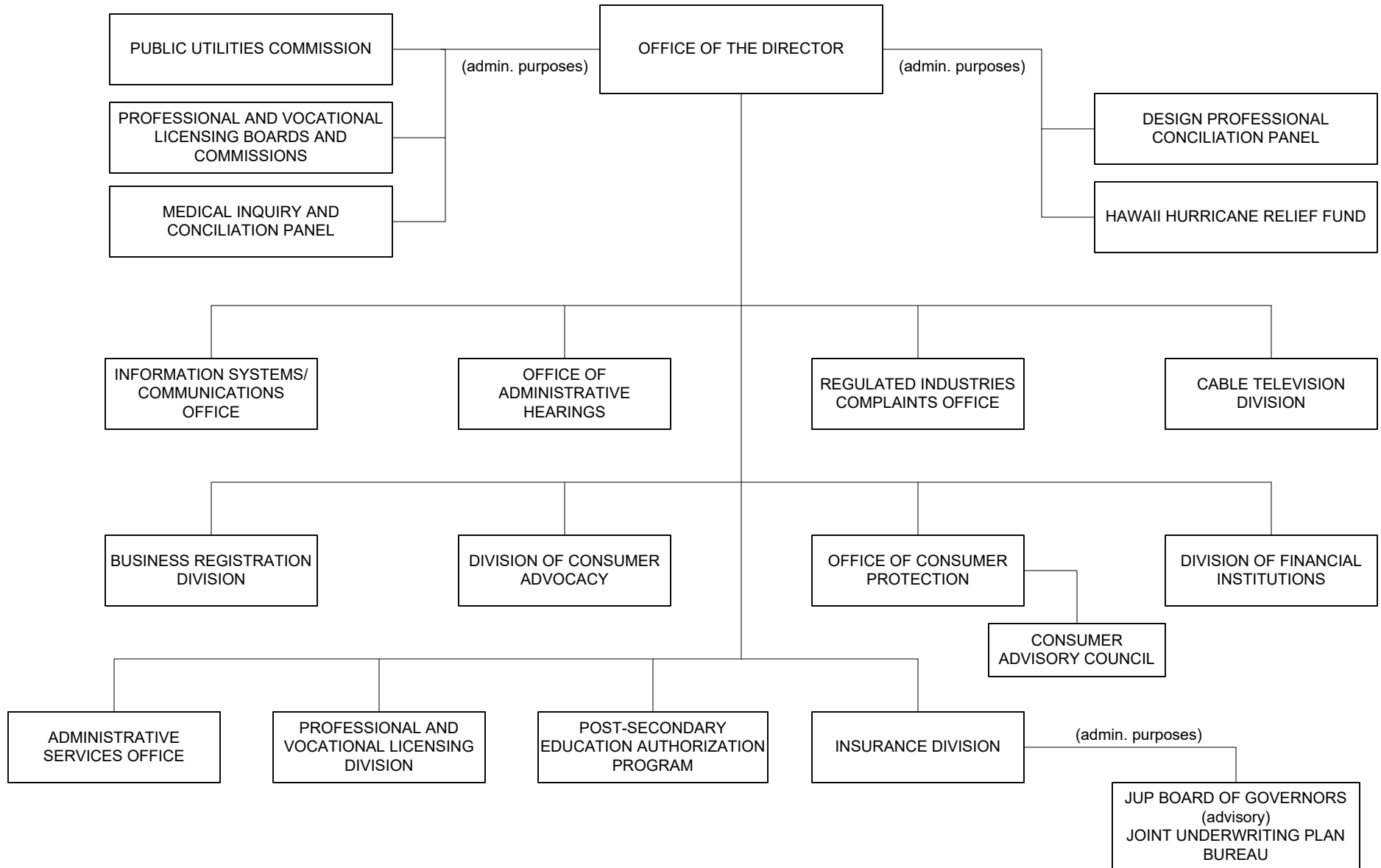




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## **Department of Commerce and Consumer Affairs**

**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***

1. Percent of homes where cable TV service is available in the state
2. Percent of alternate energy sources used by electric utilities
3. Average number of days to process corporation, partnership, LLC, tradenames with regular handling

**FY 2022**

99

**FY 2023**

99

34

36

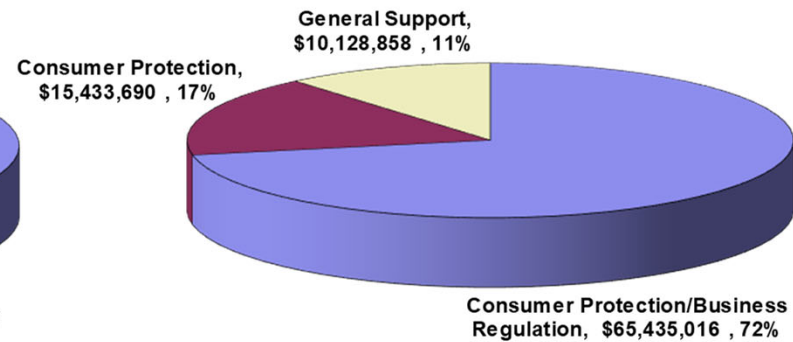
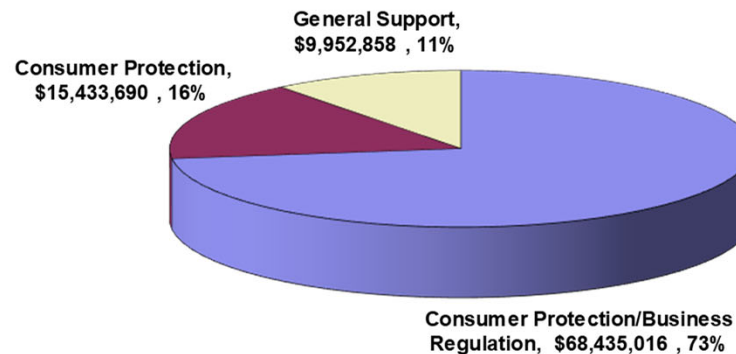
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### **FB 2021-2023 Operating Budget by Major Program Area**

**FY 2022**

**FY 2023**



## 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

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)

		Budget Base FY 2022	Budget Base FY 2023	FY 2022	FY 2023
<b>Funding Sources:</b>	Perm Positions	-	-	-	-
	Temp Positions	-	-	-	-
General Funds	\$	-	-	-	-
	Perm Positions	513.00	513.00	514.00	514.00
	Temp Positions	15.00	15.00	14.00	14.00
Special Funds	\$	85,690,637	85,690,637	90,365,637	87,541,637
	Perm Positions	-	-	-	-
	Temp Positions	6.00	6.00	-	-
Other Federal Funds	\$	251,000	251,000	-	-
	Perm Positions	8.00	8.00	8.00	8.00
	Temp Positions	5.00	5.00	5.00	5.00
Trust Funds	\$	3,455,927	3,455,927	3,455,927	3,455,927
		521.00	521.00	522.00	522.00
		26.00	26.00	19.00	19.00
<b>Total Requirements</b>		<b>89,397,564</b>	<b>89,397,564</b>	<b>93,821,564</b>	<b>90,997,564</b>

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

1. Adds special funds of \$3,500,000 in FY 22 and \$500,000 in FY 23 for new business registration transactions and documents system.
2. Adds special funds of \$175,000 in FY 22 and \$46,000 in FY 23 for network core equipment and firewall server hardware.
3. Adds special funds of \$700,000 in FY 22 and \$1,050,000 in FY 23 for King Kalakaua Building repairs and emergency preparedness grant.

# 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	521.00*	521.00*	522.00*	522.00*	522.0*	522.0*	522.0*	522.0*
	26.00**	26.00**	19.00**	19.00**	19.0**	19.0**	19.0**	19.0**
PERSONAL SERVICES	48,537,164	57,243,291	59,265,830	59,265,830	59,268	59,268	59,268	59,268
OTHER CURRENT EXPENSES	28,944,380	32,029,337	34,346,734	31,671,734	30,670	30,670	30,670	30,670
EQUIPMENT		33,000	209,000	60,000				
TOTAL OPERATING COST	77,481,544	89,305,628	93,821,564	90,997,564	89,938	89,938	89,938	89,938
BY MEANS OF FINANCING	513.00*	513.00*	514.00*	514.00*	514.0*	514.0*	514.0*	514.0*
	15.00**	15.00**	14.00**	14.00**	14.0**	14.0**	14.0**	14.0**
SPECIAL FUND	75,770,364	85,647,103	90,365,637	87,541,637	86,482	86,482	86,482	86,482
	*	*	*	*	*	*	*	*
	6.00**	6.00**	**	**	**	**	**	**
OTHER FEDERAL FUNDS		251,000						
	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	1,711,180	3,407,525	3,455,927	3,455,927	3,456	3,456	3,456	3,456
TOTAL PERM POSITIONS	521.00*	521.00*	522.00*	522.00*	522.0*	522.0*	522.0*	522.0*
TOTAL TEMP POSITIONS	26.00**	26.00**	19.00**	19.00**	19.0**	19.0**	19.0**	19.0**
TOTAL PROGRAM COST	77,481,544	89,305,628	93,821,564	90,997,564	89,938	89,938	89,938	89,938

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

	<u><b>FY 2022</b></u>	<u><b>FY 2023</b></u>
<b>Funding Sources:</b>		
General Obligation Bonds	-	-
Federal Funds	-	-
	<hr/>	
<b>Total Requirements</b>	-	-
	<hr/>	

**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

PROJECT NUMBER	PRIORITY NUMBER	LOC	SCOPE	PROJECT TITLE									SUCCEED YEARS		
				COST ELEMENT/MOF	PROJECT TOTAL	PRIOR YRS	FY 19-20	FY 20-21	BUDGET PERIOD		FY 23-24	FY 24-25		FY 25-26	FY 26-27
FY 21-22	FY 22-23														
			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										





## **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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	521.00*	521.00*	522.00*	522.00*	522.0*	522.0*	522.0*	522.0*
	26.00**	26.00**	19.00**	19.00**	19.0**	19.0**	19.0**	19.0**
PERSONAL SERVICES	48,537,164	57,243,291	59,265,830	59,265,830	59,268	59,268	59,268	59,268
OTHER CURRENT EXPENSES	28,944,380	32,029,337	34,346,734	31,671,734	30,670	30,670	30,670	30,670
EQUIPMENT		33,000	209,000	60,000				
TOTAL OPERATING COST	77,481,544	89,305,628	93,821,564	90,997,564	89,938	89,938	89,938	89,938
BY MEANS OF FINANCING								
	513.00*	513.00*	514.00*	514.00*	514.0*	514.0*	514.0*	514.0*
	15.00**	15.00**	14.00**	14.00**	14.0**	14.0**	14.0**	14.0**
SPECIAL FUND	75,770,364	85,647,103	90,365,637	87,541,637	86,482	86,482	86,482	86,482
	*	*	*	*	*	*	*	*
	6.00**	6.00**	**	**	**	**	**	**
OTHER FEDERAL FUNDS		251,000						
	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	1,711,180	3,407,525	3,455,927	3,455,927	3,456	3,456	3,456	3,456
TOTAL PERM POSITIONS	521.00*	521.00*	522.00*	522.00*	522.0*	522.0*	522.0*	522.0*
TOTAL TEMP POSITIONS	26.00**	26.00**	19.00**	19.00**	19.0**	19.0**	19.0**	19.0**
TOTAL PROGRAM COST	77,481,544	89,305,628	93,821,564	90,997,564	89,938	89,938	89,938	89,938

# 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	521.00*	521.00*	522.00*	522.00*	522.0*	522.0*	522.0*	522.0*
	26.00**	26.00**	19.00**	19.00**	19.0**	19.0**	19.0**	19.0**
PERSONAL SERVICES	48,537,164	57,243,291	59,265,830	59,265,830	59,268	59,268	59,268	59,268
OTHER CURRENT EXPENSES	28,944,380	32,029,337	34,346,734	31,671,734	30,670	30,670	30,670	30,670
EQUIPMENT		33,000	209,000	60,000				
TOTAL OPERATING COST	77,481,544	89,305,628	93,821,564	90,997,564	89,938	89,938	89,938	89,938
BY MEANS OF FINANCING	513.00*	513.00*	514.00*	514.00*	514.0*	514.0*	514.0*	514.0*
	15.00**	15.00**	14.00**	14.00**	14.0**	14.0**	14.0**	14.0**
SPECIAL FUND	75,770,364	85,647,103	90,365,637	87,541,637	86,482	86,482	86,482	86,482
	*	*	*	*	*	*	*	*
	6.00**	6.00**	**	**	**	**	**	**
OTHER FEDERAL FUNDS		251,000						
	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	1,711,180	3,407,525	3,455,927	3,455,927	3,456	3,456	3,456	3,456
TOTAL PERM POSITIONS	521.00*	521.00*	522.00*	522.00*	522.0*	522.0*	522.0*	522.0*
TOTAL TEMP POSITIONS	26.00**	26.00**	19.00**	19.00**	19.0**	19.0**	19.0**	19.0**
TOTAL PROGRAM COST	77,481,544	89,305,628	93,821,564	90,997,564	89,938	89,938	89,938	89,938

# 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	308.00*	308.00*	306.00*	306.00*	306.0*	306.0*	306.0*	306.0*
	23.00**	23.00**	16.00**	16.00**	16.0**	16.0**	16.0**	16.0**
PERSONAL SERVICES	29,175,955	35,865,028	36,776,931	36,776,931	36,778	36,778	36,778	36,778
OTHER CURRENT EXPENSES	23,177,472	26,189,931	24,041,328	24,041,328	24,040	24,040	24,040	24,040
EQUIPMENT		33,000						
TOTAL OPERATING COST	52,353,427	62,087,959	60,818,259	60,818,259	60,818	60,818	60,818	60,818
BY MEANS OF FINANCING								
	300.00*	300.00*	298.00*	298.00*	298.0*	298.0*	298.0*	298.0*
	12.00**	12.00**	11.00**	11.00**	11.0**	11.0**	11.0**	11.0**
SPECIAL FUND	50,695,279	58,530,115	57,463,013	57,463,013	57,463	57,463	57,463	57,463
	*	*	*	*	*	*	*	*
	6.00**	6.00**	**	**	**	**	**	**
OTHER FEDERAL FUNDS		251,000						
	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	1,658,148	3,306,844	3,355,246	3,355,246	3,355	3,355	3,355	3,355
TOTAL PERM POSITIONS	308.00*	308.00*	306.00*	306.00*	306.0*	306.0*	306.0*	306.0*
TOTAL TEMP POSITIONS	23.00**	23.00**	16.00**	16.00**	16.0**	16.0**	16.0**	16.0**
TOTAL PROGRAM COST	52,353,427	62,087,959	60,818,259	60,818,259	60,818	60,818	60,818	60,818

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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	8.00*	8.00*	7.00*	7.00*	7.0*	7.0*	7.0*	7.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	853,383	1,100,256	1,018,142	1,018,142	1,018	1,018	1,018	1,018
OTHER CURRENT EXPENSES	798,581	1,549,730	1,548,730	1,548,730	1,549	1,549	1,549	1,549
TOTAL OPERATING COST	1,651,964	2,649,986	2,566,872	2,566,872	2,567	2,567	2,567	2,567
BY MEANS OF FINANCING	8.00*	8.00*	7.00*	7.00*	7.0*	7.0*	7.0*	7.0*
	**	**	**	**	**	**	**	**
SPECIAL FUND	1,651,964	2,648,986	2,566,872	2,566,872	2,567	2,567	2,567	2,567
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
TRUST FUNDS		1,000						
TOTAL PERM POSITIONS	8.00*	8.00*	7.00*	7.00*	7.0*	7.0*	7.0*	7.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	1,651,964	2,649,986	2,566,872	2,566,872	2,567	2,567	2,567	2,567

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<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)	548	545	545	545	545	545	545	545
2. HAWAII BUSINESSES (000)	36	36	36	36	36	36	36	36
3. CABLE TELEVISION SUBSCRIBERS (000)	375	375	375	365	365	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)	392	393	393	395	395	395	395	395
<b>PROGRAM ACTIVITIES</b>								
1. # POL & STDS PROCEEDINGS FOR CABLE COM SVCS (CCS)	4	4	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	6	6	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	270	270	260	260	260	260	260	260
7. # RATE FILINGS RECEIVED AND EXAMINED BY CATV	1	1	0	0	0	0	0	0
8. # OF INET PROJ REQUESTS RECEIVED/PROCESSED	65	65	60	60	60	60	60	60
9. # OF PEG ACCESS RELATED ACTIVITIES	275	275	270	270	270	270	270	270
10. # OF BROADBAND RELATED ACTIVITIES	140	145	145	145	150	150	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; regulating basic cable television rates (to the extent authorized by federal law) and service to ensure compliance with applicable State and federal law; expanding the statewide institutional network (INET); continuing the availability of public, educational and governmental (PEG) cable access; and engaging 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)**

Transfer 1.00 position and \$122,093 in special funds to the Office of Consumer Protection Program.

### **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 reviews 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, as amended; 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 at federal and State levels.
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 expansion in Hawaii.
6. To pursue broadband policy and funding opportunities for the State of Hawaii.

# Program Plan Narrative

**CCA102: CABLE TELEVISION**

**10 01 03 01**

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

1. In cable regulation, federal 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 to programming. Independent public producers and the cable advisory committee continue to provide input and advice to the division.
3. Consumers continue to have high priority in the cable regulatory program.
4. The incumbent cable operator in the State is large, operates multiple systems in the State, and has 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 of cable services 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.

In 2018, the Federal Communications Commission (FCC) began various proceedings impacting the regulation of cable rates in the State and the manner in which cable franchise fees are calculated. New FCC orders now: (1) prohibit all State authority over rates charged by cable operators for cable services; and (2) require many cable related services and benefits including INET services to be assessed as part of the federally-authorized 5% franchise fee on cable operator's gross revenues. The division is actively involved in the appeal of the FCC's decision regarding franchise fees to protect the interest of the public.

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

The division's workload has steadily increased with the addition of broadband responsibilities, changes to the cable market, and an 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 that the division is dealing with. 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. On May 9, 2019, Decision and Order No. 375 was issued to reduce the annual fees collected each year from 1% to zero, beginning on July 1, 2019, to better align the division's cash balance with its reserve target. This reduction in annual fees continued throughout FY 20 and is still in place. As the division's reserves approach the established target reserve amount, the division will reinstate the collection of annual fees.



## Program Plan Narrative

**CCA102: CABLE TELEVISION**

**10 01 03 01**

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### **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 a 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	25.00*	25.00*	25.00*	25.00*	25.0*	25.0*	25.0*	25.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	1,848,126	3,033,536	3,143,761	3,143,761	3,144	3,144	3,144	3,144
OTHER CURRENT EXPENSES	1,507,564	1,460,550	1,460,550	1,460,550	1,460	1,460	1,460	1,460
TOTAL OPERATING COST	3,355,690	4,494,086	4,604,311	4,604,311	4,604	4,604	4,604	4,604
BY MEANS OF FINANCING	25.00*	25.00*	25.00*	25.00*	25.0*	25.0*	25.0*	25.0*
	**	**	**	**	**	**	**	**
SPECIAL FUND	3,355,690	4,494,086	4,604,311	4,604,311	4,604	4,604	4,604	4,604
TOTAL PERM POSITIONS	25.00*	25.00*	25.00*	25.00*	25.0*	25.0*	25.0*	25.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	3,355,690	4,494,086	4,604,311	4,604,311	4,604	4,604	4,604	4,604

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<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	85	85	85	85	85	85	85	85
7. % OF ALT ENERGY SOURCES USED BY ELECTRIC UTILITIES	30	32	34	36	37	39	39	39
<b>PROGRAM TARGET GROUPS</b>								
1. DE FACTO POPULATION IN HAWAII (000'S)	1626	1626	1626	1626	1626	1626	1626	1626
2. # OF RESIDENTIAL ELECTRICAL METERS (000'S)	436	437	437	438	438	439	439	439
3. # OF NON-RESIDENTIAL USERS (000'S)	64	65	65	66	66	67	67	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	41	41	43	44	45	47	47	47
6. # TELECOM COMMON CAR (FED & ST LIC) OPER IN HI	205	205	210	210	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	545	550	550	550	555	555	555	555
9. # PASS CARRIERS HLDG CERT PUBLIC CONV & NESSTY	1045	1045	1050	1050	1055	1060	1060	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	0	0	0	0	0	0	0	0
3. # OF NON-RATE APPL BY UTIL COMP REV BY DIV	80	80	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	8	8	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)**

Not applicable.

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

1. The division advocates positions on behalf of consumers of utility and transportation services before the State of Hawaii Public Utilities Commission (PUC), the Federal Communications Commission (FCC), and other federal, State and local agencies. The division is a party to every application before the PUC and includes, but is not limited to, applications for authority to modify or offer new services; rate and fare proposals; revenue requirements; finance transactions; review of capital improvement projects; and generic proceedings that affect all companies in an industry, to name a few examples.

2. Compliance investigations are conducted regarding the adequacy and efficiency of utility services.

3. Education of consumers through web site, newsletters, sponsored events, and attendance at trade-shows, fairs, business and community meetings.

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

1. Ensure robust utility infrastructures and regulated services. This program is highly proactive in implementing the objectives and policies for transportation, energy and telecommunications systems stated in the Hawaii State Planning Act, HRS, Sections 226-17, 18 and 18.5, respectively. The program advances the public interest by advocating for dependable, efficient and reasonably priced utilities and transportation services.

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

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 the needs of customers, businesses, and industries.

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

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

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

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

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

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

4. Various State and county agencies, such as the Department of Health, Department of Business, Economic Development and Tourism, Department of Agriculture, and 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. In addition, ongoing redesign of the regulatory process for the electric industry will likely significantly modify the utilities and program.
2. Changing governmental policies and technological developments in the energy field. Promotion of renewable energy and energy efficiency are examples. In addition, changing environmental regulations are affecting how utility service is provided and at what cost.
3. The growth of wide-spectrum telecommunications and changes in governmental policies are affecting the quality, quantity, nature and pricing of communication services as well as the implementation of universal service support.
4. Changing governmental policies in the water and wastewater industries are affecting how utility service is provided and the costs incurred to serve customers.
5. Growing community awareness and other factors have increased public input into the regulatory process, which can require greater resources.

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

1. The program has changed its area of emphasis and the methods by which it carries out the program directives. The program has reduced emphasis in some areas of responsibility and focused more on certain utility services and educational outreach. The program has secured significant customer savings in rate proceedings and supported various alternative energy projects.
2. The program has 20 of 25 positions filled, and also relies upon consultant services where the size, scope, and sophistication of the problems confronting consumers require specialized expertise.

### **H. Discussion of Program Revenues**

Not applicable.

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

Four studies analyzed and evaluated the current regulatory program:

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

### **J. Further Considerations**

The program has implemented some of the recommendations and continues to evaluate other recommendations included in the 2004 study as well as identifying other measures that should enhance the program's effectiveness as part of its strategic planning process.

# 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	40.00*	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	4,174,182	4,439,398	4,600,707	4,600,707	4,601	4,601	4,601	4,601
OTHER CURRENT EXPENSES	495,736	1,037,090	1,037,090	1,037,090	1,037	1,037	1,037	1,037
TOTAL OPERATING COST	4,669,918	5,476,488	5,637,797	5,637,797	5,638	5,638	5,638	5,638
BY MEANS OF FINANCING	40.00*	40.00*	40.00*	40.00*	40.0*	40.0*	40.0*	40.0*
	**	**	**	**	**	**	**	**
SPECIAL FUND	4,669,918	5,175,488	5,336,797	5,336,797	5,337	5,337	5,337	5,337
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
TRUST FUNDS		301,000	301,000	301,000	301	301	301	301
TOTAL PERM POSITIONS	40.00*	40.00*	40.00*	40.00*	40.0*	40.0*	40.0*	40.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	4,669,918	5,476,488	5,637,797	5,637,797	5,638	5,638	5,638	5,638

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<b>MEASURES OF EFFECTIVENESS</b>								
1. % INST EXAMND IN TIMELY MANNER PURS TO STAT RULES	93	92	93	92	92	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)	1626	1626	1626	1626	1626	1626	1626	1626
2. FI,ED,MT,MS,MLO,MLOC BRNCHS & OTHER OFCS REGULATED	4300	5300	5300	5300	5300	5300	5300	5300
<b>PROGRAM ACTIVITIES</b>								
1. # FIN INST BRANCHES & OTHER OFFICES EXAMINED	241	238	238	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	3367	3617	3617	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	40	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)**

Not applicable.

## **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 aka CFPB), 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 52 states meet CSBS accreditation requirements.

In Q2 of FY 15, 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 year-to-date 2020, 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 the 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 the 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. Impact of COVID-19 on licensees within DFI's jurisdiction.
2. Potential to federalize chartering and regulation of money transmitters and other financial technology ("fintech") companies, which would negatively impact consumer protection.
3. Fintech companies offering traditionally banking products.
4. Effective regulation of Non-Bank Financial Institutions and the impact on global economic conditions.

5. Basel III and efforts to harmonize capital requirements, regulation, and enforcement.

The long-term impact of the COVID-19 induced global health and financial crisis has created a "new normal" for financial service products and delivery of products and services. Working from home by regulated industries and by DFI poses cyber and operational risks. 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 previous global financial crisis and the current COVID-19 financial crisis have fostered the emerging fintech companies, disrupting the financial industry by offering products and services traditionally offered by banks. Remote provision of financial services has experienced accelerated growth due to the COVID-19 pandemic. 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 the 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

## Program Plan Narrative

### CCA104: FINANCIAL SERVICES REGULATION

10 01 03 03

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.

Since 2012, DFI migrated its staff from personal computers to laptops. This change was implemented to allow the DFI team to work remotely and assist licensees in a State-wide or island-wide disaster. Additionally, DFI began moving to a digital filing system and database, as well as electronic processing and examinations, allowing the ability of the DFI team to work from any location. Consequently, when the COVID-19 pandemic emerged, DFI was in a unique position to seamlessly work remotely and continue to provide services to licensees, applicants and consumers.

DFI continued to foster effective and efficient State regulation through training, educational programs, and examiner tools. Since the pandemic started, all training has been delivered through webinars and through live presentations by WebEx, Zoom, and Microsoft Teams. The DFI Commissioner has also continued to provide live training to licensees through Microsoft Teams.

Federal training 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	71.00*	71.00*	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	6,380,081	7,418,713	7,692,771	7,692,771	7,693	7,693	7,693	7,693
OTHER CURRENT EXPENSES	2,857,913	3,278,075	3,278,075	3,278,075	3,278	3,278	3,278	3,278
TOTAL OPERATING COST	9,237,994	10,696,788	10,970,846	10,970,846	10,971	10,971	10,971	10,971
BY MEANS OF FINANCING								
	63.00*	63.00*	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	7,689,193	7,892,944	8,117,600	8,117,600	8,118	8,118	8,118	8,118
	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	1,548,801	2,803,844	2,853,246	2,853,246	2,853	2,853	2,853	2,853
TOTAL PERM POSITIONS	71.00*	71.00*	71.00*	71.00*	71.0*	71.0*	71.0*	71.0*
TOTAL TEMP POSITIONS	16.00**	16.00**	16.00**	16.00**	16.0**	16.0**	16.0**	16.0**
TOTAL PROGRAM COST	9,237,994	10,696,788	10,970,846	10,970,846	10,971	10,971	10,971	10,971

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<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)	1626	1626	1626	1626	1626	1626	1626	1626
2. PERS/BUS LIC BY PVL (ALL STATUSES)	475000	490000	510000	525000	540000	555000	555000	555000
3. PERS/BUS LICENSED BY PVL (CURR AND ACT)	160000	160000	160000	160000	160000	160000	160000	160000
4. REG BOARDS, COMMISSIONS, PROG ASSIGNED TO PVL	51	51	51	51	51	51	51	51
<b>PROGRAM ACTIVITIES</b>								
1. # OF PROF & VOC APPLICATIONS RECEIVED	20000	20000	20000	20000	20000	20000	20000	20000
2. # OF EXAMINEES & REEXAMINEES	10880	11070	11070	11070	11070	11070	11070	11070
3. # OF APPLICANTS LICENSED	15000	15000	15000	15000	15000	15000	15000	15000
4. # OF PERMITS ISSUED	1200	1200	1200	1200	1200	1200	1200	1200
5. # OF LICENSES RENEWED	74078	74804	74804	74804	74804	74804	74804	74804
6. # OF UPDATE TRANSACTIONS FOR LICENSES	230000	230000	230000	230000	230000	230000	230000	230000
7. # CONDO REQUESTS, APPLS, REPORTS & EDUC OFFERINGS	36000	36000	36000	36000	36000	36000	36000	36000
8. # OF REAL ESTATE REQUESTS AND EDUC OFFERINGS	125000	125000	125000	125000	125000	125000	125000	125000
9. # OF TIME SHARE/SUBDIVISION FILINGS RECEIVED	0	0	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

10 01 03 04

### **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 and 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)**

Not applicable.

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

The program is responsible for the licensing and regulation of 52 different professions and vocations. It provides administrative support to 25 regulatory licensing boards and, on behalf of the director of the department, administers 27 regulatory licensing programs.

The trust funds are dedicated to specific statutory purposes including: to educate the licensees who are the contributors to the fund; to serve as a source of monetary recovery for an injured consumer; and to 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 either the contributing licensees, injured consumers, or federal agencies.

### **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 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 the Department of Commerce and Consumer Affairs. The expansion of the division in this fashion would undermine and jeopardize its jurisdictional focus and negatively affect its current population of 161,951 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 program's prudent spending requires them to have a fund balance at the end of the fiscal year, for carryover purposes. New regulatory programs enacted by the Legislature and assigned to this program, as well as general increases in cost for products and services, could increase expenditures, resulting in an increase in program size.

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

### **H. Discussion of Program Revenues**

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

## Program Plan Narrative

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

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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 Section 92-28, HRS, 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. Revenue estimates are based on: past trending and other planned program of work; estimated recovery fund payouts to consumers from the applicable fund(s); and external considerations such as the effect of economic conditions.

#### **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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	95.00*	95.00*	94.00*	94.00*	94.0*	94.0*	94.0*	94.0*
	7.00**	7.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	9,050,266	11,049,815	11,177,639	11,177,639	11,178	11,178	11,178	11,178
OTHER CURRENT EXPENSES	7,308,062	8,764,135	8,636,532	8,636,532	8,636	8,636	8,636	8,636
TOTAL OPERATING COST	16,358,328	19,813,950	19,814,171	19,814,171	19,814	19,814	19,814	19,814
BY MEANS OF FINANCING	95.00*	95.00*	94.00*	94.00*	94.0*	94.0*	94.0*	94.0*
	1.00**	1.00**	**	**	**	**	**	**
SPECIAL FUND	16,248,981	19,361,950	19,613,171	19,613,171	19,613	19,613	19,613	19,613
	*	*	*	*	*	*	*	*
	6.00**	6.00**	**	**	**	**	**	**
OTHER FEDERAL FUNDS		251,000						
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
TRUST FUNDS	109,347	201,000	201,000	201,000	201	201	201	201
TOTAL PERM POSITIONS	95.00*	95.00*	94.00*	94.00*	94.0*	94.0*	94.0*	94.0*
TOTAL TEMP POSITIONS	7.00**	7.00**	**	**	**	**	**	**
TOTAL PROGRAM COST	16,358,328	19,813,950	19,814,171	19,814,171	19,814	19,814	19,814	19,814

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<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	75	100	100	100	100	100	100	100
4. % RATE/POL FILINGS REVIEWED W/IN STAT TIME REQMTS	95	95	95	95	95	95	95	95
5. % OF INSURANCE FRAUD CASES INDICTED BY THE STATE	100	100	100	100	100	100	100	100
6. % CHANGE FROM PRIOR YEAR IN # OF CAPTIVE LICENSEES	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
7. % SCREENING APPLICANTS ASSIGNED CLAIMS PRG	85	90	90	90	90	90	90	90
<b>PROGRAM TARGET GROUPS</b>								
1. DE FACTO POPULATION IN HAWAII (000)	1626	1626	1626	1626	1626	1626	1626	1626
2. INSURER LICENSEES REGULATED BY INSURANCE DIV	1375	1390	1405	1420	1435	1450	1450	1450
3. CAPTIVE LICENSEES REGULATED BY INSURANCE DIVISION	245	255	265	275	285	295	295	295
4. OTHER LICENSEES REGULATED BY INSURANCE DIVISION	80000	82000	84000	86000	88000	90000	90000	90000
5. MOTOR VEHICLES SUBJECT TO INS REGULATIONS (000)	1050	1075	1100	1125	1150	1175	1175	1175
<b>PROGRAM ACTIVITIES</b>								
1. # OF LICENSE APPL, RENEWALS & UPDATES PROCESSED	180000	190000	200000	210000	220000	230000	230000	230000
2. # OF COMPLAINTS	600	600	600	600	600	600	600	600
3. # FRAUD REFER & COMPLAINTS OPEN FOR INVESTIGATIONS	85	85	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	2500	2525	2550	2575	2600	2625	2625	2625
6. # INSUR & CAPTIVES APPL FOR CERT OF AUTH REVIEWED	40	40	40	40	40	40	40	40
7. # OF EXAMS OF DOMESTIC INS & INS-TYPE ENTITIES	50	50	50	50	50	50	50	50
8. # INSURER & ISSUER RATE & POLICY FILINGS ANALYZED	3900	4000	4000	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	305	305	315	325	330	335	335	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

10 01 03 06

### 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)

Transfer 1.00 position and \$94,426 in special funds to the Office of Consumer Protection Program.

Transfer 1.00 position and \$51,370 in special funds to the General Support Program.

Abolish 6.00 temporary positions and \$251,000 in federal funds for an expired federal grant.

Convert 1.00 temporary position to permanent.

### 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, and 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 Department of 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 is continuously improving its computerization and the use of the Internet. This includes the continued interfacing and expansion 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.

2. At the onset of COVID-19, the Insurance Division was able to create a primarily remote workforce to serve Hawaii consumers and licensees, while protecting the health and safety of our workforce from COVID-19 exposure. The transition was implemented as efficiently as possible without sacrificing performance, productivity, and morale. Remote meeting technology was utilized to conduct staff meetings, public board meetings, and interviewing of witnesses in fraud investigations. Less than 10% of staff need partial access to the physical offices to perform their work and assist walk in customers. Additionally, this transition has helped expedite the modernization of certain paper processes to electronic format, thus improving efficiencies.

## Program Plan Narrative

### CCA106: INSURANCE REGULATORY SERVICES

10 01 03 06

#### **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 27 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 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 9,800 premium tax returns and collected over \$169 million in premium taxes and assessments.
2. Compliance and Enforcement Branch investigators resolved approximately 84% of consumer 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 95% of forms and rate filings reviews within the statutory time requirements in the last fiscal year. Annually, approximately 3,800 forms and rate filings are analyzed.
4. The Licensing Branch maintains the licensing database for over 81,000 licensees. With the exception of insurers and health maintenance organizations, the branch oversees and collects 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 had 239 active captive insurance companies licensed at the end of the last fiscal year. Hawaii is considered to be the premier domicile in the Pacific. The State is ranked eighth in the world and fifth in the United States based on the number of active licenses.

6. The Insurance Fraud Investigations Branch received 516 referrals from insurance companies, various agencies, and the public. Of those accepted for prosecution, criminal indictments were obtained against 21 individuals who submitted fraudulent claims totaling \$169,000 for the fiscal year.

7. The Health Branch received and reviewed 109 health insurance rate and form filings all within statutory time requirements, resulting in consumer savings of over \$16.4 million. The Health Branch reviewed 170 complaints with the resolution of complaints resulting in consumer savings of \$86,000. The branch handled approximately 350 information inquiries during the fiscal year.

#### **H. Discussion of Program Revenues**

1. The program collected \$169 million of insurance premium taxes for deposit into the general fund in FY 2019-2020.
2. The program's operating expenditures, except for the Captive program cost, are paid from the Compliance Resolution Fund (CRF). The CRF's 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's revenue sources are premium taxes, fees, fines, penalties, and reimbursements to cover the program's costs.

## Program Plan Narrative

**CCA106: INSURANCE REGULATORY SERVICES**

**10 01 03 06**

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

No significant analysis of specific issues was conducted.

### **J. Further Considerations**

None.

PROGRAM ID:  
PROGRAM STRUCTURE NO:  
PROGRAM TITLE:

CCA107  
10010307  
POST-SECONDARY EDUCATION AUTHORIZATION

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
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	173,443	225,659	233,859	233,859	234	234	234	234
OTHER CURRENT EXPENSES	17,532	72,245	72,245	72,245	72	72	72	72
TOTAL OPERATING COST	190,975	297,904	306,104	306,104	306	306	306	306
BY MEANS OF FINANCING	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
	**	**	**	**	**	**	**	**
SPECIAL FUND	190,975	297,904	306,104	306,104	306	306	306	306
TOTAL PERM POSITIONS	2.00*	2.00*	2.00*	2.00*	2.0*	2.0*	2.0*	2.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	190,975	297,904	306,104	306,104	306	306	306	306

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<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	28	28	28	28	28	28	28
<b>PROGRAM ACTIVITIES</b>								
1. # WRTN INQ RECVD CONCERN LAW'S 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	3	3	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

10 01 03 07

### 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)

Not applicable.

### 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 Chapter 305J, HRS, 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. 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. HPEAP receives and reviews applications and issues authorizations and subsequent reauthorizations on a biennial basis.
3. 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. HPEAP receives and reviews any claims from students of closed authorized institutions and receives educational records from these institutions.
5. HPEAP issues transcripts of closed authorized institutions to former students and employment screening companies.

6. HPEAP serves as the State's portal entity for the State Authorization Reciprocity Agreement (SARA). Institutions which want to be a part of SARA must be approved by HPEAP before offering distance education courses to students in other SARA member states.

### D. Statement of Key Policies Pursued

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

HPEAP maintains contact with the U.S. Department of Education (USDE) to monitor changes in federal regulations and to ensure that the State complies with federal requirements. Additionally, 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 licensure disclosure notifications to students by institutions may affect program operations. Any new federal requirements will need to be reconciled with HPEAP's law.

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

The department has attempted to minimize costs to the extent feasible because projections show the program is not self-sufficient. At this time, the program is operating with two staff members; however, the department will need to pursue adequate funding in the near future to ensure it has sufficient resources to investigate complaints, engage in enforcement activities, and respond to any sudden closures of institutions.

## Program Plan Narrative

**CCA107: POST-SECONDARY EDUCATION AUTHORIZATION**

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### **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.

### **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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	67.00*	67.00*	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	6,696,474	8,597,651	8,910,052	8,910,052	8,910	8,910	8,910	8,910
OTHER CURRENT EXPENSES	10,192,084	10,028,106	8,008,106	8,008,106	8,008	8,008	8,008	8,008
EQUIPMENT		33,000						
TOTAL OPERATING COST	16,888,558	18,658,757	16,918,158	16,918,158	16,918	16,918	16,918	16,918
BY MEANS OF FINANCING	67.00*	67.00*	67.00*	67.00*	67.0*	67.0*	67.0*	67.0*
	**	**	**	**	**	**	**	**
SPECIAL FUND	16,888,558	18,658,757	16,918,158	16,918,158	16,918	16,918	16,918	16,918
TOTAL PERM POSITIONS	67.00*	67.00*	67.00*	67.00*	67.0*	67.0*	67.0*	67.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	16,888,558	18,658,757	16,918,158	16,918,158	16,918	16,918	16,918	16,918



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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<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	85	85	85	85	85	85	85	85
4. NO. REPORTED ACCIDENTS INVOLVING UTILITY EMPLOYEES	90	90	90	90	90	90	90	90
5. AV NO. ELECTRIC SVC INTERRPTNS 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	526	526	526	526	526	526	526	526
3. PASSENGER CARRIERS	943	943	943	943	943	943	943	943
4. WATER COMMON CARRIERS	2	2	2	2	2	2	2	2
5. PRIVATE WATER AND WASTEWATER UTILITY COMPANIES	39	39	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	435	435	435	435	435	435	435	435
2. NO. DECISIONS/ORDERS & ORDERS ISSUED DOCKETD MATTR	870	870	870	870	870	870	870	870
3. NO. PUBLIC HEARINGS AND CONTESTED CASE HEARINGS	20	20	20	20	20	20	20	20
4. NUMBER OF CITATIONS ISSUED	30	30	30	30	30	30	30	30
5. NUMBER OF INFORMAL COMPLAINTS FILED	90	90	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)**

Not applicable.

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

The Public Utilities Commission (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.
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 Telecommunications Relay Services.

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

To serve the public, by ensuring essential utility services are delivered to consumers in a safe, reliable, economical, and environmentally sound manner. This is achieved through responsible and informed oversight of public utilities and a focus on economic, operational, environmental, and societal concerns associated with balanced regulation and future impacts of present-day decisions.

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

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

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

1. Several major legislative mandates, including the Renewable Portfolio Standards, the Energy Efficiency Portfolio Standards, the Public Benefit 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 (Act), as amended in 1996 (Act) is designed primarily to: 1) promote the availability of quality telecommunications services at just, reasonable, and affordable rates; 2) increase access to advance telecommunications services throughout the nation; and 3) 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

## Program Plan Narrative

### CCA901: PUBLIC UTILITIES COMMISSION

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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, and changes in laws and regulations can change utility service costs significantly. 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**

The PUC continues to transition and enhance its organizational structure to support the rapid evolution of the Commission's role and responsibilities. The PUC's integral part in helping Hawaii achieve its clean energy goals by 2045, as well as its support of tourism and commercial business sectors, have resulted in increased volume of cases and complexity of work. As we continuously strive for efficient and effective operations, we must ensure we have adequate and appropriate staff and program resources to address the PUC's growing responsibilities.

#### **H. Discussion of Program Revenues**

Program revenues are collected from regulated utilities and transportation companies from the public utility fee assessed on regulated revenues, penalties, citations and filing fees. For FY 22, it is projected that \$18.5 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 in the 1st quarter following the fiscal year-end pursuant to Section 269-33(d), HRS. The following lists the amounts that lapsed to the general fund by fiscal year: FY 16, \$5.3 million; FY 17, \$5.4 million; FY 18, \$3.3 million; FY 19, \$3.1 million; and FY 20, \$1.5 million.

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

The PUC continues the implementation of its 2020-2022 Strategic Plan that focuses on two main priority goals: establishing well-documented, modernized policies and procedures; and creating a work environment that fosters organizational success. With modernized policies and procedures, a new and improved Case and Document Management System, and enhanced work environment to support staffing resources, the PUC will be in a better position to help the State achieve its clean energy goals, as well as support our businesses and communities.

#### **J. Further Considerations**

None.

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM ID:

PROGRAM STRUCTURE NO:

PROGRAM TITLE:

**100104**

**ENFORCEMENT OF FAIR BUSINESS PRACTICES**

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	163.00*	163.00*	165.00*	165.00*	165.0*	165.0*	165.0*	165.0*
	2.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
PERSONAL SERVICES	13,755,308	15,594,849	16,378,015	16,378,015	16,379	16,379	16,379	16,379
OTHER CURRENT EXPENSES	2,903,481	3,172,432	6,672,432	3,672,432	3,672	3,672	3,672	3,672
TOTAL OPERATING COST	16,658,789	18,767,281	23,050,447	20,050,447	20,051	20,051	20,051	20,051
BY MEANS OF FINANCING								
	163.00*	163.00*	165.00*	165.00*	165.0*	165.0*	165.0*	165.0*
	2.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
SPECIAL FUND	16,605,757	18,666,600	22,949,766	19,949,766	19,950	19,950	19,950	19,950
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
TRUST FUNDS	53,032	100,681	100,681	100,681	101	101	101	101
TOTAL PERM POSITIONS	163.00*	163.00*	165.00*	165.00*	165.0*	165.0*	165.0*	165.0*
TOTAL TEMP POSITIONS	2.00**	2.00**	2.00**	2.00**	2.0**	2.0**	2.0**	2.0**
TOTAL PROGRAM COST	16,658,789	18,767,281	23,050,447	20,050,447	20,051	20,051	20,051	20,051

# 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 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	18.00*	18.00*	20.00*	20.00*	20.0*	20.0*	20.0*	20.0*
	1.00**	1.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
PERSONAL SERVICES	1,945,648	2,081,546	2,373,700	2,373,700	2,374	2,374	2,374	2,374
OTHER CURRENT EXPENSES	396,105	714,618	714,618	714,618	715	715	715	715
TOTAL OPERATING COST	2,341,753	2,796,164	3,088,318	3,088,318	3,089	3,089	3,089	3,089
BY MEANS OF FINANCING								
	18.00*	18.00*	20.00*	20.00*	20.0*	20.0*	20.0*	20.0*
	1.00**	1.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
SPECIAL FUND	2,288,721	2,695,483	2,987,637	2,987,637	2,988	2,988	2,988	2,988
	*	*	*	*	*	*	*	*
	**	**	**	**	**	**	**	**
TRUST FUNDS	53,032	100,681	100,681	100,681	101	101	101	101
TOTAL PERM POSITIONS	18.00*	18.00*	20.00*	20.00*	20.0*	20.0*	20.0*	20.0*
TOTAL TEMP POSITIONS	1.00**	1.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
TOTAL PROGRAM COST	2,341,753	2,796,164	3,088,318	3,088,318	3,089	3,089	3,089	3,089

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<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 INVSTGTNS	900	900	900	900	900	900	900	900
3. \$ AMT OF FINES ASSESSED OR COSTS IMPOSED (000)	300	300	700	700	700	700	700	700
4. \$ AMTS RECOVERED THRU MULTISTATE CASES (000)	1000	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)	1000	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	8	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	10000	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**

**10 01 04 01**

## **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)**

Not applicable.

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

1. 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.

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

3. 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 the business entity which has violated consumer protection laws; obtain injunction, civil penalties and restitution for consumers in court actions and settlement of cases.

4. 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 Office of Consumer Protection's (OCP) workload has increased dramatically over the past decade. The OCP has witnessed a significant increase in the number of multi-state investigations dealing with complex consumer protections issues during

## Program Plan Narrative

### **CCA110: OFFICE OF CONSUMER PROTECTION**

**10 01 04 01**

the past few years. In addition, during the past several years, the 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.



PROGRAM ID:  
PROGRAM STRUCTURE NO:  
PROGRAM TITLE:

CCA111  
10010403  
BUSINESS REGISTRATION & SECURITIES REGULATN

OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	79.00*	79.00*	79.00*	79.00*	79.0*	79.0*	79.0*	79.0*
	0.00**	0.00**	0.00**	0.00**	0.0**	0.0**	0.0**	0.0**
PERSONAL SERVICES	5,985,456	6,883,402	7,133,513	7,133,513	7,134	7,134	7,134	7,134
OTHER CURRENT EXPENSES	1,436,120	1,587,555	5,087,555	2,087,555	2,087	2,087	2,087	2,087
TOTAL OPERATING COST	7,421,576	8,470,957	12,221,068	9,221,068	9,221	9,221	9,221	9,221
BY MEANS OF FINANCING	79.00*	79.00*	79.00*	79.00*	79.0*	79.0*	79.0*	79.0*
	**	**	**	**	**	**	**	**
SPECIAL FUND	7,421,576	8,470,957	12,221,068	9,221,068	9,221	9,221	9,221	9,221
TOTAL PERM POSITIONS	79.00*	79.00*	79.00*	79.00*	79.0*	79.0*	79.0*	79.0*
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**
TOTAL PROGRAM COST	7,421,576	8,470,957	12,221,068	9,221,068	9,221	9,221	9,221	9,221

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<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	3	3	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	200000	200000	200000	200000	200000	200000	200000	200000
2. BRKR, SALES, SECURITIES OFF, FRANCH, INV ADV & REP	120000	120000	120000	120000	120000	120000	120000	120000
<b>PROGRAM ACTIVITIES</b>								
1. # DOCS RECEIVED FOR PROCESSING & ANNUAL REPORTS	147000	162000	162000	162000	162000	162000	162000	162000
2. # SECURITIES COMPLIANCE APPLICATIONS RECEIVED	43000	43000	43000	43000	43000	43000	43000	43000
3. # OF ENFORCEMENT CASES OPENED	60	60	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	60	60	60	60	60	60	60	60
7. # OF ORDERS, CONSENT AGREE AND SETTLMNTS COMPLETED	12	12	12	12	12	12	12	12
8. # OF SUSPENSIONS OR BARS IMPOSED	12	12	12	12	12	12	12	12
9. # OF PERSONS REACHED THRU INVSTR ED PROG ACTIVITY	25000	25000	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)**

Add \$3,500,000 in FY 22 and \$500,000 in FY 23 in special funds for the Business Registration Information Management System (BRIMS) and Rapid Documents Processing Management System (RDPMS).

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

1. For 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; and provide personalized assistance to businesses registering with the division.

2. For 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 educate the public statewide about frauds, scams, and tools necessary 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, 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 County Police Departments.

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

The division anticipates a slight decrease in the number of business registration and securities filings due to the economic impacts of the COVID-19 pandemic.

The division expects to see changes relating to federal securities regulation as a result of the new administration. The division continues to monitor any changes in federal regulation that may affect State securities laws. Cases involving securities violations are expected to remain steady, but securities fraud schemes are likely to increase in complexity. In addition, securities cases involving seniors are expected to rise as the senior population continues to grow. The division's investor education program has been evolving and seeking new ways to safely conduct its statewide outreach to educate the public, from children to seniors, to provide financial literacy information and investor protection information.

## Program Plan Narrative

**CCA111: BUSINESS REGISTRATION & SECURITIES REGULATN**

**10 01 04 03**

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

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

Our measures of effectiveness showed one discrepancy. The average number of days to process business registration filings under regular handling increased from three to four days due to changes in operations due to the pandemic. We anticipate the same for next year or until conditions improve. 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.

Upon approval, over the next four years, we expect information technology (IT) costs to rise as the division moves forward with its new IT system replacement project for its business registration management systems. This project will likely incur added costs relating to planning and development, followed by licensing, maintenance, and hardware requirements.

### **H. Discussion of Program Revenues**

The division expects to maintain its projected revenue as a result of business registration and securities registration filing fees being assessed at statutory levels.

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

Not applicable.

### **J. Further Considerations**

To continue to offer the public the efficiency and cost-effectiveness of online services, the division continues to look to improving our systems and the ways the public can access the registry information. The division is in the process of making other modifications to adapt to business and legal requirements.

# OPERATING AND CAPITAL EXPENDITURES

REPORT: P61-A

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
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	5,824,204	6,629,901	6,870,802	6,870,802	6,871	6,871	6,871	6,871
OTHER CURRENT EXPENSES	1,071,256	870,259	870,259	870,259	870	870	870	870
TOTAL OPERATING COST	6,895,460	7,500,160	7,741,061	7,741,061	7,741	7,741	7,741	7,741
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	6,895,460	7,500,160	7,741,061	7,741,061	7,741	7,741	7,741	7,741
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**
TOTAL PROGRAM COST	6,895,460	7,500,160	7,741,061	7,741,061	7,741	7,741	7,741	7,741

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<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	350	350	350	350	350	350	350	350
<b>PROGRAM TARGET GROUPS</b>								
1. DE FACTO POPULATION IN HAWAII (000)	1626	1626	1626	1626	1626	1626	1626	1626
2. LICENSEES (000)	475	490	510	525	540	555	555	555
3. BOARDS & COMMISSIONS ADMIN ASSIGNED TO DCCA	51	51	51	51	51	51	51	51
<b>PROGRAM ACTIVITIES</b>								
1. # INQUIRIES TO CONSUMER RESOURCE CENTER	15000	15000	15000	15000	15000	15000	15000	15000
2. # COMPLAINT HISTORY INQUIRIES	25000	70000	70000	70000	70000	70000	70000	70000
3. # OF COMPLAINTS RECEIVED	3000	3000	3000	3000	3000	3000	3000	3000
4. # PEOPLE REACHED THRU CONS EDUCATIONAL EFFORTS	55000	55000	55000	55000	55000	55000	55000	55000
5. # ASSISTS BY NI OFCS TO PUBLIC ON NON-RICO MATTERS	2500	2500	2500	2500	2500	2500	2500	2500
6. # OF ORDERS & JUDGMENTS	350	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**

**10 01 04 04**

## **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)**

Not applicable.

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

The 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's 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.

## Program Plan Narrative

**CCA112: REGULATED INDUSTRIES COMPLAINTS OFFICE**

**10 01 04 04**

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

PROGRAM EXPENDITURES	IN DOLLARS				IN THOUSANDS			
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
OPERATING COST	50.00*	50.00*	51.00*	51.00*	51.0*	51.0*	51.0*	51.0*
	1.00**	1.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
PERSONAL SERVICES	5,605,901	5,783,414	6,110,884	6,110,884	6,111	6,111	6,111	6,111
OTHER CURRENT EXPENSES	2,863,427	2,666,974	3,632,974	3,957,974	2,958	2,958	2,958	2,958
EQUIPMENT			209,000	60,000				
TOTAL OPERATING COST	8,469,328	8,450,388	9,952,858	10,128,858	9,069	9,069	9,069	9,069
BY MEANS OF FINANCING	50.00*	50.00*	51.00*	51.00*	51.0*	51.0*	51.0*	51.0*
	1.00**	1.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
SPECIAL FUND	8,469,328	8,450,388	9,952,858	10,128,858	9,069	9,069	9,069	9,069
TOTAL PERM POSITIONS	50.00*	50.00*	51.00*	51.00*	51.0*	51.0*	51.0*	51.0*
TOTAL TEMP POSITIONS	1.00**	1.00**	1.00**	1.00**	1.0**	1.0**	1.0**	1.0**
TOTAL PROGRAM COST	8,469,328	8,450,388	9,952,858	10,128,858	9,069	9,069	9,069	9,069

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

	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
<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)	1626	1626	1626	1626	1626	1626	1626	1626
2. LICENSEES (000)	475	490	510	525	540	555	555	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	551	551	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	4	20	20	20	20	20	20	20
CHARGES FOR CURRENT SERVICES	527	854	854	854	860	860	860	860
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)**

Transfer in 1.00 position and \$51,370 in special funds from the Insurance Regulatory Services Program.

Add \$700,000 in FY 22 and \$1,050,000 in FY 23 in special funds for building maintenance and grant matching.

Add \$175,000 in FY 22 and \$46,000 in FY 23 in special funds for core switch and firewall server hardware for the Information Systems Office and Communications Office (ISCO).

Add \$125,000 in FY 22 and FY 23 in special funds for iPaaS software for ISCO.

Add \$100,000 in FY 22 and FY 23 in special funds for VX RAIL server software for ISCO.

Add \$75,000 in FY 22 and \$30,000 in FY 23 in special funds for a security access system for ISCO.

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

The Administrative Division is organized into four divisions: the Director's Office (DO); the Administrative Services Office (ASO); ISCO; and the Office of Administrative Hearings (OAH).

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. ISCO provides to the divisions of the DCCA: services to find, acquire, implement and maintain information technology; support for telephone systems, through the Department of Accounting and General Services and the State's telephone service providers, for additions, changes and problems to telephone services, as well as maintenance of phone directories for internal and external use; services to enhance and update the DCCA's web site; support for the Automated Information System, a computer driven system that contains pre-recorded DCCA contact information, consumer information, consumer alerts, and forms; and network support services, including upgrades to provide increased network performance, uptime, and additional layers of protection from malicious software.

4. 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.

## Program Plan Narrative

### CCA191: GENERAL SUPPORT

10 01 05

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. ISCO strives to improve the efficiency of divisions' operations and therein provide faster and lower cost service to commerce and consumers; strives to make all public information readily available, up-to-date, and in formats, and at hours of the day and week that are convenient to commerce and consumers; and strives to protect information from malicious or fraudulent tampering or inappropriate release.

4. 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 the Office of Enterprise Technology Services (ETS) to execute ETS initiatives that are beneficial to the 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 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, as well as increased telework demands affect the volume and nature of work performed by 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.