

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 05
Program ID: CCA-191
Program Title: General Support
Page References in the Multi-Year Program and Financial Plan:

1. Introduction:

a. Summary of program objectives.

To uphold fairness and public confidence in the marketplace, promote sound consumer practices, and increase knowledge, opportunity, and justice in our community by enhancing program effectiveness and efficiency.

Statutory reference: Section 26-9, 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 administers and provides support services to the Department of Commerce and Consumer Affairs. The program consists of: the Director's Office, which provides personnel and other miscellaneous support services; the Administrative Services Office, which provides fiscal, budget, clerical and other miscellaneous support services; the Information Systems and Communications Office, which provides information system services and support to all divisions; and the Office of Administrative Hearings, which conducts administrative hearings to resolve consumer complaints, tort claims against medical professions, appeals involving the State's procurement code, and claims under the Individuals with Disabilities in Education Act involving the State Department of Education.

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

This program will continue to manage the Department in an efficient and effective manner. Since July 1, 2000, the Department has been financially self-sufficient, relying almost exclusively on moneys deposited by its operating divisions into its compliance

resolution fund, except for certain limited trust and special funds with dedicated purposes. Careful planning and disciplined management of the Department's resources to ensure that departmental services are provided in the most cost-efficient manner possible is required. This program will provide the necessary guidance and develop the policies necessary to maintain solvent operations.

2. Program Performance Results:

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

- The Department reduced customer fees and waived single-year assessments worth more than \$11 million, to reduce program surpluses and to reduce costs for businesses and consumers
- The Department continues to advance e-commerce initiatives. The Department is a state government leader in upgrading information technology and making these tools available to our clients and our employees. On-line services for our clients include the availability of applications for registration and licensing, laws and administrative rules of DCCA, educational publications; on-line checks if a business is registered and licensed and any complaint history, license renewals, annual filings of business registrations and e-mail ability direct to a DCCA program. If something is not yet available on-line, we are working to make it available.
- The Department completed a major upgrade to the Insurance Division's computer system ("HIDS"), which added various on-line services (license applications, rate filings, premium tax filings, continuing education course schedules, exam results, and address changes), reporting capabilities (statistical, management and operational), and fiscal features (centralized accounting and electronic payments).
- Internally, there has been a greater focus on security, particularly in the transmission of information via electronic means and in the use of portable laptops. Enhancements have been added to protect data along with the institution of policies to provide guidance to the public.
- The State Procurement Office determined that contracts for Public, Education and Government cable television services should be awarded via public procurement. As a result, the department began preparing a request for proposal(s), which it submitted to the public for comment in public informational meetings around the state.
- The Department enhanced performance standards for its Office of Administrative Hearings (OAH). In FY06-07, OAH handled 140 requests for impartial hearings under the Individuals with Disabilities in Education Act. Seventy-eight cases received hearings and written decisions were issued. In FY07 OAH, through the Medical Claims Conciliation Panel, also addressed 95 medical malpractice claims, involving 162 claimants and 231 respondents. M CCP itself heard 67 claims, involving 1115 claimants and 198 respondents, and had 26 claims resolved or closed without hearings.

- In FY07, no claims were filed under the Condominium Dispute Resolution (CDR) Pilot Program because the CDR Pilot Program under HRS 514A-121.5 was repealed and there were no filing under the Condominium Management Dispute Resolution Process Pilot Program.

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

The performance results listed above are reflective of the flexible and innovative manner in which this program and the entire department responds to the needs of its constituents and to changes in its operating environment. Reducing program fees demonstrates increased program efficiency, increases public confidence in the marketplace, and enhances program effectiveness and efficiency. Advancing e-commerce initiatives enhances program effectiveness and efficiency by increasing knowledge and opportunity to consumers. The Department's handling of IDEA cases and the expansion of the scope of the condominium dispute resolution program upholds fairness and public confidence, as the cases are heard by professional hearings officers. As a result, justice is increased in the community and program effectiveness and efficiency are enhanced.

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.

In addition to the program planning and budgeting (PPB) measures, the effectiveness of this program should be measured by how well and how openly the department functions and responds to issues and problems related to consumer protection and to the needs of the business community. As a special funded Department, the program should be judged on its ability to align department revenues and expenses to ensure that the Department's customers receive value for the fees charged.

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

The program has:

- Instituted an open-door policy where consumers and businesses are encouraged to discuss concerns or suggestions relating to other program performance, fee levels or program value;
- Initiated a speaker's program by which the director and program leaders are made available and encouraged to speak to consumer and business groups; and
- Directed that financial budgets be prepared using expected revenues and expenditures, rather than budget ceiling figures, and that projections be updated quarterly throughout the year.

e. 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.

Analysis of the Department's historical cash reserves evidenced the need to refine departmental budgeting practices, so as to better enable the alignment of the Department's revenues and expenditures. Realizing that, the department worked to improve services and return excess fees to its customers. As a result, fee cuts and assessment waivers implemented in FY04, FY05, FY06 and FY07 will total more than \$35 million.

In order to satisfy the needs of the Department's various programs, it is obvious that increased usage of the internet will better enable the programs to meet customer needs. The Hawai'i Business Express and Hawai'i Compliance Express initiatives have significantly facilitated public access to government services in Hawai'i. The Department continues to work closely with the state portal contractor to create and roll out more internet-based services.

b. Program change recommendations to remedy problems.

- Fee reductions and assessment waivers until Department reserves reach the target level;
- Improved budgeting techniques emphasizing repeated updating of current and subsequent year projections, rather than budget ceiling;
- Increased emphasis on investigator cross-divisional communication and training; and
- Continued emphasis on making as many systems as possible available over the internet.

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. above.

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)	(45.00)	-	-	-	-	(45.00)
Personal Services	3,939,964	107,845	-	-	-	4,047,809
Other Current	1,339,146	-	-	-	-	1,339,146
Equipment	236,970	-	-	-	-	236,970
Leases	-	-	-	-	-	-
Motor Vehicles	-	-	-	-	-	-
TOTAL	5,516,080	107,845	-	-	-	5,623,925
(Position Count)	-	-	-	-	-	-
General Funds	-	-	-	-	-	-
(Position Count)	(45.00)	-	-	-	-	(45.00)
Special Funds	5,516,080	107,845	-	-	-	5,623,925
(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 Requests for FY09:

	MOF	FY09 Apprn (Act 213/07)	Supplemental Request	Total FY09 Exec Supp Budget
(Position Count)	B	(45.00)	-	(45.00)
				-
Personal Services	B	3,939,964	-	3,939,964
Other Current	B	1,339,046	198,850	1,537,896
Equipment	B	236,970	-	236,970
Leases	B	-	-	-
Motor Vehicles	B	-	-	-
TOTAL	B	5,515,980	198,850	5,714,830

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.

1. MOF B. Add funding \$20,000 for language access.

This request will help enable the Department to comply with the Language Access Law (Part II of Chapter 371, Hawaii Revised Statutes), which was enacted by Act 290, Session Laws of Hawaii 2006. The Language Access law requires State agencies to take reasonable steps to ensure meaningful access to services, programs, and activities by limited English proficient (LEP) persons through the notice and provision of oral or written language services. The Language Access law requires State agencies to provide: (1) competent, timely oral language services to LEP persons who seek to access services programs, or activities; and (2) written translations of vital documents to LEP persons who seek to access services, programs, or activities. The Department will have to contract for oral language services and written translations.

2. MOF B. Add funding \$178,850 for costs of building maintenance and electricity costs.

The Department of Accounting and General Services’ estimates for building maintenance support for the King David Kalakaua Building (KKB) and the 8th and 9th floors of the Leiopapa A Kamehameha (State Office Tower) Building have increased by approximately \$160,500 for FY 09. In addition, the property management company estimates electricity costs for KKB will increase by \$18,350.

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

See 5i above.

- 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.