

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 04

Program ID: CCA-112

Program Title: Regulated Industries Complaints Office

Page References in the Multi-Year Program and Financial Plan:

1. Introduction:

a. Summary of program objectives.

To assist the general public by providing consumer education outreach activities, investigating complaints from the public and enforcing the licensing laws.

Statutory reference: Section 26-9(h), 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, investigates and resolves complaints alleging licensing law violations against licensed and unlicensed persons or entities involving 45 different professional license types including contractors, real estate salespersons, motor vehicle dealers, physicians and architects.

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

The Regulated Industries Complaints Office (RICO) will continue to meet its objectives in the following ways:

i. Consumer Education Outreach

1) Continued publication and dissemination of informational brochures to the community, both in partnership with industry groups as well as directly;

2) Continued community outreach through different presentation formats

such as Remodel It Right presentations, participation in homeowner shows, and speaking to consumer and industry groups;

- 3) Continuation and improvement of the Licensing and Business Information Section which allows the public to acquire basic business, license and complaints information with one telephone call. Responses to the service have been extremely positive, not only because LBIS saves time for the business or consumer with the inquiry, but also due to the friendly, courteous and knowledgeable staff who field the high volume of telephone calls. Note that the information is also available online at Check Out a Business Online website, http://www.hawaii.gov/dcca/areas/rico/business_online; and
- 4) Continuation and improvement of the administration of the State Certified Arbitration Program (SCAP), more commonly referred to as the Hawaii "Lemon Law" program. This program helps consumers who buy or lease new motor vehicles and have repeated problems in getting their vehicles repaired under the manufacturer's warranty and provides the consumer with an arbitration process to resolve a Lemon Law dispute with a manufacturer.

ii. Investigating Complaints and Enforcing Licensing Laws

- 1) Continuation and improvement of case investigation and processing which include the filing of formal disciplinary and injunctive actions, and post judgment activity;
- 2) Continuation and improvement of formal mediation programs;
- 3) Continuation and improvement of working relationships with other governmental and law enforcement entities; and
- 4) Continuation and improvement of proactive measures, particularly in the areas of unlicensed activity, such as conducting sweeps and spot checks and developing collaborative relationships with other law enforcement agencies.

2. Program Performance Results:

a. Discuss the performance results achieved by the program in FY 07.

FY 07 data reflects that 113,000 consumers and 3,098 businesses were affected by division action, and \$1,452,418 was assessed in fines.

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

The primary objectives of the program are (1) to provide information to consumers and businesses to help them make appropriate marketplace choices; (2) to assist consumers and businesses in resolving their complaints where appropriate; and (3) to investigate and

enforce the state's licensing laws. The numbers provided in response to question 2a. reflect the number of customers who received assistance from the division through education, complaints information, investigation or enforcement and the number of businesses that were investigated, as well as the amount of fines assessed in successful enforcement actions.

- 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.**

Program effectiveness is measured by the number of consumers affected by agency actions, the number of businesses affected, and dollar amount of fines assessed. The FY 07 number of affected consumers (113,000) is more than the number for FY 06 (106,000). The increase reflects the division's increased visibility. Number of businesses affected and fine amounts increased as well over FY 06 due to higher volume and internal procedures that boosted productivity.

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

- i. Investigator and attorney training. As enforcement cases become more complex, refresher courses and training is critical. In-house and outsourced training of staff on a variety of topics will help enforcement staff with a variety of enforcement issues.
- ii. DCCA webpages. As part of the department's web project, the division has two websites with consumer information. The RICO website provides information on a variety of topics, forms, links to relevant sites, and background material. The Business and Licensee complaints history website is also available online. It is hoped that continued enhancement of these websites will provide businesses and consumers with a greater variety of pertinent, timely information in a manner that does not require direct staff assistance.

- 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.**

The division has faced delays in case processing brought about by increased volume of cases of increasing complexity.

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

The division has adopted a number of internal measures to increase efficiency and efficacy. In addition, the department is seeking two additional investigator positions.

- 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.

See response to 3a. and 3b.

4. Expenditures for FY 08:

Provide the appropriation data, transfers, restrictions, available resources, and the estimated expenditures for FY 08. 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)	(65.00)	-	-	-	-	(65.00)
Personal Services	4,416,988	126,104	-	-	-	4,543,092
Other Current	836,059	-	-	-	-	836,059
Equipment	-	-	-	-	-	-
Leases	-	-	-	-	-	-
Motor Vehicles	-	-	-	-	-	-
TOTAL	5,253,047	126,104	-	-	-	5,379,151
(Position Count)	-	-	-	-	-	-
General Funds	-	-	-	-	-	-
(Position Count)	(65.00)	-	-	-	-	(65.00)
Special Funds	5,253,047	126,104	-	-	-	5,379,151
(Position Count)	-	-	-	-	-	-
Trust Funds	-	-	-	-	-	-
(Position Count)	-	-	-	-	-	-
Other Funds	-	-	-	-	-	-

- 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 Request for FY 09:

	MOF	FY09 Apprn (Act 213/07)	Supplemental Request	Total FY09 Exec Supp Budget
(Position Count)	B	(65.00)	-	(65.00)
				-
Personal Services	B	4,416,988	128,643	4,545,631
Other Current	B	836,059	-	836,059
Equipment	B		-	-
Leases	B	-	-	-
Motor Vehicles	B	-	-	-
TOTAL	B	5,253,047	128,643	5,381,690

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.

Add two temporary exempt field investigator positions.

MOF B. +2 FTE (T), funding impact \$128,643.

Investigator caseloads have exceeded staff capacity recently and the program has explored and implemented a number of initiatives to minimize backlog and conduct proactive unlicensed activity investigations. However the caseloads for the entire program continue to be such that it is difficult for the program to respond swiftly to reports of unlicensed activity without creating a backlog in the processing of existing cases. This is especially true in the Kona office because of the large geographical area that the office is responsible for and the fact that investigators must travel in pairs for safety due to the isolated nature of many of the sites. The Honolulu position would be used primarily to increase the branch’s ability to conduct proactive spot checks and investigations relating to unlicensed activity. Although most of the unlicensed activity investigations would occur on Oahu, the investigator would be tasked with participating in unlicensed activity investigations on the neighbor islands as well, either in response to specific tips or as part of larger island sweeps, either in collaboration with neighbor island investigators or independently.

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

See 5ai.

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 FY 08 as well as additional reductions due to the Department of Budget & Finance budget ceilings for FY 09. If no reduction is being proposed, please indicate "none".

None.

7. Capital Improvement Program (CIP) requests for FY 09:

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.