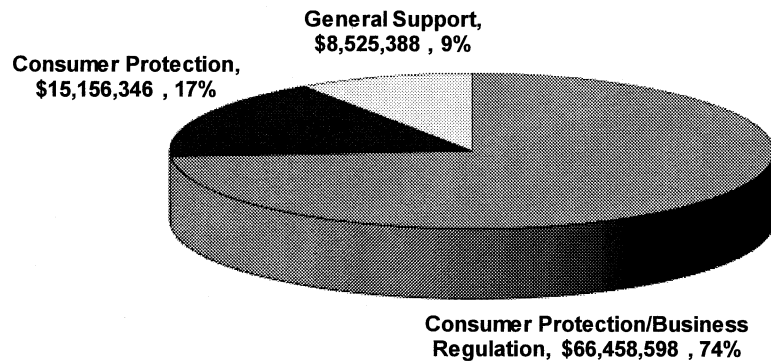
### ***Department Goals***

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

### ***Significant Measures of Effectiveness***

	<u>FY 2020</u>	<u>FY 2021</u>
1. Percent of homes where cable TV service is available in the state	99	99
2. Percent of alternate energy sources used by electric utilities	30	32
3. Average number of days to process corporation, partnership, LLC, tradenames with regular handling	3	3

### **FB 2019-2021 Operating Budget by Major Program Area**



## DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS MAJOR FUNCTIONS

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

## MAJOR PROGRAM AREAS

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

### Individual Rights - Protection of the Consumer

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

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

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

Funding Sources:		Budget Base	Budget Base	FY 2020	FY 2021
		FY 2020	FY 2021		
	Perm Positions	494.00	494.00	516.00	516.00
	Temp Positions	29.00	29.00	16.00	16.00
Special Funds	\$	80,536,597	80,536,597	86,820,439	86,585,039
	Perm Positions	-	-	-	-
	Temp Positions	6.00	6.00	6.00	6.00
Other Federal Funds	\$	250,000	250,000	250,000	250,000
	Perm Positions	8.00	8.00	8.00	8.00
	Temp Positions	5.00	5.00	5.00	5.00
Trust Funds	\$	3,069,893	3,069,893	3,069,893	3,069,893
		502.00	502.00	524.00	524.00
		40.00	40.00	27.00	27.00
<b>Total Requirements</b>		<b>83,856,490</b>	<b>83,856,490</b>	<b>90,140,332</b>	<b>89,904,932</b>

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

1. Adds \$2,500,000 in special funds in FY 20 and \$500,000 in FY 21 to replace the Hawaii Insurance Database System.
2. Adds \$500,000 in special funds in FY 20 and \$2,060,000 in FY 21 to replace the Public Utilities Commission's Document Management System.
3. Adds 5.00 positions and \$292,000 in special funds in FY 20 and \$584,000 in FY 21 for the Department of Consumer Advocacy to more efficiently manage the department's increasing caseload.

## OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO:  
PROGRAM TITLE:

### DEPT OF COMMERCE & CONSUMER AFFAIRS

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	500.00*	502.00*	524.00*	524.00*	524.0*	524.0*	524.0*	524.0*
	38.00**	40.00**	27.00**	27.00**	27.0**	27.0**	27.0**	27.0**
PERSONAL SERVICES	43,699,378	53,578,732	57,359,227	57,651,227	57,650	57,650	57,650	57,650
OTHER CURRENT EXPENSES	24,050,024	37,490,771	32,744,005	32,220,705	30,201	30,201	30,201	30,201
EQUIPMENT			37,100	33,000				
<b>TOTAL OPERATING COST</b>	<b>67,749,402</b>	<b>91,069,503</b>	<b>90,140,332</b>	<b>89,904,932</b>	<b>87,851</b>	<b>87,851</b>	<b>87,851</b>	<b>87,851</b>
<b>BY MEANS OF FINANCING</b>								
	492.00*	494.00*	516.00*	516.00*	516.0*	516.0*	516.0*	516.0*
	29.00**	29.00**	16.00**	16.00**	16.0**	16.0**	16.0**	16.0**
SPECIAL FUND	66,251,569	78,658,029	86,820,439	86,585,039	84,531	84,531	84,531	84,531
	*	*	*	*	*	*	*	*
	4.00**	6.00**	6.00**	6.00**	6.0**	6.0**	6.0**	6.0**
OTHER FEDERAL FUNDS		1,460,906	250,000	250,000	250	250	250	250
	8.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
	5.00**	5.00**	5.00**	5.00**	5.0**	5.0**	5.0**	5.0**
TRUST FUNDS	1,497,833	10,950,568	3,069,893	3,069,893	3,070	3,070	3,070	3,070
<b>TOTAL PERM POSITIONS</b>	<b>500.00*</b>	<b>502.00*</b>	<b>524.00*</b>	<b>524.00*</b>	<b>524.0*</b>	<b>524.0*</b>	<b>524.0*</b>	<b>524.0*</b>
<b>TOTAL TEMP POSITIONS</b>	<b>38.00**</b>	<b>40.00**</b>	<b>27.00**</b>	<b>27.00**</b>	<b>27.0**</b>	<b>27.0**</b>	<b>27.0**</b>	<b>27.0**</b>
<b>TOTAL PROGRAM COST</b>	<b>67,749,402</b>	<b>91,069,503</b>	<b>90,140,332</b>	<b>89,904,932</b>	<b>87,851</b>	<b>87,851</b>	<b>87,851</b>	<b>87,851</b>

**Department of Commerce and Consumer Affairs**  
**(Capital Improvements Budget)**

	<u>FY 2020</u>	<u>FY 2021</u>
<b>Funding Sources:</b>		
General Obligation Bonds	-	-
Federal Funds	-	-
<b>Total Requirements</b>	-	-

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

- 1. None.

STATE OF HAWAII  
 PROGRAM ID:  
 PROGRAM STRUCTURE NO:  
 PROGRAM TITLE:

CCA  
 DEPT OF COMMERCE & CONSUMER AFFAIRS

**REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT  
 IN THOUSANDS OF DOLLARS**

REPORT B78  
 350 of 365

PROJECT NUMBER	PRIORITY NUMBER	LOC NUMBER	SCOPE COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	BUDGET PERIOD					SUCCEED YEARS		
						FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22		FY 22-23	FY 23-24
			LAND ACQUISITION	3,000	3,000								
			DESIGN	2,001	2,001								
			CONSTRUCTION	28,001	28,001								
			EQUIPMENT	1,998	1,998								
			TOTAL	35,000	35,000								
			G.O. BONDS	35,000	35,000								





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## **Operating Budget Details**

## OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	500.00*	502.00*	524.00*	524.00*	524.0*	524.0*	524.0*	524.0*
	38.00**	40.00**	27.00**	27.00**	27.0**	27.0**	27.0**	27.0**
PERSONAL SERVICES	43,699,378	53,578,732	57,359,227	57,651,227	57,650	57,650	57,650	57,650
OTHER CURRENT EXPENSES	24,050,024	37,490,771	32,744,005	32,220,705	30,201	30,201	30,201	30,201
EQUIPMENT			37,100	33,000				
<b>TOTAL OPERATING COST</b>	<b>67,749,402</b>	<b>91,069,503</b>	<b>90,140,332</b>	<b>89,904,932</b>	<b>87,851</b>	<b>87,851</b>	<b>87,851</b>	<b>87,851</b>
<b>BY MEANS OF FINANCING</b>								
	492.00*	494.00*	516.00*	516.00*	516.0*	516.0*	516.0*	516.0*
	29.00**	29.00**	16.00**	16.00**	16.0**	16.0**	16.0**	16.0**
SPECIAL FUND	66,251,569	78,658,029	86,820,439	86,585,039	84,531	84,531	84,531	84,531
	*	*	*	*	*	*	*	*
	4.00**	6.00**	6.00**	6.00**	6.0**	6.0**	6.0**	6.0**
OTHER FEDERAL FUNDS		1,460,906	250,000	250,000	250	250	250	250
	8.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
	5.00**	5.00**	5.00**	5.00**	5.0**	5.0**	5.0**	5.0**
TRUST FUNDS	1,497,833	10,950,568	3,069,893	3,069,893	3,070	3,070	3,070	3,070
<b>TOTAL PERM POSITIONS</b>	<b>500.00*</b>	<b>502.00*</b>	<b>524.00*</b>	<b>524.00*</b>	<b>524.0*</b>	<b>524.0*</b>	<b>524.0*</b>	<b>524.0*</b>
<b>TOTAL TEMP POSITIONS</b>	<b>38.00**</b>	<b>40.00**</b>	<b>27.00**</b>	<b>27.00**</b>	<b>27.0**</b>	<b>27.0**</b>	<b>27.0**</b>	<b>27.0**</b>
<b>TOTAL PROGRAM COST</b>	<b>67,749,402</b>	<b>91,069,503</b>	<b>90,140,332</b>	<b>89,904,932</b>	<b>87,851</b>	<b>87,851</b>	<b>87,851</b>	<b>87,851</b>

**OPERATING AND CAPITAL EXPENDITURES**

REPORT: P61-A

PROGRAM ID:  
 PROGRAM STRUCTURE NO: **1001**  
 PROGRAM TITLE: **PROTECTION OF THE CONSUMER**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	500.00*	502.00*	524.00*	524.00*	524.0*	524.0*	524.0*	524.0*
PERSONAL SERVICES	38.00**	40.00**	27.00**	27.00**	27.0**	27.0**	27.0**	27.0**
OTHER CURRENT EXPENSES	43,699,378	53,578,732	57,359,227	57,651,227	57,650	57,650	57,650	57,650
EQUIPMENT	24,050,024	37,490,771	32,744,005	32,220,705	30,201	30,201	30,201	30,201
EQUIPMENT			37,100	33,000				
TOTAL OPERATING COST	67,749,402	91,069,503	90,140,332	89,904,932	87,851	87,851	87,851	87,851
BY MEANS OF FINANCING								
SPECIAL FUND	492.00*	494.00*	516.00*	516.00*	516.0*	516.0*	516.0*	516.0*
OTHER FEDERAL FUNDS	29.00**	29.00**	16.00**	16.00**	16.0**	16.0**	16.0**	16.0**
TRUST FUNDS	66,251,569	78,658,029	86,820,439	86,585,039	84,531	84,531	84,531	84,531
OTHER FEDERAL FUNDS	4.00**	6.00**	6.00**	6.00**	6.0**	6.0**	6.0**	6.0**
TRUST FUNDS	1,460,906	250,000	250,000	250,000	250	250	250	250
TOTAL PERM POSITIONS	8.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
TOTAL TEMP POSITIONS	5.00**	5.00**	5.00**	5.00**	5.0**	5.0**	5.0**	5.0**
TOTAL PROGRAM COST	1,497,833	10,950,568	3,069,893	3,069,893	3,070	3,070	3,070	3,070
TOTAL PERM POSITIONS	500.00*	502.00*	524.00*	524.00*	524.0*	524.0*	524.0*	524.0*
TOTAL TEMP POSITIONS	38.00**	40.00**	27.00**	27.00**	27.0**	27.0**	27.0**	27.0**
TOTAL PROGRAM COST	67,749,402	91,069,503	90,140,332	89,904,932	87,851	87,851	87,851	87,851

**OPERATING AND CAPITAL EXPENDITURES**

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO: **100103**  
PROGRAM TITLE: **REGULATION OF SERVICES**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	301.00*	302.00*	311.00*	311.00*	311.0*	311.0*	311.0*	311.0*
	21.00**	23.00**	23.00**	23.00**	23.0**	23.0**	23.0**	23.0**
PERSONAL SERVICES	26,773,782	33,106,799	35,891,479	36,183,479	36,183	36,183	36,183	36,183
OTHER CURRENT EXPENSES	18,983,016	31,826,365	26,579,599	26,431,299	24,411	24,411	24,411	24,411
EQUIPMENT			37,100	33,000				
<b>TOTAL OPERATING COST</b>	<b>45,756,798</b>	<b>64,933,164</b>	<b>62,508,178</b>	<b>62,647,778</b>	<b>60,594</b>	<b>60,594</b>	<b>60,594</b>	<b>60,594</b>
BY MEANS OF FINANCING								
	293.00*	294.00*	303.00*	303.00*	303.0*	303.0*	303.0*	303.0*
	12.00**	12.00**	12.00**	12.00**	12.0**	12.0**	12.0**	12.0**
SPECIAL FUND	44,297,139	52,622,371	59,288,966	59,428,566	57,375	57,375	57,375	57,375
	*	*	*	*	*	*	*	*
	4.00**	6.00**	6.00**	6.00**	6.0**	6.0**	6.0**	6.0**
OTHER FEDERAL FUNDS		1,460,906	250,000	250,000	250	250	250	250
	8.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
	5.00**	5.00**	5.00**	5.00**	5.0**	5.0**	5.0**	5.0**
TRUST FUNDS	1,459,659	10,849,887	2,969,212	2,969,212	2,969	2,969	2,969	2,969
<b>TOTAL PERM POSITIONS</b>	<b>301.00*</b>	<b>302.00*</b>	<b>311.00*</b>	<b>311.00*</b>	<b>311.0*</b>	<b>311.0*</b>	<b>311.0*</b>	<b>311.0*</b>
<b>TOTAL TEMP POSITIONS</b>	<b>21.00**</b>	<b>23.00**</b>	<b>23.00**</b>	<b>23.00**</b>	<b>23.0**</b>	<b>23.0**</b>	<b>23.0**</b>	<b>23.0**</b>
<b>TOTAL PROGRAM COST</b>	<b>45,756,798</b>	<b>64,933,164</b>	<b>62,508,178</b>	<b>62,647,778</b>	<b>60,594</b>	<b>60,594</b>	<b>60,594</b>	<b>60,594</b>

## OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	8.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	965,480	1,061,640	1,100,256	1,100,256	1,100	1,100	1,100	1,100
OTHER CURRENT EXPENSES	797,421	9,467,730	1,547,730	1,547,730	1,548	1,548	1,548	1,548
<b>TOTAL OPERATING COST</b>	<b>1,762,901</b>	<b>10,529,370</b>	<b>2,647,986</b>	<b>2,647,986</b>	<b>2,648</b>	<b>2,648</b>	<b>2,648</b>	<b>2,648</b>
BY MEANS OF FINANCING	8.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
	**	**	**	**	**	**	**	**
SPECIAL FUND	1,762,901	2,609,370	2,647,986	2,647,986	2,648	2,648	2,648	2,648
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
TRUST FUNDS		7,920,000						
TOTAL PERM POSITIONS	8.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
<b>TOTAL PROGRAM COST</b>	<b>1,762,901</b>	<b>10,529,370</b>	<b>2,647,986</b>	<b>2,647,986</b>	<b>2,648</b>	<b>2,648</b>	<b>2,648</b>	<b>2,648</b>

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>MEASURES OF EFFECTIVENESS</b>								
1. % HOMES WHERE CABLE TV SERVICE AVAILABLE IN STATE	99	99	99	99	99	99	99	99
2. %COMPL BY CABLE TV COM SYS W/STATE & REG RPTG REQS	99	99	99	99	99	99	99	99
3. % COMPLAINTS ADDRESSED WITHIN 30 DAYS	99	99	99	99	99	99	99	99
4. % BROADBAND PROJECTS/ACTIVITIES COMPLETED	99	99	99	99	99	99	99	99
<b>PROGRAM TARGET GROUPS</b>								
1. HAWAII HOUSEHOLDS (000)	550	560	548	545	545	545	545	545
2. HAWAII BUSINESSES (000)	36	36	36	36	36	36	36	36
3. CABLE TELEVISION SUBSCRIBERS (000)	389	387	375	375	375	365	365	365
4. CABLE TELEVISION COMPANIES	2	2	2	2	2	2	2	2
5. PEG ACCESS ORGANIZATIONS	4	4	4	4	4	4	4	4
6. BROADBAND SUBSCRIBERS (000)	449	459	392	393	393	395	395	395
<b>PROGRAM ACTIVITIES</b>								
1. # POL & STDS PROCEEDINGS FOR CABLE COM SVCS (CCS)	4	6	4	4	4	4	4	4
2. # OF NEW CATV APPLICATIONS REVIEWED BY CATV	1	1	1	1	1	1	1	1
3. # INSP, INVSTGN, COMPL REVIEWS BEGUN/ENDED BY CATV	7	7	6	6	6	6	6	6
4. # TESTMNS REL TO CABLE COM TO LEG, CONG, GOVT AGEN	10	10	10	10	10	10	10	10
5. # MTGS ON DEV, CONST, USE OF FACIL REL TO CCS	4	4	4	4	4	4	4	4
6. # OF COMPLAINTS AND INQUIRIES RECEIVED	280	280	270	270	260	260	260	260
7. # RATE FILINGS RECEIVED AND EXAMINED BY CATV	2	2	1	1	0	0	0	0
8. # OF INET PROJ REQUESTS RECEIVED/PROCESSED	75	75	65	65	60	60	60	60
9. # OF PEG ACCESS RELATED ACTIVITIES	325	325	275	275	270	270	270	270
10. # OF BROADBAND RELATED ACTIVITIES	150	150	140	145	145	145	150	150
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
LICENSES, PERMITS, AND FEES	2,933	2,900	2,500	2,500	2,500	2,500	2,500	2,500
REVENUES FROM THE USE OF MONEY AND PROPERTY	41	41	41	41	41	41	41	41
TOTAL PROGRAM REVENUES	2,974	2,941	2,541	2,541	2,541	2,541	2,541	2,541
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	2,974	2,941	2,541	2,541	2,541	2,541	2,541	2,541
TOTAL PROGRAM REVENUES	2,974	2,941	2,541	2,541	2,541	2,541	2,541	2,541

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

# Program Plan Narrative

**CCA102: CABLE TELEVISION**

**10 01 03 01**

## **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, educational and governmental (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)**

N/A

## **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 applicable procedures and to facilitate expansion of broadband services and technologies 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 an 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.

## **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 (FCC) 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.

## Program Plan Narrative

### **CCA102: CABLE TELEVISION**

**10 01 03 01**

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. Additionally, in 2018, the FCC began various proceedings impacting the regulation of cable rates in the State and the manner in which cable franchise fees are calculated. The division is actively involved in these proceedings given the impact that these proceedings may have on the division's ability to protect interest of the public and the services that can be provided.

#### **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 FCC proceedings related to reforms affecting telecommunications, cable, 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	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	24.00*	23.00*	28.00*	28.00*	28.0*	28.0*	28.0*	28.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	1,885,673	2,678,155	3,059,987	3,351,987	3,352	3,352	3,352	3,352
OTHER CURRENT EXPENSES	1,259,125	1,460,550	1,460,550	1,460,550	1,461	1,461	1,461	1,461
<b>TOTAL OPERATING COST</b>	<b>3,144,798</b>	<b>4,138,705</b>	<b>4,520,537</b>	<b>4,812,537</b>	<b>4,813</b>	<b>4,813</b>	<b>4,813</b>	<b>4,813</b>
BY MEANS OF FINANCING	24.00*	23.00*	28.00*	28.00*	28.0*	28.0*	28.0*	28.0*
	**	**	**	**	**	**	**	**
SPECIAL FUND	3,144,798	4,138,705	4,520,537	4,812,537	4,813	4,813	4,813	4,813
TOTAL PERM POSITIONS	24.00*	23.00*	28.00*	28.00*	28.0*	28.0*	28.0*	28.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
<b>TOTAL PROGRAM COST</b>	<b>3,144,798</b>	<b>4,138,705</b>	<b>4,520,537</b>	<b>4,812,537</b>	<b>4,813</b>	<b>4,813</b>	<b>4,813</b>	<b>4,813</b>

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>MEASURES OF EFFECTIVENESS</b>								
1. AVG % PUC DECSNS ACPT AGRMNT ENTRD BY CA W/RU	75	75	75	75	75	75	75	75
2. CONS SAVINGS DUE TO PARTIC IN UTIL PROC (000'S)	15000	15000	15000	15000	15000	15000	15000	15000
3. CONS SAV DUE TO PARTIC IN WATER CARR PROC (000'S)	1000	0	1000	0	1000	0	1000	0
4. % PROCEDURAL DEADLINES MET	100	100	100	100	100	100	100	100
5. # OF PEOPLE REACHED THRU EVENTS/DIST PUBLICATIONS	4500	4500	4500	4500	4500	4500	4500	4500
6. % OF COMPLAINTS RESPONDED TO WITHIN 24 HOURS	100	100	85	85	85	85	85	85
7. % OF ALT ENERGY SOURCES USED BY ELECTRIC UTILITIES	22	25	30	32	34	36	37	39
<b>PROGRAM TARGET GROUPS</b>								
1. DE FACTO POPULATION IN HAWAII (000'S)	1562	1562	1626	1626	1626	1626	1626	1626
2. # OF RESIDENTIAL ELECTRICAL METERS (000'S)	441	444	436	437	437	438	438	439
3. # OF NON-RESIDENTIAL USERS (000'S)	72	73	64	65	65	66	66	67
4. # OF ELECTRIC PUBLIC UTILITIES REGULATED BY PUC	4	4	4	4	4	4	4	4
5. # OF SUPPLIERS OF ELEC ENERGY TO ELEC PUB UTILS	45	48	41	41	43	44	45	47
6. # TELECOM COMMON CAR (FED & ST LIC) OPER IN HI	150	150	205	205	210	210	210	210
7. # PIPD GAS, WATR, WAST WATR PUB UTIL REG BY PUC	43	43	43	43	43	43	43	43
8. #PROP MOTOR CARRIERS HLDG CERT PUBLIC CONV & NESSTY	600	600	545	550	550	550	555	555
9. # PASS CARRIERS HLDG CERT PUBLIC CONV & NESSTY	690	690	1045	1045	1050	1050	1055	1060
10. # WATER CARRIERS REGULATED BY PUC	2	2	2	2	2	2	2	2
<b>PROGRAM ACTIVITIES</b>								
1. # OF UTILITY GENERAL RATE APPL REVIEWED BY DIV	7	7	7	7	7	7	7	7
2. #OF GEN TARIFF CHGS FILED BY MOTOR CARR REV BY DIV	10	10	0	0	0	0	0	0
3. # OF NON-RATE APPL BY UTIL COMP REV BY DIV	120	120	80	80	80	80	80	80
4. #OF INVST FOR QUAL SVC/OPER INTEG PARTIC IN BY DIV	2	2	2	2	2	2	2	2
5. # RULE-MKG PROC/GENERIC DCKTS PARTIC IN BY DIV	10	10	10	10	10	10	10	10
6. # OF EDUCATION/OUTREACH EVENTS ATTENDED	6	6	8	8	8	8	8	8
7. # OF NEWSLETTERS/PUBLICATIONS CREATED	4	4	4	4	4	4	4	4
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY	20	20	20	20	20	20	20	20
NON-REVENUE RECEIPTS	4,241	4,241	4,241	4,241	4,241	4,241	4,241	4,241
TOTAL PROGRAM REVENUES	4,261	4,261	4,261	4,261	4,261	4,261	4,261	4,261
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	4,261	4,261	4,261	4,261	4,261	4,261	4,261	4,261
TOTAL PROGRAM REVENUES	4,261	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)**

Add five permanent positions and increase special funds ceiling by \$292,000 in FY20 and \$ 584,000 in FY21.

## **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, section 226-17, 18 and 18.5, respectively. The program advances the public interest by advocating for dependable, efficient and reasonably priced utilities and transportation services.

2. Fostering the adoption of renewable energy and energy efficiency resources. The program considers the long-term benefits of renewable resources and energy efficiency measures consistent with state objectives, which helps to attract investment in Hawaii for various utility projects.

3. Provide jobs; stabilize and diversify Hawaii's economy. The program endeavors to ensure the availability of high quality utility and transportation services to facilitate customers, businesses, and industries needs.

4. Maintain a healthy visitor industry. The program provides Hawaii a voice before regulatory agencies to encourage reasonably-priced utility services to ensure that Hawaii remains competitive with other tourist destinations.

5. Educate people about utility matters that affect them, how they can be wiser consumers, and how they can more fully participate in the regulatory process. Encourage consumers to play a more active role in moving our state's energy and other utility policies forward.

## **E. Identification of Important Program Relationships**

1. Federal regulatory policies should be consistent with components of the Hawaii State Plan. However, Hawaii's uniqueness may, at times, require exemption from federal policies in selected areas and this program may need to make filings before the FCC or other federal agencies to protect Hawaii's interests.

2. Because the PUC makes fact-based findings and determinations, this program provides the PUC with well researched, fact-based recommendations consistent with administrative initiatives and consumers' interests.

3. At the county level, there are occasional overlaps that require coordination with county ordinances and regulatory policies.

4. Various state and county agencies, such as the Department of Health, Department of Business and Economic Development and Tourism, Department of Agriculture, and the Department of Transportation, are continually consulted.

# Program Plan Narrative

**CCA103: CONSUMER ADVOCATE FOR COMM, UTIL & TRAN SVC**

**10 01 03 02**

## **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**

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.

## **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	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	39.00*	40.00*	40.00*	40.00*	40.0*	40.0*	40.0*	40.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	3,657,484	4,284,102	4,439,398	4,439,398	4,439	4,439	4,439	4,439
OTHER CURRENT EXPENSES	573,996	805,090	845,090	845,090	845	845	845	845
<b>TOTAL OPERATING COST</b>	<b>4,231,480</b>	<b>5,089,192</b>	<b>5,284,488</b>	<b>5,284,488</b>	<b>5,284</b>	<b>5,284</b>	<b>5,284</b>	<b>5,284</b>
BY MEANS OF FINANCING	39.00*	40.00*	40.00*	40.00*	40.0*	40.0*	40.0*	40.0*
	**	**	**	**	**	**	**	**
SPECIAL FUND	4,231,480	4,979,192	5,174,488	5,174,488	5,174	5,174	5,174	5,174
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
TRUST FUNDS		110,000	110,000	110,000	110	110	110	110
TOTAL PERM POSITIONS	39.00*	40.00*	40.00*	40.00*	40.0*	40.0*	40.0*	40.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
<b>TOTAL PROGRAM COST</b>	<b>4,231,480</b>	<b>5,089,192</b>	<b>5,284,488</b>	<b>5,284,488</b>	<b>5,284</b>	<b>5,284</b>	<b>5,284</b>	<b>5,284</b>

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>MEASURES OF EFFECTIVENESS</b>								
1. % INST EXAMND IN TIMELY MANNER PURS TO STAT RULES	93	91	93	92	93	92	92	92
2. %COMPL FI,ED,MT,MS,MLO APP PROC TMLY & PRS TO STAT	94	94	94	94	94	94	94	94
3. % WRITTEN INQS REVIEWED/PROCESSED W/IN 30 DAYS	60	60	60	60	60	60	60	60
4. % LIC RENWLS REVIEW/PROC TIMELY, PURS TO STDS	94	94	94	94	94	94	94	94
5. % AUDITED FINANCIAL STATEMENTS REVIEWED PRS TO STAT	93	93	93	93	93	93	93	93
<b>PROGRAM TARGET GROUPS</b>								
1. DE FACTO POPULATION IN HAWAII (000)	1562	1562	1626	1626	1626	1626	1626	1626
2. FI,ED,MT,MS,MLO,MLOC BRNCHS & OTHER OFCS REGULATED	4300	4300	4300	4300	4300	4300	4300	4300
<b>PROGRAM ACTIVITIES</b>								
1. # FIN INST BRANCHES & OTHER OFFICES EXAMINED	241	236	241	238	238	238	238	238
2. # OF APP OF FIN INST,ED,MT,MS,MLO,MLOC REVIEWED	720	720	720	720	720	720	720	720
3. # OF INQUIRIES RECEIVED	9500	9500	9500	9500	9500	9500	9500	9500
4. # OF LICENSES RENEWED	2917	3067	3367	3617	3617	3617	3617	3617
5. # AUDITED FIN STATEMENTS RECEIVED FOR REVIEW	75	75	75	75	75	75	75	75
6. # OF WRITTEN COMPLAINTS RECEIVED	75	75	75	75	75	75	75	75
7. # OF ED, MT, BRANCHES & AUTH LOCATIONS EXAMINED	46	20	40	20	40	20	40	20
8. # OF MORG SERVICERS & MORG LOAN ORGNTR CO EXAMINED	53	53	53	53	53	53	53	53
9. # OF INVESTIGATIONS INITIATED	60	60	60	60	60	60	60	60
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
TAXES	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
LICENSES, PERMITS, AND FEES	386	414	414	414	414	414	414	414
REVENUES FROM THE USE OF MONEY AND PROPERTY	20	20	20	20	20	20	20	20
CHARGES FOR CURRENT SERVICES	2,832	2,353	2,079	2,035	2,030	2,030	2,030	2,030
TOTAL PROGRAM REVENUES	5,238	4,787	4,513	4,469	4,464	4,464	4,464	4,464
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	5,238	4,787	4,513	4,469	4,464	4,464	4,464	4,464
TOTAL PROGRAM REVENUES	5,238	4,787	4,513	4,469	4,464	4,464	4,464	4,464

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

## Program Plan Narrative

CCA104: FINANCIAL SERVICES REGULATION

10 01 03 03

### **A. Statement of Program Objectives**

The Division of Financial Institutions (DFI): (1) addresses the safety and soundness of state-chartered and state-licensed financial institutions; and (2) ensures regulatory compliance by state-licensed financial institutions, escrow depositories, money transmitters, mortgage servicers, mortgage loan originators, and mortgage loan originator companies by fairly administering applicable statutes and rules to protect the rights and funds of depositors, borrowers, consumers, and other members of the public. To effectively regulate a growing and diverse group of industries and implement state and federal regulatory requirements, DFI made changes to its licensing and examination programs to focus its resources on risk-based supervision.

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

1. Increase special funds ceiling by \$40,000 in FY20 and FY21 for licensing costs.
2. Increase special funds ceiling by \$25,074 in FY20 and FY21 for fringe benefits.

### **C. Description of Activities Performed**

The major functions of DFI are to:

1. Charter, supervise, regulate, and examine all state banks and credit unions, foreign bank branches, agencies and representative offices, and intra-Pacific branches.
2. License, supervise, regulate, and examine non-depository companies including escrow depositories, money transmitters, mortgage loan originators, mortgage loan originator companies, and mortgage loan originator branches and mortgage servicer companies.
3. Accept and investigate complaints by consumers.

### **D. Statement of Key Policies Pursued**

DFI established a strategic plan and developed policies and operating guidelines to achieve plan objectives. The following is DFI's strategic

plan, which is updated annually:

1. Stay relevant in a changing environment.
2. Provide value for the services the division offers.
3. Expand employees' respective skill sets.
4. Embrace the new regulatory and compliance environment.
5. Deliver effective and timely services.
6. Communicate respectfully, timely, and meaningfully.

This strategic plan guides DFI's objectives, and the policies to accomplish those objectives are embedded in its policy and operating manuals.

### **E. Identification of Important Program Relationships**

In supervising financial institutions authorized to take deposits, DFI works closely with the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Bank of San Francisco (FRB), Bureau of Consumer Financial Protection (BCFP), and National Credit Union Administration (NCUA).

DFI is recognized by two accreditation organizations as providing the highest standards of training for its staff and for appropriately supervising and examining chartered and licensed companies and individuals. DFI was first accredited by the Conference of State Bank Supervisors (CSBS) in 1990 and reaccredited in 1995, 2000, 2005, 2012, and 2018. The CSBS accreditation program sets high standards for state banking regulators nationwide. Forty-seven of fifty-two states meet CSBS accreditation requirements.

In 2Q FY 2015, Hawaii was the eighteenth state in the nation to be accredited by the CSBS/American Association of Residential Mortgage Regulators (AARMR) for mortgage supervision. The CSBS/AARMR accreditation program sets high standards for state mortgage regulators nationwide. Currently, 26 of 66 mortgage regulatory agencies meet CSBS/AARMR accreditation standards. The accreditation program includes the mortgage loan originator, mortgage loan originator companies, and mortgage servicer programs. Hawaii was also recognized for its robust regulatory scheme and oversight, as well its mature examination program.

## Program Plan Narrative

**CCA104: FINANCIAL SERVICES REGULATION**

**10 01 03 03**

### **F. Description of Major External Trends Affecting the Program**

Hawaii has six Hawaii state-chartered banks, two out-of-state chartered banks (CA and WA), two national banks, one intra-Pacific branch, and one foreign bank. DFI directly supervises the six Hawaii state-chartered banks, oversees with its sister states the two out-of-state chartered banks, and oversees the one foreign bank. All state-chartered banks are operating in a safe and sound manner and complying with regulatory laws and guidance. As of 2Q FY 2017, all state-chartered banks have reported increased earnings due in part to increased loan growth. DFI conducts multi-state examinations with other states for non-depository companies who conduct business in the United States and abroad.

As the provisions of Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") are implemented by the various federal regulatory agencies, DFI will also meet the needs to inform and supervise our state-chartered and state-licensed financial institutions for the protection of consumers. Some of the amendments of Dodd-Frank Act include changes in capital requirements, executive compensation and corporate governance, the direction of the Bureau of Consumer Financial Protection, the regulatory burdens on community banks (banks with less than \$10 billion in assets), stress testing, mortgage foreclosure, loosening of lending standards and the Bank Secrecy Act and Anti-Money Laundering laws.

DFI is also watching the following issues over the next few years, as regulatory oversight continues to evolve and tighten.

1. Fintech companies offering traditionally banking products.
2. Effective regulation of Non-bank Financial Institutions and the impact on global economic conditions.
3. Basel III and efforts to harmonize capital requirements, regulation, and enforcement.

The long-term impact of the global financial crisis of the last decade has created a "new normal" for financial service products and delivery of products and services. This evolution has increased supervisory oversight, as mandated by new federal laws and as a response to

consumer expectations. New federal laws changing the requirements under the Dodd-Frank Act has added a new complexity to supervising both large banks and community banks.

The major outcome from the global financial crisis is the emerging financial technology ("fintech") companies disrupting the financial industry by offering products and services traditionally offered by banks. Consequently, information security, cybersecurity risks, and data privacy has become a focus for DFI. Training and finding staff in this area is challenging due to the disparate salaries offered by DFI and private industry. DFI continues to aggressively respond to these rapidly changing global and local economic conditions and pursues the active regulation and supervision of Hawaii-chartered financial institutions to preserve their safety and soundness and protect the rights of depositors, borrowers, consumers and other members of the community.

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

DFI measures performance in two ways. The first measurement is empirical and involves financial and examination-based measurements of the fiscal health and regulatory compliance of DFI-regulated financial institutions. This measurement is critical, especially in the current climate of global turmoil in the financial services industry, and demonstrates DFI's key area of responsibility: to ensure the safety and soundness of Hawaii-chartered and licensed financial institutions. The second measurement involves DFI's internal throughput, i.e., how many complaints have been answered, how many applications have been processed, etc. This measurement is difficult to quantify, since the increasing complexity of inquiries makes reviewing applications and complaints and conducting investigations time- and resource-intensive. This measurement provides DFI with insight into how companies use innovations and solutions to address financial services. DFI is mindful that these measurements do not comprehensively indicate the division's efforts or the regulatory activity occurring at the state and federal level.

Over the last five years, DFI's staffing has undergone a tremendous change, with the addition of 23 new staff members who work with technology to meet DFI's goals and objectives. In FY 2018, DFI added one new examiner. DFI's goals and objectives center on the orientation, training, and effective deployment of its examiners and providing best practices to licensees in a professional manner. Federal training



## Program Plan Narrative

### **CCA104: FINANCIAL SERVICES REGULATION**

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programs administered by the FDIC and the Federal Reserve System are regularly used for this purpose, as are web-based programs provided by CSBS, the Risk Management Association, and the Hawaii Bankers Association. On-the-job training is also a valuable component of the training plan. DFI's goals also focus on recruiting new staff who will be able to adjust to the rapidly changing landscape of the financial services industry. New financial service products continue to be created, modified, and initiated by licensees regulated and supervised by DFI. Delivery methods have also expanded through use of the internet, cellular phones, and other mobile devices, as well as their impact upon cybersecurity. Consequently, it is challenging for examiners to stay up-to-date with the latest iteration of products, services, and delivery methods.

#### **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

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	68.00*	69.00*	71.00*	71.00*	71.0*	71.0*	71.0*	71.0*
	16.00**	16.00**	16.00**	16.00**	16.0**	16.0**	16.0**	16.0**
PERSONAL SERVICES	5,800,174	7,024,827	7,418,713	7,418,713	7,419	7,419	7,419	7,419
OTHER CURRENT EXPENSES	2,661,704	2,832,443	3,132,443	3,132,443	3,132	3,132	3,132	3,132
<b>TOTAL OPERATING COST</b>	<b>8,461,878</b>	<b>9,857,270</b>	<b>10,551,156</b>	<b>10,551,156</b>	<b>10,551</b>	<b>10,551</b>	<b>10,551</b>	<b>10,551</b>
<b>BY MEANS OF FINANCING</b>								
	60.00*	61.00*	63.00*	63.00*	63.0*	63.0*	63.0*	63.0*
	11.00**	11.00**	11.00**	11.00**	11.0**	11.0**	11.0**	11.0**
SPECIAL FUND	7,096,164	7,237,383	7,891,944	7,891,944	7,892	7,892	7,892	7,892
	8.00*	8.00*	8.00*	8.00*	8.0*	8.0*	8.0*	8.0*
	5.00**	5.00**	5.00**	5.00**	5.0**	5.0**	5.0**	5.0**
TRUST FUNDS	1,365,714	2,619,887	2,659,212	2,659,212	2,659	2,659	2,659	2,659
<b>TOTAL PERM POSITIONS</b>	<b>68.00*</b>	<b>69.00*</b>	<b>71.00*</b>	<b>71.00*</b>	<b>71.0*</b>	<b>71.0*</b>	<b>71.0*</b>	<b>71.0*</b>
<b>TOTAL TEMP POSITIONS</b>	<b>16.00**</b>	<b>16.00**</b>	<b>16.00**</b>	<b>16.00**</b>	<b>16.0**</b>	<b>16.0**</b>	<b>16.0**</b>	<b>16.0**</b>
<b>TOTAL PROGRAM COST</b>	<b>8,461,878</b>	<b>9,857,270</b>	<b>10,551,156</b>	<b>10,551,156</b>	<b>10,551</b>	<b>10,551</b>	<b>10,551</b>	<b>10,551</b>

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>MEASURES OF EFFECTIVENESS</b>								
1. % NEW LICENSES ISSUED WITHIN 10-12 BUSINESS DAYS	95	95	95	95	95	95	95	95
2. % LICENSEES RENEWED WITHIN 10-12 BUSINESS DAYS	97	97	97	97	97	97	97	97
3. % PVL-PROPOSED LEGISLATIVE MEASURES ENACTED	90	90	90	90	90	90	90	90
<b>PROGRAM TARGET GROUPS</b>								
1. DE FACTO POPULATION IN HAWAII (000)	1562	1562	1626	1626	1626	1626	1626	1626
2. PERS/BUS LIC BY PVL (ALL STATUSES)	400000	400000	475000	490000	510000	525000	540000	555000
3. PERS/BUS LICENSED BY PVL (CURR AND ACT)	145425	145425	160000	160000	160000	160000	160000	160000
4. REG BOARDS, COMMISSIONS, PROG ASSIGNED TO PVL	48	48	51	51	51	51	51	51
<b>PROGRAM ACTIVITIES</b>								
1. # OF PROF & VOC APPLICATIONS RECEIVED	14680	14940	20000	20000	20000	20000	20000	20000
2. # OF EXAMINEES & REEXAMINEES	10500	10690	10880	11070	11070	11070	11070	11070
3. # OF APPLICANTS LICENSED	10348	10451	15000	15000	15000	15000	15000	15000
4. # OF PERMITS ISSUED	1615	1640	1200	1200	1200	1200	1200	1200
5. # OF LICENSES RENEWED	72626	73352	74078	74804	74804	74804	74804	74804
6. # OF UPDATE TRANSACTIONS FOR LICENSES	200465	200745	230000	230000	230000	230000	230000	230000
7. # CONDO REQUESTS, APPLS, REPORTS & EDUC OFFERINGS	28000	28000	36000	36000	36000	36000	36000	36000
8. # OF REAL ESTATE REQUESTS AND EDUC OFFERINGS	105000	105000	125000	125000	125000	125000	125000	125000
9. # OF TIME SHARE/SUBDIVISION FILINGS RECEIVED	20	20	0	0	0	0	0	0
10. # OF NEW/REVISED HI ADMIN RULES PROMULGATED	3	3	3	3	3	3	3	3
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
LICENSES, PERMITS, AND FEES	6,736	5,689	6,987	5,938	6,591	6,175	6,850	5,789
REVENUES FROM THE USE OF MONEY AND PROPERTY	44	55	53	55	53	55	53	55
CHARGES FOR CURRENT SERVICES	2,649	1,994	2,251	2,003	2,202	2,041	2,200	2,022
NON-REVENUE RECEIPTS	687	3,629	498	3,791	504	3,948	505	3,949
TOTAL PROGRAM REVENUES	10,116	11,367	9,789	11,787	9,350	12,219	9,608	11,815
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	9,424	7,733	9,288	7,991	8,843	8,266	9,100	7,861
ALL OTHER FUNDS	692	3,634	501	3,796	507	3,953	508	3,954
TOTAL PROGRAM REVENUES	10,116	11,367	9,789	11,787	9,350	12,219	9,608	11,815

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

# Program Plan Narrative

## **CCA105: PROFESSIONAL & VOCATIONAL LICENSING**

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### **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 2 permanent positions and increase special funds ceiling by \$108,806 in FY20 and FY21 for the Professional and Vocational Licensing Division.

Increase special funds ceiling by \$300,000 in FY20 and FY21 for Salesforce IT software license recurring costs.

### **C. Description of Activities Performed**

The program is responsible for the licensing and regulation of 51 different professions and vocations. It provides administrative support to 25 regulatory licensing boards and, on behalf of the director of the department, administers 26 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. Two funds are federally mandated to collect fees on its behalf, with revenues going to the federal agency.

### **D. Statement of Key Policies Pursued**

For both the special and trust funds, users of the program are to be serviced with quality, equity, dependability, and promptness. Individuals and entities licensed by the program are to be competent so that the consuming public's health, safety and welfare are protected.

### **E. Identification of Important Program Relationships**

The program has equally important relationships with other State agencies, counties, federal agencies, private sector programs, and

national regulatory and licensing bodies. Persons who are licensed by this program may be employees, contractors, or service providers of these private and public sector agencies. Consultation and coordination may be necessary in cases where changes in licensing and regulation could have a significant or adverse effect on said agencies.

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

### **F. Description of Major External Trends Affecting the Program**

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

The division continues to receive requests to take over licensing functions outside the jurisdiction and expertise of DCCA. The expansion of the division in this fashion would undermine and jeopardize its jurisdictional focus and negatively affect its current population of 158,520 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.

# Program Plan Narrative

**CCA105: PROFESSIONAL & VOCATIONAL LICENSING**

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## **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

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**

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	95.00*	95.00*	95.00*	95.00*	95.0*	95.0*	95.0*	95.0*
	5.00**	7.00**	7.00**	7.00**	7.0**	7.0**	7.0**	7.0**
PERSONAL SERVICES	8,071,727	10,556,727	11,049,815	11,049,815	11,049	11,049	11,049	11,049
OTHER CURRENT EXPENSES	6,232,624	9,224,041	10,761,135	8,761,135	8,761	8,761	8,761	8,761
<b>TOTAL OPERATING COST</b>	<b>14,304,351</b>	<b>19,780,768</b>	<b>21,810,950</b>	<b>19,810,950</b>	<b>19,810</b>	<b>19,810</b>	<b>19,810</b>	<b>19,810</b>
BY MEANS OF FINANCING								
	95.00*	95.00*	95.00*	95.00*	95.0*	95.0*	95.0*	95.0*
	1.00**	1.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
SPECIAL FUND	14,210,406	18,119,862	21,360,950	19,360,950	19,360	19,360	19,360	19,360
	*	*	*	*	*	*	*	*
	4.00**	6.00**	6.00**	6.00**	6.0**	6.0**	6.0**	6.0**
OTHER FEDERAL FUNDS		1,460,906	250,000	250,000	250	250	250	250
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
TRUST FUNDS	93,945	200,000	200,000	200,000	200	200	200	200
TOTAL PERM POSITIONS	95.00*	95.00*	95.00*	95.00*	95.0*	95.0*	95.0*	95.0*
TOTAL TEMP POSITIONS	5.00**	7.00**	7.00**	7.00**	7.0**	7.0**	7.0**	7.0**
<b>TOTAL PROGRAM COST</b>	<b>14,304,351</b>	<b>19,780,768</b>	<b>21,810,950</b>	<b>19,810,950</b>	<b>19,810</b>	<b>19,810</b>	<b>19,810</b>	<b>19,810</b>

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>MEASURES OF EFFECTIVENESS</b>								
1. % OF COMPLAINTS RESOLVED WITHIN 90 DAYS	90	90	90	90	90	90	90	90
2. % INSURER'S EXAM WKLD COMPL AT LEAST ONCE IN 5 YR	100	100	100	100	100	100	100	100
3. % CAPTIVE INSUR EXAM WKLD CMP W/IN 3 OR 5 YR REQUI	100	100	75	100	100	100	100	100
4. % RATE/POL FILINGS REVIEWED W/IN STAT TIME REQMTS	90	90	95	95	95	95	95	95
5. % OF INSURANCE FRAUD CASES INDICTED BY THE STATE	100	100	100	100	100	100	100	100
6. % CHANGE FROM PRIOR YEAR IN # OF CAPTIVE LICENSEES	4.6	4.4	4.0	4.0	4.0	4.0	4.0	4.0
7. % SCREENING APPLICANTS ASSIGNED CLAIMS PRG	90	90	85	90	90	90	90	90
<b>PROGRAM TARGET GROUPS</b>								
1. DE FACTO POPULATION IN HAWAII (000)	1562	1562	1626	1626	1626	1626	1626	1626
2. INSURER LICENSEES REGULATED BY INSURANCE DIV	1362	1383	1375	1390	1405	1420	1435	1450
3. CAPTIVE LICENSEES REGULATED BY INSURANCE DIVISION	228	238	245	255	265	275	285	295
4. OTHER LICENSEES REGULATED BY INSURANCE DIVISION	66000	69000	80000	82000	84000	86000	88000	90000
5. MOTOR VEHICLES SUBJECT TO INS REGULATIONS (000)	980	980	1050	1075	1100	1125	1150	1175
<b>PROGRAM ACTIVITIES</b>								
1. # OF LICENSE APPL, RENEWALS & UPDATES PROCESSED	133715	134727	180000	190000	200000	210000	220000	230000
2. # OF COMPLAINTS	610	615	600	600	600	600	600	600
3. # FRAUD REFER & COMPLAINTS OPEN FOR INVESTIGATIONS	75	75	85	85	85	85	85	85
4. # INFORM BRFGS & CAPTIVE DEV ACTIVITIES DURING YR	35	35	35	35	35	35	35	35
5. # OF ANNUAL COMPANY FILINGS PROCESSED	2640	2685	2500	2525	2550	2575	2600	2625
6. # INSUR & CAPTIVES APPL FOR CERT OF AUTH REVIEWED	33	33	40	40	40	40	40	40
7. # OF EXAMS OF DOMESTIC INS & INS-TYPE ENTITIES	39	44	50	50	50	50	50	50
8. # INSURER & ISSUER RATE & POLICY FILINGS ANALYZED	3975	3975	3900	4000	4000	4000	4000	4000
9. # OF PREMIUM TAX STATEMENTS FILED	9500	9500	9500	9500	9500	9500	9500	9500
10. # OF INSURER REPORTS ANALYZED CAPTIVES & RISK RTNT	275	285	305	305	315	325	330	335
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
TAXES	168,150	171,150	174,150	177,150	180,150	183,150	187,150	187,150
LICENSES, PERMITS, AND FEES	6,200	6,350	6,500	6,750	7,000	7,000	7,000	7,000
REVENUES FROM THE USE OF MONEY AND PROPERTY	72	72	72	72	72	72	72	72
REVENUE FROM OTHER AGENCIES: FEDERAL	50	600						
CHARGES FOR CURRENT SERVICES	6,575	8,135	8,235	8,435	8,635	8,735	8,835	8,835
FINES, FORFEITS AND PENALTIES	106	210	210	210	210	210	210	210
NON-REVENUE RECEIPTS	3,275	3,275	3,275	3,275	3,275	3,275	3,275	3,275
TOTAL PROGRAM REVENUES	184,428	189,792	192,442	195,892	199,342	202,442	206,542	206,542
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS	169,100	172,100	175,100	178,100	181,100	184,100	188,100	188,100
SPECIAL FUNDS	15,146	17,510	17,160	17,610	18,060	18,160	18,260	18,260
ALL OTHER FUNDS	182	182	182	182	182	182	182	182
TOTAL PROGRAM REVENUES	184,428	189,792	192,442	195,892	199,342	202,442	206,542	206,542

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

## Program Plan Narrative

CCA106: INSURANCE REGULATORY SERVICES

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### **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)**

Increase special funds ceiling by \$2,500,000 in FY 20 and \$500,000 in FY21 for HIDS IT project.

Increase special funds ceiling by \$138,426 in FY20 and FY21 for fringe benefits for the Captive Insurance Administrative Fund.

Increase special funds ceiling by \$279,310 in FY20 and FY21 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 448D, HRS, Dental Service Organizations; and Chapter 488, HRS, Legal Service Plans. The Insurance Commissioner is an ex-officio member of the Hawaii Hurricane Relief Fund.

### **F. Description of Major External Trends Affecting the Program**

1. The Insurance Division has been the recipient of several federal grants from the Department of Health and Human Services (DHHS) beginning in 2010 in relation to the Patient Protection and Affordable Care Act (PPACA). The future of the PPACA is uncertain under the current Administration but the division continues to provide form review for the federal exchange.
2. The Insurance Division recently received a \$278,528 grant from DHHS to enhance and support the role of States in the implementation of and planning for selected Federal market reforms and consumer protections guaranteed by the PPACA, including: guaranteed availability of coverage, guaranteed renewability of coverage, and essential health benefits.
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.



## Program Plan Narrative

### CCA106: INSURANCE REGULATORY SERVICES

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

1. The Financial Surveillance and Examination Branch performs quarterly and annual financial analyses and evaluates the financial condition of twenty-seven domestic insurers in accordance with guidelines established by the NAIC. The branch also conducts financial examinations of 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 1,300 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 85% 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 500 complaints annually. The Compliance and Enforcement Branch also reviews approximately 2,000 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 91% of forms and rate filings reviews within the statutory time requirements in the last fiscal year. Annually, approximately 3,500 forms and rate filings are analyzed.
4. The Licensing Branch maintains the licensing database for over 72,000 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, printing certificates online, 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 228 active captive insurance companies licensed at the end of last fiscal year. The State of Hawaii was named the 2018 Domicile of the Year in the 200 Plus Captives category by Captive Review. This is a very prestigious award in the captive insurance industry, and is the first time Hawaii has received this award, winning it amongst many other well-known domiciles.
6. The Insurance Fraud Investigations Branch received 297 referrals from insurance companies, various agencies, and the public. Of those accepted for prosecution, criminal indictments were obtained against 39 individuals who submitted fraudulent claims totaling \$760,000 for the fiscal year.
7. The Health Branch received and reviewed 112 health insurance rate and form filings all within statutory time requirements, resulting in consumer savings of over \$47.4 million. The Health Branch reviewed 103 complaints with the resolution of complaints resulting in consumer savings of \$65,000. The branch handles about 1,000 information inquiries a year.

#### H. Discussion of Program Revenues

1. The program collected \$159.8 million of insurance premium taxes for deposit into the general fund in FY 2017-2018.
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.

## Program Plan Narrative

**CCA106: INSURANCE REGULATORY SERVICES**

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### **J. Further Considerations**

None.

**OPERATING AND CAPITAL EXPENDITURES**

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	163,942	216,366	225,659	225,659	226	226	226	226
OTHER CURRENT EXPENSES	18,683	72,245	72,245	72,245	72	72	72	72
<b>TOTAL OPERATING COST</b>	<b>182,625</b>	<b>288,611</b>	<b>297,904</b>	<b>297,904</b>	<b>298</b>	<b>298</b>	<b>298</b>	<b>298</b>
BY MEANS OF FINANCING	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
	**	**	**	**	**	**	**	**
SPECIAL FUND	182,625	288,611	297,904	297,904	298	298	298	298
TOTAL PERM POSITIONS	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
<b>TOTAL PROGRAM COST</b>	<b>182,625</b>	<b>288,611</b>	<b>297,904</b>	<b>297,904</b>	<b>298</b>	<b>298</b>	<b>298</b>	<b>298</b>

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>MEASURES OF EFFECTIVENESS</b>								
1. % OF WRITTEN INQUIRIES ADDRESSED WITHIN 30 DAYS	85	85	85	85	85	85	85	85
2. % OF COMPLETED APPLICATIONS REVIEWED WITHIN 60 DAYS	80	80	80	80	80	80	80	80
3. % OF COMPLAINTS ADDRESSED WITHIN 90 DAYS	75	75	75	75	75	75	75	75
<b>PROGRAM TARGET GROUPS</b>								
1. # OF ACCRTD DGR GRNTING POST-SEC ED INSTS RGLTD	26	26	26	26	26	26	26	26
<b>PROGRAM ACTIVITIES</b>								
1. # WRTN INQ RECVD CONCERN LAWS REQ FOR AUTHORIZTN	120	120	120	120	120	120	120	120
2. # OF APPLICATIONS RECEIVED AND REVIEWED	21	5	21	5	21	5	21	5
3. NUMBER OF AUTHORIZATIONS OR REAUTHORIZATIONS	21	5	21	5	21	5	21	5
4. NUMBER OF COMPLAINTS RECEIVED	6	6	3	3	3	3	3	3
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
LICENSES, PERMITS, AND FEES	313	162	304	162	301	162	301	313
REVENUES FROM THE USE OF MONEY AND PROPERTY	1	1	1	1	1	1	1	1
TOTAL PROGRAM REVENUES	314	163	305	163	302	163	302	314
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	314	163	305	163	302	163	302	314
TOTAL PROGRAM REVENUES	314	163	305	163	302	163	302	314

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

## Program Plan Narrative

**CCA107: POST-SECONDARY EDUCATION AUTHORIZATION**

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### **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)**

Increase special funds ceiling by \$1,988 in FY20 and FY21 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. 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**

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### **I. Summary of Analysis Performed**

No significant analysis of specific issues was conducted.

### **J. Further Considerations**

None.

**OPERATING AND CAPITAL EXPENDITURES**

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	65.00*	65.00*	67.00*	67.00*	67.0*	67.0*	67.0*	67.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	6,229,302	7,284,982	8,597,651	8,597,651	8,598	8,598	8,598	8,598
OTHER CURRENT EXPENSES	7,439,463	7,964,266	8,760,406	10,612,106	8,592	8,592	8,592	8,592
EQUIPMENT			37,100	33,000				
<b>TOTAL OPERATING COST</b>	<b>13,668,765</b>	<b>15,249,248</b>	<b>17,395,157</b>	<b>19,242,757</b>	<b>17,190</b>	<b>17,190</b>	<b>17,190</b>	<b>17,190</b>
BY MEANS OF FINANCING								
	65.00*	65.00*	67.00*	67.00*	67.0*	67.0*	67.0*	67.0*
	**	**	**	**	**	**	**	**
SPECIAL FUND	13,668,765	15,249,248	17,395,157	19,242,757	17,190	17,190	17,190	17,190
TOTAL PERM POSITIONS	65.00*	65.00*	67.00*	67.00*	67.0*	67.0*	67.0*	67.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
<b>TOTAL PROGRAM COST</b>	<b>13,668,765</b>	<b>15,249,248</b>	<b>17,395,157</b>	<b>19,242,757</b>	<b>17,190</b>	<b>17,190</b>	<b>17,190</b>	<b>17,190</b>

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>MEASURES OF EFFECTIVENESS</b>								
1. % RATE CASES COMPLTD W/IN APPLIC STATUTORY TIME PD	100	100	100	100	100	100	100	100
2. % NON-RATE MATTERS COMPLTD W/IN APPLC STATU/REG PD	100	100	100	100	100	100	100	100
3. % INFORMAL COMPLAINTS RESOLVED IN REASONABLE TIME	90	90	85	85	85	85	85	85
4. NO. REPORTED ACCIDENTS INVOLVING UTILITY EMPLOYEES	85	85	90	90	90	90	90	90
5. AV NO. ELECTRIC SVC INTERRUPTNS PER CUSTOMER SVCD	2	2	2	2	2	2	2	2
6. NO. TELECOMM SVC DISRUPTNS LONGER THAN 1 HR	2	2	2	2	2	2	2	2
<b>PROGRAM TARGET GROUPS</b>								
1. ELECTRIC AND GAS COMPANIES	5	5	5	5	5	5	5	5
2. PROPERTY CARRIERS	555	552	526	526	526	526	526	526
3. PASSENGER CARRIERS	830	830	943	943	943	943	943	943
4. WATER COMMON CARRIERS	4	4	2	2	2	2	2	2
5. PRIVATE WATER AND WASTEWATER UTILITY COMPANIES	38	38	39	39	39	39	39	39
6. TELECOMMUNICATIONS COMPANIES	185	185	185	185	185	185	185	185
7. OPERATORS OF SUBSURFACE INSTALLATIONS	47	47	47	47	47	47	47	47
<b>PROGRAM ACTIVITIES</b>								
1. NUMBER OF APPLICATIONS FILED	400	400	435	435	435	435	435	435
2. NO. DECISIONS/ORDERS & ORDERS ISSUED DOCKETD MATTR	800	800	870	870	870	870	870	870
3. NO. PUBLIC HEARINGS AND CONTESTED CASE HEARINGS	10	10	20	20	20	20	20	20
4. NUMBER OF CITATIONS ISSUED	15	15	30	30	30	30	30	30
5. NUMBER OF INFORMAL COMPLAINTS FILED	120	120	90	90	90	90	90	90
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
CHARGES FOR CURRENT SERVICES	16,618	19,110	19,011	19,011	19,011	19,011	19,011	19,011
FINES, FORFEITS AND PENALTIES	49	27	27	27	27	27	27	27
NON-REVENUE RECEIPTS	5,417	3,156	3,155	3,155	3,155	3,155	3,155	3,155
TOTAL PROGRAM REVENUES	22,084	22,293	22,193	22,193	22,193	22,193	22,193	22,193
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS	5,417	3,156	3,155	3,155	3,155	3,155	3,155	3,155
SPECIAL FUNDS	16,667	19,137	19,038	19,038	19,038	19,038	19,038	19,038
TOTAL PROGRAM REVENUES	22,084	22,293	22,193	22,193	22,193	22,193	22,193	22,193

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



## Program Plan Narrative

CCA901: PUBLIC UTILITIES COMMISSION

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### **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 \$500,000 in FY20 and \$2,060,000 in FY21 for DMS project.

Add 2 permanent position and Increase special funds ceiling by \$200,240 in FY20 and \$195,840 in FY 21 for enforcement positions.

Increase special funds ceiling by \$33,000 in FY20 and FY21 for recurring IT equipment costs.

Increase special funds ceiling by \$292,000 in FY20 and \$584,000 in FY21 for the Division of Consumer Advocacy.

Increase special funds ceiling by \$899,698 in FY20 and FY21 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.

## Program Plan Narrative

CCA901: PUBLIC UTILITIES COMMISSION

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### **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 Fee, the Community-based Renewable Energy Program, and others, are key energy initiatives under the purview of the PUC. Given the State's overall desire to promote clean energy policies to stabilize Hawaii's economy and move towards energy independence, the majority of the PUC's time and resources are devoted to this sector.

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 2015-2017, 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.

In FY19 the PUC completed the renovation project and relocated swing space staff back to the PUC's main office in the Kekuanaoa building, creating 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 FY 20, it is projected that \$17 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. \$5.4 million and \$3.2 million, lapsed to the

## Program Plan Narrative

**CCA901: PUBLIC UTILITIES COMMISSION**

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General Fund for FY17 and FY18 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**

REPORT: P61-A

PROGRAM ID:  
PROGRAM STRUCTURE NO: 100104  
PROGRAM TITLE:

**ENFORCEMENT OF FAIR BUSINESS PRACTICES**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	155.00*	155.00*	163.00*	163.00*	163.0*	163.0*	163.0*	163.0*
	11.00**	11.00**	3.00**	3.00**	3.0**	3.0**	3.0**	3.0**
PERSONAL SERVICES	12,150,403	14,918,307	15,684,334	15,684,334	15,684	15,684	15,684	15,684
OTHER CURRENT EXPENSES	2,546,510	3,022,432	3,422,432	3,122,432	3,123	3,123	3,123	3,123
<b>TOTAL OPERATING COST</b>	<b>14,696,913</b>	<b>17,940,739</b>	<b>19,106,766</b>	<b>18,806,766</b>	<b>18,807</b>	<b>18,807</b>	<b>18,807</b>	<b>18,807</b>
BY MEANS OF FINANCING								
	155.00*	155.00*	163.00*	163.00*	163.0*	163.0*	163.0*	163.0*
	11.00**	11.00**	3.00**	3.00**	3.0**	3.0**	3.0**	3.0**
SPECIAL FUND	14,658,739	17,840,058	19,006,085	18,706,085	18,706	18,706	18,706	18,706
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
TRUST FUNDS	38,174	100,681	100,681	100,681	101	101	101	101
TOTAL PERM POSITIONS	155.00*	155.00*	163.00*	163.00*	163.0*	163.0*	163.0*	163.0*
TOTAL TEMP POSITIONS	11.00**	11.00**	3.00**	3.00**	3.0**	3.0**	3.0**	3.0**
<b>TOTAL PROGRAM COST</b>	<b>14,696,913</b>	<b>17,940,739</b>	<b>19,106,766</b>	<b>18,806,766</b>	<b>18,807</b>	<b>18,807</b>	<b>18,807</b>	<b>18,807</b>

**OPERATING AND CAPITAL EXPENDITURES**

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	18.00*	18.00*	18.00*	18.00*	18.0*	18.0*	18.0*	18.0*
	2.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
PERSONAL SERVICES	1,570,884	2,091,557	2,171,031	2,171,031	2,171	2,171	2,171	2,171
OTHER CURRENT EXPENSES	321,653	614,618	664,618	664,618	665	665	665	665
<b>TOTAL OPERATING COST</b>	<b>1,892,537</b>	<b>2,706,175</b>	<b>2,835,649</b>	<b>2,835,649</b>	<b>2,836</b>	<b>2,836</b>	<b>2,836</b>	<b>2,836</b>
BY MEANS OF FINANCING								
	18.00*	18.00*	18.00*	18.00*	18.0*	18.0*	18.0*	18.0*
	2.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
SPECIAL FUND	1,854,363	2,605,494	2,734,968	2,734,968	2,735	2,735	2,735	2,735
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
TRUST FUNDS	38,174	100,681	100,681	100,681	101	101	101	101
TOTAL PERM POSITIONS	18.00*	18.00*	18.00*	18.00*	18.0*	18.0*	18.0*	18.0*
TOTAL TEMP POSITIONS	2.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
<b>TOTAL PROGRAM COST</b>	<b>1,892,537</b>	<b>2,706,175</b>	<b>2,835,649</b>	<b>2,835,649</b>	<b>2,836</b>	<b>2,836</b>	<b>2,836</b>	<b>2,836</b>

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>MEASURES OF EFFECTIVENESS</b>								
1. # CONSUMERS DIRECTLY AFFECTED BY OFFICE ACTN (000)	50	50	50	50	50	50	50	50
2. # BUSINESSES DIRECTLY AFFECTED BY OFFICE INVSTG TNS	900	900	900	900	900	900	900	900
3. \$ AMT OF FINES ASSESSED OR COSTS IMPOSED (000)	300	300	300	300	700	700	700	700
4. \$ AMTS RECOVERED THRU MULTISTATE CASES (000)	150	1000	1000	1000	1000	1000	1000	1000
5. % LEGAL ACTIONS RESOLVED IN FAVOR OF OCP	100	100	100	100	100	100	100	100
<b>PROGRAM TARGET GROUPS</b>								
1. RESIDENT STATE POPULATION (000)	1400	1400	1400	1400	1400	1400	1400	1400
2. VISITORS TO HAWAII (000)	8000	8000	8000	8000	8000	8000	8000	8000
<b>PROGRAM ACTIVITIES</b>								
1. # OF CONSUMER COMPLAINTS REC (EXCL LANDLD/TENANT)	1500	1000	1000	1000	1000	1000	1000	1000
2. # OF COMPLAINTS INITIATED BY OCP	75	75	75	75	75	75	75	75
3. # OF LANDLORD-TENANT INQUIRIES RECEIVED	10000	10000	10000	10000	10000	10000	10000	10000
4. # OF COMPLNTS RESOLVED AT INVESTIGATIVE LEVEL	700	700	700	700	700	700	700	700
5. # OF MULTISTATE CASES	5	8	8	8	8	8	8	8
6. # OF LEGAL ACTIONS	15	15	15	15	15	15	15	15
7. # INQ RECVD ON BUSINESS COMPLAINT HISTORIES	8000	10000	10000	10000	10000	10000	10000	10000
8. # PERSONS REACHED THRU EDUCATIONAL EFFORTS	10000	10000	10000	10000	10000	10000	10000	10000
9. # LEG PROP FOR WHICH OCP PROVIDED TESTIMONY	20	20	20	20	20	20	20	20
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
LICENSES, PERMITS, AND FEES	27	35	35	35	35	35	35	35
REVENUES FROM THE USE OF MONEY AND PROPERTY	10	10	10	11	11	11	11	11
CHARGES FOR CURRENT SERVICES	3	2	1	1	1	1	1	1
FINES, FORFEITS AND PENALTIES	4,000	2,200	2,200	2,200	2,200	2,200	2,200	2,200
TOTAL PROGRAM REVENUES	4,040	2,247	2,246	2,247	2,247	2,247	2,247	2,247
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	4,040	2,247	2,246	2,247	2,247	2,247	2,247	2,247
TOTAL PROGRAM REVENUES	4,040	2,247	2,246	2,247	2,247	2,247	2,247	2,247

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

## Program Plan Narrative

CCA110: OFFICE OF CONSUMER PROTECTION

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### **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)**

Increase special funds ceiling by \$50,000 in FY20 and FY21 for Central Services Assessment.

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

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

### **E. Identification of Important Program Relationships**

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

### **F. Description of Major External Trends Affecting the Program**

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.

### **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 protection issues during the past few years. In addition,

## Program Plan Narrative

**CCA110: OFFICE OF CONSUMER PROTECTION**

**10 01 04 01**

during the past several years, OCP has averaged approximately 1,000 consumer complaints per year and more than 10,000 Landlord-Tenant Information Center 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**

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	71.00*	71.00*	79.00*	79.00*	79.0*	79.0*	79.0*	79.0*
	8.00**	8.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	5,263,810	6,479,865	6,883,402	6,883,402	6,883	6,883	6,883	6,883
OTHER CURRENT EXPENSES	1,543,813	1,587,555	1,587,555	1,587,555	1,588	1,588	1,588	1,588
<b>TOTAL OPERATING COST</b>	<b>6,807,623</b>	<b>8,067,420</b>	<b>8,470,957</b>	<b>8,470,957</b>	<b>8,471</b>	<b>8,471</b>	<b>8,471</b>	<b>8,471</b>
BY MEANS OF FINANCING								
	71.00*	71.00*	79.00*	79.00*	79.0*	79.0*	79.0*	79.0*
	8.00**	8.00**	**	**	**	**	**	**
SPECIAL FUND	6,807,623	8,067,420	8,470,957	8,470,957	8,471	8,471	8,471	8,471
TOTAL PERM POSITIONS	71.00*	71.00*	79.00*	79.00*	79.0*	79.0*	79.0*	79.0*
TOTAL TEMP POSITIONS	8.00**	8.00**	**	**	**	**	**	**
<b>TOTAL PROGRAM COST</b>	<b>6,807,623</b>	<b>8,067,420</b>	<b>8,470,957</b>	<b>8,470,957</b>	<b>8,471</b>	<b>8,471</b>	<b>8,471</b>	<b>8,471</b>

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>MEASURES OF EFFECTIVENESS</b>								
1. AV DAYS PROC CORP,PART,LLC,TRADE NM W/EXPED HANDLG	1	1	1	1	1	1	1	1
2. AV DAYS PROC CORP,PART,LLC,TRADE NM W/ REG HANDLG	4	4	3	3	3	3	3	3
3. AV DAYS PROC APPS FOR BROKER-DEALERS/INV ADVISORS	25	25	25	25	25	25	25	25
4. AV DAYS TO PROCESS APPS FOR SALES AGENTS	15	15	15	15	15	15	15	15
5. AV DAYS TO PROCESS APPS FOR INVESTMT ADVISER REPS	15	15	15	15	15	15	15	15
<b>PROGRAM TARGET GROUPS</b>								
1. CORP, PART, LLC,TRNAMES, TRMKS,SVC MKS ON REC	180000	180000	200000	200000	200000	200000	200000	200000
2. BRKR, SALES, SECURITIES OFF, FRANCH, INV ADV & REP	110000	110000	120000	120000	120000	120000	120000	120000
<b>PROGRAM ACTIVITIES</b>								
1. # DOCS RECEIVED FOR PROCESSING & ANNUAL REPORTS	142000	142000	147000	147000	147000	147000	147000	147000
2. # SECURITIES COMPLIANCE APPLICATIONS RECEIVED	42000	42000	43000	43000	43000	43000	43000	43000
3. # OF ENFORCEMENT CASES OPENED	45	45	60	60	60	60	60	60
4. # OF INQUIRIES RECEIVED BY SECURITIES ENFORCEMENT	1500	1500	1500	1500	1500	1500	1500	1500
5. # OF COMPLTS RESOLVED AT INVESTIGATIVE LEVEL IN FY	50	50	50	50	50	50	50	50
6. # ENFORCEMENT CASES CLOSED DURING THE FISCAL YR	55	55	60	60	60	60	60	60
7. # OF ORDERS, CONSENT AGREE AND SETTLMNTS COMPLETED	15	15	12	12	12	12	12	12
8. # OF SUSPENSIONS OR BARS IMPOSED	15	15	12	12	12	12	12	12
9. # OF PERSONS REACHED THRU INVSTR ED PROG ACTIVITY	28000	28000	25000	25000	25000	25000	25000	25000
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
LICENSES, PERMITS, AND FEES	5,770	5,000	5,000	5,000	5,000	5,000	5,000	5,000
REVENUES FROM THE USE OF MONEY AND PROPERTY	41	41	41	41	41	41	41	41
CHARGES FOR CURRENT SERVICES	4,340	4,174	4,175	4,175	4,175	4,175	4,175	4,175
FINES, FORFEITS AND PENALTIES	75	75	75	75	75	75	75	75
TOTAL PROGRAM REVENUES	10,226	9,290	9,291	9,291	9,291	9,291	9,291	9,291
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	10,226	9,290	9,291	9,291	9,291	9,291	9,291	9,291
TOTAL PROGRAM REVENUES	10,226	9,290	9,291	9,291	9,291	9,291	9,291	9,291

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

# Program Plan Narrative

**CCA111: BUSINESS REGISTRATION & SECURITIES REGULATN**

**10 01 04 03**

## **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)**

Convert 8 temporary positions to permanent with no change in special funds ceiling.

Increase special funds ceiling by \$83,368 in FY20 and FY21 for the conversion of an office assistant to a staff attorney for the Business Registration and Securities Regulation Branch.

Increase special funds ceiling by \$65,229 in FY20 and FY21 for fringe benefits.

## **C. Description of Activities Performed**

1. Corporations, partnerships, limited liability companies, trade names, 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. Provide personalized assistance to businesses registering with the division.

2. Sales of securities and franchises - Examine applications for registration of securities and franchises to determine that offerings of the securities or franchise comply with statutory requirements; register securities, sales agents, broker-dealers, investment advisers, investment adviser representatives and franchises; examine financial reports and records of securities broker-dealers and investment advisers; and conduct investigations of fraud and other state securities or franchise law 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. Assistance is provided to businesses registering with the division.

2. All sales of securities are done in compliance with the law. Securities broker-dealers, sales agents, investment advisers, investment adviser representatives and investment companies are properly registered under state law. Applications for registration are examined in a consistent and detailed manner to ensure compliance. Investigations are conducted on potential violations of Hawaii securities and franchise laws and administrative actions are taken to protect investors against fraud.

3. Investor education outreach programs and materials are provided to the public statewide to educate and spread awareness of, and tools to protect against frauds and scams.

## **E. Identification of Important Program Relationships**

Relationships are maintained with the United States Securities and Exchange Commission, the Financial Industry Regulatory Authority, securities divisions of the 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.

## **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

## Program Plan Narrative

**CCA111: BUSINESS REGISTRATION & SECURITIES REGULATN**

**10 01 04 03**

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.

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.

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

The discrepancy in planned expenditures is due in part to staff attrition, position vacancies, and certain expenses that were anticipated but were subsequently planned for expenditure in a different fiscal year.

Our measures of effectiveness showed one discrepancy. The average number of days to process business registration filings under regular handling decreased from 4 to 3 days. 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 slightly higher than last year due to the continuation of some business registration and securities registration filing fees being collected at 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

**OPERATING AND CAPITAL EXPENDITURES**

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	66.00*	66.00*	66.00*	66.00*	66.0*	66.0*	66.0*	66.0*
	1.00**	1.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
PERSONAL SERVICES	5,315,709	6,346,885	6,629,901	6,629,901	6,630	6,630	6,630	6,630
OTHER CURRENT EXPENSES	681,044	820,259	1,170,259	870,259	870	870	870	870
<b>TOTAL OPERATING COST</b>	<b>5,996,753</b>	<b>7,167,144</b>	<b>7,800,160</b>	<b>7,500,160</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>
BY MEANS OF FINANCING								
	66.00*	66.00*	66.00*	66.00*	66.0*	66.0*	66.0*	66.0*
	1.00**	1.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
SPECIAL FUND	5,996,753	7,167,144	7,800,160	7,500,160	7,500	7,500	7,500	7,500
TOTAL PERM POSITIONS	66.00*	66.00*	66.00*	66.00*	66.0*	66.0*	66.0*	66.0*
TOTAL TEMP POSITIONS	1.00**	1.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
<b>TOTAL PROGRAM COST</b>	<b>5,996,753</b>	<b>7,167,144</b>	<b>7,800,160</b>	<b>7,500,160</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>	<b>7,500</b>

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>MEASURES OF EFFECTIVENESS</b>								
1. % OF RICO SETTLEMENT AGREEMENTS ADOPTED	95	95	95	95	95	95	95	95
2. % OF RECOMMENDED ORDERS IN FAVOR OF STATE	95	95	95	95	95	95	95	95
3. % OF FINAL ORDERS SUSTAINED ON APPEAL	95	95	95	95	95	95	95	95
4. NUMBER OF LEGAL ACTIONS	1000000	350	350	350	350	350	350	350
<b>PROGRAM TARGET GROUPS</b>								
1. DE FACTO POPULATION IN HAWAII (000)	1562	1562	1626	1626	1626	1626	1626	1626
2. LICENSEES (000)	400	400	475	490	510	525	540	555
3. BOARDS & COMMISSIONS ADMIN ASSIGNED TO DCCA	48	49	51	51	51	51	51	51
<b>PROGRAM ACTIVITIES</b>								
1. # INQUIRIES TO CONSUMER RESOURCE CENTER	15000	10000	15000	15000	15000	15000	15000	15000
2. # COMPLAINT HISTORY INQUIRIES	25000	25000	25000	25000	25000	25000	25000	25000
3. # OF COMPLAINTS RECEIVED	3500	3500	3000	3000	3000	3000	3000	3000
4. # PEOPLE REACHED THRU CONS EDUCATIONAL EFFORTS	65000	55000	55000	55000	55000	55000	55000	55000
5. # ASSISTS BY NI OFCS TO PUBLIC ON NON-RICO MATTERS	6000	5000	2500	2500	2500	2500	2500	2500
6. # OF ORDERS & JUDGMENTS	300	350	350	350	350	350	350	350
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY	15	25	25	25	25	25	25	25
CHARGES FOR CURRENT SERVICES	7,390	7,339	7,842	7,842	7,842	7,842	7,842	7,842
FINES, FORFEITS AND PENALTIES	500	350	350	350	350	350	350	350
TOTAL PROGRAM REVENUES	7,905	7,714	8,217	8,217	8,217	8,217	8,217	8,217
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
SPECIAL FUNDS	7,903	7,712	8,215	8,215	8,215	8,215	8,215	8,215
ALL OTHER FUNDS	2	2	2	2	2	2	2	2
TOTAL PROGRAM REVENUES	7,905	7,714	8,217	8,217	8,217	8,217	8,217	8,217

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

## Program Plan Narrative

CCA112: REGULATED INDUSTRIES COMPLAINTS OFFICE

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### **A. Statement of Program Objectives**

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

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

Increase special funds ceiling by \$350,000 in FY20 and \$50,000 FY21 for Voyager IT project.

Increase special funds ceiling by \$14,098 in FY20 and FY21 for fringe benefits.

### **C. Description of Activities Performed**

Regulated Industries Complaints Office (RICO) is the enforcement arm of over 51 professional boards, commissions, and programs that are administratively attached to the Department of Commerce and Consumer Affairs. To meet its objective, RICO performs the following functions:

1. RICO receives complaints, conducts investigations, and prosecutes licensing law violations. Through the administrative process, RICO may seek fines, restitution, and license sanctions. RICO also prosecutes unlicensed activity through the issuance of citations and by filing civil lawsuits in the Circuit Courts.
2. RICO provides educational information to consumers and industry members through brochures, presentations and by participating in industry events and consumer fairs. 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. RICO also administers the State Certified Arbitration Program (SCAP) for "lemon" motor vehicle claims.

### **D. Statement of Key Policies Pursued**

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**

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

### **F. Description of Major External Trends Affecting the Program**

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

### **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. Therefore, 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.

### **I. Summary of Analysis Performed**

No significant analysis of specific issues was conducted.

## Program Plan Narrative

CCA112: REGULATED INDUSTRIES COMPLAINTS OFFICE

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### J. Further Considerations

None.



**OPERATING AND CAPITAL EXPENDITURES**

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
OPERATING COST	44.00*	45.00*	50.00*	50.00*	50.0*	50.0*	50.0*	50.0*
	6.00**	6.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
PERSONAL SERVICES	4,775,193	5,553,626	5,783,414	5,783,414	5,783	5,783	5,783	5,783
OTHER CURRENT EXPENSES	2,520,498	2,641,974	2,741,974	2,666,974	2,667	2,667	2,667	2,667
<b>TOTAL OPERATING COST</b>	<b>7,295,691</b>	<b>8,195,600</b>	<b>8,525,388</b>	<b>8,450,388</b>	<b>8,450</b>	<b>8,450</b>	<b>8,450</b>	<b>8,450</b>
BY MEANS OF FINANCING								
	44.00*	45.00*	50.00*	50.00*	50.0*	50.0*	50.0*	50.0*
	6.00**	6.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
SPECIAL FUND	7,295,691	8,195,600	8,525,388	8,450,388	8,450	8,450	8,450	8,450
TOTAL PERM POSITIONS	44.00*	45.00*	50.00*	50.00*	50.0*	50.0*	50.0*	50.0*
TOTAL TEMP POSITIONS	6.00**	6.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
<b>TOTAL PROGRAM COST</b>	<b>7,295,691</b>	<b>8,195,600</b>	<b>8,525,388</b>	<b>8,450,388</b>	<b>8,450</b>	<b>8,450</b>	<b>8,450</b>	<b>8,450</b>

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

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<b>MEASURES OF EFFECTIVENESS</b>								
1. %CASES COMPL W/IN DESIG TIME FOR CONTSTD CASE HRGS	85	85	85	85	85	85	85	85
2. %HRGS OFFCER REC ORDERS ADOPTED BY FINAL ADM AUTH	90	90	90	90	90	90	90	90
3. % HRGS OFFR REC ORDRS ADPT FINAL ADM AUTH SUSTAIN	90	90	90	90	90	90	90	90
4. % OF ERROR-FREE INVOICES PROCESSED	99	99	99	99	99	99	99	99
5. %COMPLAINTS/INQ RESPONDED TO IN TIMELY MANNER	95	95	95	95	95	95	95	95
6. %LEG HRGS TO WHICH TIMELY WRITTN TESTMNY SUBMTTD	95	95	95	95	95	95	95	95
7. %REQUESTS FOR SYSTEMS ADDTNS OR ENHANCE FULFILLED	50	50	50	50	50	50	50	50
8. % INFORMATION SYS WORK REQ COMPLETED IN REQ'D TIME	85	85	85	85	85	85	85	85
<b>PROGRAM TARGET GROUPS</b>								
1. DE FACTO POPULATION IN HAWAII (000)	1562	1562	1626	1626	1626	1626	1626	1626
2. LICENSEES (000)	460	460	475	490	510	525	540	555
3. DCCA DIVISIONS	13	13	13	13	13	13	13	13
4. BOARDS & COMMISSIONS ADMIN ASSIGNED TO DCCA	53	53	53	53	53	53	53	53
5. DCCA EMPLOYEES	539	539	551	551	551	551	551	551
<b>PROGRAM ACTIVITIES</b>								
1. # WRITTN NOTICES ISS BY HRGS OFF RE: PROCED EVENTS	450	450	450	450	450	450	450	450
2. # PRE-HRG EVENTS BY HRG OFF INVOLVG THE PARTIES	200	200	200	200	200	200	200	200
3. # HEARINGS CONDUCTED BY HEARINGS OFFICERS	150	150	150	150	150	150	150	150
4. # RECOMMENDED & FINAL ORDERS ISS BY HRGS OFFICERS	200	200	200	200	200	200	200	200
5. # INFO PRESENTATIONS FOR EDUCATIONAL GUIDANCE	24	24	24	24	24	24	24	24
6. # SYSTEMS ADDED OR ENHANCED	145	145	145	145	145	145	145	145
7. # OF INFORMATION SYSTEMS WORK REQUESTS	4300	4300	4300	4300	4300	4300	4300	4300
8. # OF INVOICES PROCESSED	8000	8000	8000	8000	8000	8000	8000	8000
<b>PROGRAM REVENUES BY TYPE (IN THOUSANDS of DOLLARS)</b>								
REVENUES FROM THE USE OF MONEY AND PROPERTY CHARGES FOR CURRENT SERVICES	4	20	20	20	20	20	20	20
TOTAL PROGRAM REVENUES	531	874	874	874	880	880	880	880
<b>PROGRAM REVENUES BY FUND (IN THOUSANDS of DOLLARS)</b>								
GENERAL FUNDS	2							
SPECIAL FUNDS	529	874	874	874	880	880	880	880
TOTAL PROGRAM REVENUES	531	874	874	874	880	880	880	880

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

## Program Plan Narrative

CCA191: GENERAL SUPPORT

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### **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)**

Convert 5 temporary positions to permanent with no change in special funds ceiling.

Increase special funds ceiling by \$100,000 in FY20 and \$25,000 in FY21 for IT costs.

Increase special funds ceiling by \$2,003 in FY20 and FY21 for fringe benefits for the Director's Office (DO) and Administrative Services Office (ASO).

Increase special funds ceiling by \$8,602 in FY20 and FY21 for fringe benefits for the Information Systems Office and Communications Office (ISCO).

### **C. Description of Activities Performed**

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

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

2. The ASO provides to the divisions of the Department of Commerce and Consumer Affairs (DCCA): centralized budgeting and accounting services; centralized clerical services; building management services; and other administrative support services.

3. The ISCO provides to the divisions of the DCCA: services to find, acquire, implement and maintain information technology; support for

telephone systems, through the 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; and administrative hearings of appeals relating to the administration of the State's Procurement Code, the Employer-Union Health Benefits Trust Fund, and the Employees' Retirement System. In addition, OAH administers the Medical Inquiry and Conciliation Panel and the Design Claims Conciliation Panel.

### **D. Statement of Key Policies Pursued**

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

1. The DO provides support services in the implementation of the State Plan for Individual Rights, Sociocultural Advancement-government, and Fiscal Management-government by examining policies and procedures to improve the efficiency and effectiveness of the administrative processes as well as to improve the quality of programmed services provided.

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

## Program Plan Narrative

**CCA191: GENERAL SUPPORT**

**10 01 05**

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.

ISCO interacts with ETS to execute ETS initiatives that are beneficial to DCCA, as well as contributing to ETS fact-finding and planning activities.

### **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 combined with an increased number of device types used to access online services, as well as increased and evolving cyber threats, affects the volume and nature 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.



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## **Capital Budget Details**

STATE OF HAWAII

PROGRAM ID:

PROGRAM STRUCTURE NO:

PROGRAM TITLE:

CCA191

100105

GENERAL SUPPORT

### REQUIRED CAPITAL APPROPRIATIONS - BY CAPITAL PROJECT IN THOUSANDS OF DOLLARS

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PROJECT NUMBER	PRIORITY NUMBER	LOC NUMBER	SCOPE	PROJECT TITLE	BUDGET PERIOD						SUCCEED YEARS
					PROJECT TOTAL	PRIOR YRS	FY 17-18	FY 18-19	FY 19-20	FY 20-21	
PROGRAM TOTALS											
			COST ELEMENT/MOF								
			LAND ACQUISITION	3,000	3,000						
			DESIGN	2,001	2,001						
			CONSTRUCTION	28,001	28,001						
			EQUIPMENT	1,998	1,998						
			TOTAL	35,000	35,000						
			G.O. BONDS	35,000	35,000						