

PRESENTATION OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
TO THE SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION,  
AND AFFORDABLE HOUSING  
SUPPLEMENTAL BUDGET REQUEST FOR FISCAL YEAR 2009

TWENTY-FOURTH STATE LEGISLATURE  
REGULAR SESSION

JANUARY 18, 2008

TO THE HONORABLE RUSSELL S. KOKUBUN, CHAIR  
AND MEMBERS OF THE COMMITTEE

Program Structure Number: 10 01 04 01  
Program ID: CCA-110  
Program Title: Office of Consumer Protection  
Page References in the Multi-Year Program and Financial Plan:

**1. Introduction:**

**a. Summary of program objectives.**

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

Statutory reference: Chapters 436M, 437D, 446E, 457G, 467B, 476, 477, 477E, 480, 480D, 481A, 481B, 481C, 481D, 481F, 481H, 481L, 481K, 481M, 481P, 486N, 487, 487A, 487J, 487N, 487R, and 521, HRS.

**b. Description of program objectives.  
Present your summary of objectives and activities as discussed in the Multi-Year Program and Financial Plan.**

The program receives and investigates and prosecutes complaints regarding unfair or deceptive practices. Investigations are based upon both consumer complaints and staff-initiated inquiries. In addition, the program provides information regarding the rights and responsibilities of consumers and businesses and in the consumer law and landlord/tenant contexts.

**c. Explain how your program intends to meet its objectives in the upcoming supplemental year.**

Due to the large number of consumer complaints each year, the Office of Consumer Protection (OCP) has implemented an approach which offers consumers a variety of resources to complement the traditional enforcement model. For example, OCP has instituted procedures which facilitate more direct exchanges between consumers and the affected businesses. Early resolution of consumer complaints has facilitated the reallocation of resources to more complex enforcement matters.

**2. Program Performance Results:**

**a. Discuss the performance results achieved by the program in FY07.**

The number of consumers and businesses affected by OCP's actions continues to grow while the number of staff remains constant. The office has been able to fulfill its mission through selective investigation of cases, increased consumer outreach, and targeted consumer education.

**b. Explain how these results relate to the program's objectives and department's mission.**

The measures were designed to reflect the program's ability to impact large groups of consumers and businesses. In this regard, the measures reflect that the program's impact continues to grow.

**c. Explain how the effectiveness of the program is measured (i.e.: outcomes, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past two years.**

Effectiveness is measured by four criteria: consumers affected by office action, businesses affected by investigations, amount of fines assessed in judgments, and the number of disputes handled through alternative dispute resolution. The number of known affected consumers and businesses remains high, although it is believed that the actual number is higher because many consumers' questions are answered using the division's internet website. It is expected that public use and demand for services through the Internet will continue to grow as more information is posted on the website.

**d. Discuss the actions taken by each program to improve its performance results.**

At the present time, there are a number of small, isolated cases that, due to finite resources, are not being investigated by the office.

In addressing this challenge, OCP continues to work with the RICO Consumer Resource Center, to facilitate referrals to mediation, self-help, consumer education, and the like.

**e. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.**

None.

**3. Problems and Issues:**

**a. Discussion of problems and issues encountered, if any.**

OCP continues to be challenged by the task of handling a large number of cases with a small staff. While the "projects" model successfully enables the office to concentrate its enforcement efforts on specific cases or problems, there remain a large number of

consumer cases that must be closed with minimal investigation or forwarded to other jurisdictions for investigation. At the same time, new consumer issues are evolving that must be addressed by the staff.

Operation of the Landlord/Tenant Hotline continues to challenge the resources of OCP. Currently, approximately 10%-15% of each investigator's workday is devoted to Landlord/Tenant related matters.

**b. Program change recommendations to remedy problems.**

Continued collaboration with RICO's Consumer Resource Center, will provide the consumer with more options for resolution. OCP will be working with intake personnel to fashion criteria for referrals to mediation, self-help, consumer education, and the like.

It is hoped that increased recruitment of Landlord/Tenant volunteers will help to alleviate the workload of investigators, who currently must take time off from their investigations to attend to the needs of the Landlord/Tenant division.

If budgetary approval is forthcoming, OCP hopes to hire an additional investigator in order to better address the demands of the Landlord/Tenant hotline.

**c. Identify any program issues or problems that have affected or will affect the implementation of the program, and the corrective measures or remedies established or planned.**

The complexity of certain cases coupled with OCP's limited resources has caused OCP to join other state and federal law enforcement agencies in combating consumer fraud. This multi-agency approach has enabled OCP to successfully prosecute cases that otherwise may not have been pursued. In view of this successful prosecution model, OCP anticipates that it will continue to partner with other governmental agencies in future consumer protection actions.

**4. Expenditures for FY08:**

**Provide the appropriation data, transfers, restrictions, available resources, and the estimated expenditures for FY08. For new Program I.D.'s, please present the data as best as can be determined.**

	FY 08 Apprn (Act 213/07)	Collective Bargaining	Transfers	Restrictions	Ceiling Increase	Estimated Total Expenditure
(Position Count)	(16.00)	-	-	-	-	(16.00)
Personal Services	1,398,374	39,957	-	-	-	1,438,331
Other Current	252,591	-	-	-	100,000	352,591
Equipment	-	-	-	-	-	-
Leases	-	-	-	-	-	-
Motor Vehicles	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,650,965</b>	<b>39,957</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>1,790,922</b>
(Position Count)	-	-	-	-	-	-
General Funds	-	-	-	-	-	-
(Position Count)	(16.00)	-	-	-	-	(16.00)
Special Funds	1,600,284	39,957	-	-	-	1,640,241
(Position Count)	-	-	-	-	-	-
Trust Funds	50,681	-	-	-	100,000	150,681
(Position Count)	-	-	-	-	-	-

**a. Explain all transfers within the program I.D. and the impact on the program.**

None.

**b. Explain all transfers between program I.D.'s and the impact on the program.**

None.

**c. Explain all restrictions and the impact on the program.**

**As applicable, provide a description of the impact of the transfers that have occurred within the program I.D. between the various cost elements, transfers occurring between different program I.D.'s, and restrictions imposed.**

None.

**5. Supplemental Budget requests for FY09:**

	MOF	FY09 Apprn (Act 213/07)	Supplemental Request	Total FY09 Exec Supp Budget
(Position Count)	B	(16.00)	(1.00)	(17.00)
				-
Personal Services	B	1,398,374	64,321	1,462,695
Other Current	B	201,910	-	201,910
Equipment	B	-	-	-
Leases	B	-	-	-
Motor Vehicles	B	-	-	-
<b>TOTAL</b>	<b>B</b>	<b>1,600,284</b>	<b>64,321</b>	<b>1,664,605</b>
(Position Count)	T	-	-	-
				-
Personal Services	T	-	-	-
Other Current	T	50,681	-	50,681
Equipment	T	-	-	-
Leases	T	-	-	-
Motor Vehicles	T	-	-	-
<b>TOTAL</b>	<b>T</b>	<b>50,681</b>	<b>-</b>	<b>50,681</b>

**Provide the total position counts and funds requested.**

**a. Workload or program request:**

**For each program package or item requested within the Program I.D., provide the following (if no request is being made, indicate "none"):**

**i. A description of the request, the reasons for the request, and the desired outcomes or the objectives to be accomplished by the proposed program.**

MOF B. Authorize 1.00 FTE permanent exempt investigator position and add funding +\$64,321 to cover personal services costs.

One of the core functions of the OCP is providing information to consumers regarding their rights and responsibilities as landlords and tenants. OCP investigators provide this valuable service to approximately 10,000 consumers each year. Each workday may yield more than twenty inquiries. There are occasions in which OCP investigators have had to work additional hours to make up for the time lost due to their time spent in the landlord tenant center. Recently it has become apparent that in order to adequately meet the demands of this service, it is necessary to retain the services of another investigator.

The new investigator will devote at least five hours per day to the operations of the landlord tenant center and ensure that all telephone inquiries receive a response on the same day. Current resources make it extremely difficult to

satisfy this demand. Also the new investigator will relieve the current investigative staff from some of their workload. One of the main objectives for enlisting the assistance of an additional investigator is to alleviate the demands that the landlord tenant center imposes on the work of OCP's investigators who are being diverted from their primary responsibility of investigating unfair or deceptive trade practices. Another investigator will free up at least 20% of the resources for general investigation that is now devoted to the landlord tenant function of OCP. On some occasions OCP's investigations of alleged unfair or deceptive trade practices have had to be delayed in order to address the needs of the hotline. Authorization of this investigator position will help to address the needs of callers to the hotline and will also provide additional resources to the division to help it fulfill its primary function of investigating unfair or deceptive trade practices

**ii. A listing/description of the positions requested, and funding requirements by cost category and source of funding.**

See Item 4.a.i.

**iii. For all lump sum requests, please provide a detailed breakout indicating specific purposes for all planned expenditures.**

None.

**b. For all position count reductions, please specify whether the positions were filled or vacant.**

None.

**6. Program Restrictions:**

**Identify restrictions carried over from FY08 as well as additional reductions due to Department of Budget and Finance budget ceilings for FY09. If no reduction is being proposed, please indicate "none".**

None.

**7. Capital Improvement Program (CIP) Requests for FY09:**

**CIP data for all projects within the agency being heard shall be combined into a single appendix in the department's testimony (if no request is being made, please indicate "none").**

None.

**8. Proposed Lapses of CIP projects:**

**Any CIP project identified for lapse shall include the following (if no lapses are being proposed, please indicate "none"):**

None.