

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS – MAJOR FUNCTIONS

- Administers federal and state programs designed to improve the economic security, occupational safety and health, working conditions, and productivity of workers, and maintain favorable labor-management relationships throughout the State.
- Administers comprehensive employment and training services to both job seekers and employers through a system of employment offices located statewide.
- Administers the State Unemployment Insurance program. Ensures that fair hearings before impartial appeals referees are provided to employers and claimants with respect to determinations made by the department regarding unemployment insurance benefits, disaster unemployment insurance, and other security decisions.
- Administers and enforces that State’s occupational safety and health laws.
- Administers all activities pertinent to the management of the Workers’ Compensation, Temporary Disability Insurance, and Prepaid Health Care laws and programs.
- Administers and enforces State labor laws dealing with wages and other compensation, hours, child labor, family leave, and related rules and regulations.
- Conducts program, labor market, and economic research to augment and enhance management decisions and policy making capabilities

MAJOR PROGRAM AREAS

The Department of Labor and Industrial Relations has programs in the following major program area:

Employment

LBR 111	Workforce Development Program	LBR 316	Office of Language Access
LBR 135	Workforce Development Council	LBR 812	Labor and Industrial Relations Appeals Board
LBR 143	Hawaii Occupational Safety and Health Program	LBR 871	Employment Security Appeals Referees’ Office
LBR 152	Wage Standard Program	LBR 901	Data Gathering, Research and Analysis
LBR 153	Hawaii Civil Rights Commission	LBR 902	General Administration
LBR 161	Hawaii Labor Relations Board	LBR 903	Office of Community Services
LBR 171	Unemployment Compensation Program	LBR 905	Hawaii Career (Kokua) Information Delivery System
LBR 183	Disability Compensation Program		

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

Department Summary

Mission Statement

To increase the economic security, physical and economic well being and productivity of workers and achieve industrial peace.

Department Goals

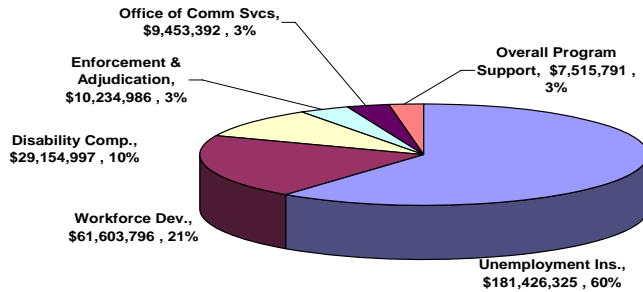
To promote access to employment and assess the needs and skills of the workforce; to alleviate the economic hardship of workers during periods of disability or temporary unemployment; to protect the employment rights of workers and to assure a safe and healthy workplace; to develop, deliver and coordinate information to meet labor market supply and demand; and to promote the harmonious working relationship between business, labor, educators, and government agencies.

Significant Measures of Effectiveness

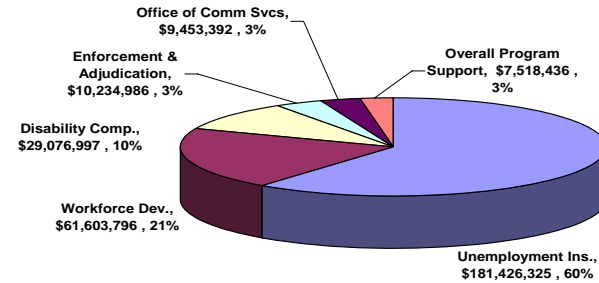
	<u>FY 2008</u>	<u>FY 2009</u>
1. Job applicants served as a percentage of total registered	100	100
2. Accident, injury/illness rate per 100 employees	4.9	5
3. Percentage of subject employers in compliance with Workers' Compensation, Temporary Disability Insurance, and Prepaid Health Care laws	82	85

FB 2007-09 Operating Budget by Major Programs

FY 2008



FY 2009



		Allocation		
		FY 2007	FY 2008	FY 2009
Funding Sources:	Positions	257.64	266.14	266.14
General Funds	\$	20,833,150	18,359,777	18,284,395
Special Funds		8.00 197,104,059	8.00 197,108,379	8.00 197,108,379
Federal Funds		433.60 79,870,025	434.10 80,207,787	434.10 80,207,814
Interdepartmental Transfers		3,656,864	3,663,344	3,663,344
Revolving Funds		50,000	50,000	50,000
Total Requirements		699.24 301,514,098	708.24 299,389,287	708.24 299,313,932

Program Structure Number: 020101

Program I.D. and Title: LBR 111, Workforce Development

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

To deliver employment and training services that are integrated with economic development efforts to job applicants, workers, and industry throughout the state.

B. Description of Program Objectives

1. Administer programs for employment, training, apprenticeship and related services, allocate resources, and establish statewide policies.
2. Coordinate employment, training, and apprenticeship programs within the state to maximize the use of resources and improve the delivery of services.
3. Assist employers and jobseekers in entering job orders and resumes into the DLIR automated job matching system, and assist them, as needed, to meet employer and jobseeker needs.
4. Register, assess, and counsel, as needed, to assist jobseekers in developing and implementing employability development plans and their job search. Refer them to job openings, training, and/or apprenticeship programs as appropriate.
5. Monitor programs as required and provide technical assistance and consultative services for the maintenance and operation of approved programs.

A Summary of the Objectives and Activities as Discussed in the Multi-Year Program and Financial Plan.

A summary of the objectives and activities in the Multi-Year Program and Financial Plan are provided in A. and B. above, respectively.

C. Explain how the Program intends to meet its objectives within the Biennium Budget.

Objectives will be met through the delivery of a statewide, comprehensive and integrated workforce development system. Services will continue to be offered to groups of individuals, or they may be customized to meet individual needs, depending on the approach most effective for a target group or individual, and based on resources available.

Services are provided through One-Stop Career Centers located in each county, which give employers and job seekers easy access to an array of employment and training services. Customers can tap into local and national data banks for job openings, applicant resumes, labor market, and career information. They also can use resource rooms in each center to produce resumes, prepare job applications, and conduct job searches. The resource rooms have hardware, software, and supplies for job search purposes.

II. Program Performance Results

A. Discuss the performance results achieved by each Program in FY 2006.

Most of the various programs within LBR 111 exceeded the goals set for FY 2006. Apprenticeship completions were slightly down due to the increased difficulty apprentices are experiencing in meeting the requirements for higher skilled jobs.

	<u>Actual</u>	<u>Plan</u>
➤ Number of job applicants serviced as % of total registered:	100%	100%
➤ Adult job placement rate after training:	79%	71%
➤ Youth attained skills after training:	77%	60%
➤ Apprenticeship completion as % of totaled registered:	24%	25%

Services to target groups for the federally-funded programs were less than planned due to substantial decreases in funds allotted to the state.

	<u>Actual</u>	<u>Plan</u>
➤ Number of job seekers applying:	32,500	45,000
➤ Number of low income persons enrolled:	1,695	3,500
➤ Number of clients enrolled in apprenticeships:	6,162	5,000

A low unemployment rate affected performances for FY 2006, with fewer numbers of individuals applying for jobs and training, but with increasing numbers of job openings listed by employers.

B. Explain how these results relate to the program's objectives and Department's mission.

The measures provide information on attainment of job skills and employment outcomes that measure program effectiveness. These skills and outcomes contribute to economic security of workers and help build a skilled and competitive workforce.

C. Explain how the effectiveness of the program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.

Performance levels are set for each program's measures of effectiveness at the beginning of the fiscal year. For example, some measures used in employment and training programs are the following:

- Job skills competency attainment;
- Job placement;
- Job retention; and
- Pre and post program wages.

Performance of each contractor/operator is reviewed based on reports submitted and results of monitoring and audits conducted.

D. Discuss actions taken by each program to improve its performance results.

The following actions were taken to improve performance results within the last fiscal year:

- The DLIR installed HireNet Hawaii, a new state-of-the-art automated job matching and case management system, which provides Hawaii with the largest data bank of job openings and jobseekers in the state. In addition to local data that employers and jobseekers can enter directly into HireNet,

the cutting-edge technology "spiders" information from national and local job boards to expand the number of jobs posted. Career information, labor market data, resume builders, and other data are also accessible in HireNet to help jobseekers, employers, and staff. An automated case management function allows job counselors to record services and activities provided to their customers, and reports are generated from the data to improve program management.

- HireNet Hawaii was initially launched before 300 employers at the State Capitol Auditorium in 2006. In addition, 30 demonstrations were held statewide, at least two per county, to familiarize employers, educational agencies, and community-based organizations about HireNet Hawaii. Feedback was positive for all sessions, and the number of employers and jobseekers using the system increased as a result.
- A Construction Career Expo conducted at the Neal Blaisdell Center in October 2006 promoted jobs in the construction industry as lucrative and promising careers. Hands-on demonstrations and speakers from the construction industry attracted students, college/high school counselors, and the general public. Construction Expos also were held in Kona, Hilo, and Kauai.
- Technical assistance and training were provided on an on-going basis by WDD staff to the counties and other service providers to clarify changes in reporting requirements, provide updates in federal legislation, and help them meet program goals. Training sessions also were provided to improve performance in the WIA Adult, Youth, and Dislocated Worker Programs in Hawaii.

E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications.

None

III. Problems and Issues

A. Discuss Problems and Issues Encountered If Any.

A decrease in the federal funding for employment and training programs made it more difficult to implement and administer these programs and reduced the number of

individuals that could be served.

B. Program Change Recommendations to Remedy Problems

None

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.

None

IV. Expenditures for Fiscal Year 2006-2007

	Acts 178/05, 160/06 FY 2006 - 2007	Collective Bargaining	* Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count	123.50			123.50	123.50
Personal Svcs	\$ 15,950,854	\$ 699,707		16,650,561	\$ 16,650,561
Current Exp	43,593,096			43,593,096	43,593,096
Equipment					
Motor Vehicles					
Total	\$ 59,543,950	\$ 699,707	\$ -	\$ 60,243,657	\$ 60,243,657
Less:					
Pos. Count					
Special Fund	6,777,527	24,169		6,801,696	6,801,696
Pos. Count	119.20			119.20	119.20
Federal Fund	48,902,800	627,664		49,530,464	49,530,464
Pos. Count					
Other Funds	\$ 3,567,524	36,209		3,603,733	3,603,733
Pos. Count	4.30			4.30	4.30
Gen. Fund	296,099	11,665		307,764	307,764

* No Transfer In/Out

A. Explain all Transfers within the Program I.D. and its Impact on the Program.

None

B. Explain all Transfers Between Program I.D.s and its Impact on the Program.

None

C. Explain all Restrictions and its Impact on the Program.

None

V. Biennium Budget Request for FY 2008-FY 2009

	Budget Request FY2007-FY2008	Budget Request FY2008-FY2009	Biennium Budget FY2008-FY2009
Pos. Count	123.50	123.50	123.50
Personal Services	\$ 16,783,886	\$ 16,783,886	\$ 33,567,772
Current Expenses	43,593,096	43,593,096	87,186,192
Equipment			
Motor Vehicles			
Total	<u>\$ 60,376,982</u>	<u>\$ 60,376,982</u>	<u>\$ 120,753,964</u>
Less:			
Pos. Count			
Special Fund	6,806,016	6,806,016	13,612,032
Pos. Count	119.20	119.20	119.20
Federal Fund	49,651,572	49,651,572	99,303,144
Pos. Count			
Other Funds	3,610,213	3,610,213	7,220,426
Pos. Count	4.30	4.30	4.30
Gen. Fund	309,181	309,181	618,362

A. Workload or Program Request

1. Description of request, reasons for the request, and desired outcomes or objectives to be accomplished by the proposed program.

None

2. Listing/description of positions requested, and funding requirements by cost category and source of funding.

None

3. For all lump sum requests, please provide a breakdown indicating specific purposes for all planned expenditures.

None

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

None

- VI. Identify restrictions carried over from FY 2006-2007 as well as additional restrictions due to the Department of Budget and Finance's budget ceilings for FY2008-FY2009.

- A. Description of the reduction, the reasons for the reduction and the impacts to the objectives to be accomplished by the program.

None

- B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

- VII. Capital Improvement Request for FY2008-FY2009

None

- VIII. Proposed Lapses of Capital Improvement Program Projects

None

Program Structure Number: 020102

Program ID and Title: LBR 135, Workforce Development Council

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

The Workforce Development Council (WDC) is the policy advisory body to the Governor and State Legislature on workforce development. The Council is involved in a broad range of programs and services in workforce, employment training, career and skills development and industry and occupation information. The Council is also the state oversight body for federally funded workforce investment programs. It is responsible for the state workforce development strategic plan and a five year workforce investment act plan which is required by the U.S. Department of Labor to receive \$7.6 million in workforce investment funds for Program year July 2006 to June 2007. The federal Workforce Investment Act (WIA) of 1998 gives significant responsibilities to the WDC and opportunities for the state to build a skilled, competitive workforce to drive new economic development. The WDC's program goals are to:

1. Provide opportunities to all people to gain skills, attitudes and behaviors to compete in the workforce;
2. Improve the productivity of work places in Hawaii; and
3. Implement a workforce system that is synchronized with education and economic development.

B. Description of Program Objectives

1. Develop and oversee policies, programs and services to assist jobseekers in obtaining employment, and employers in securing a skilled workforce;
2. Implement the Hawaii workforce development strategic plan to develop a statewide workforce system linking education, employment and economic development priorities and coordinating activities; and

3. Analyze and construct a collaborative performance data system to measure performance assessments, benchmarks and results.

A Summary of the Objectives and Activities as Discussed in the Multi-Year Plan and Financial Plan.

Other important program objectives that complement and support the major objectives are:

1. Assess the coordination between workforce needs and education preparation and economic initiatives and institute continuous improvement practices;
2. Serve as the information resource, clearinghouse and website with connecting links to workforce data, workforce education and training, and workforce program and project activities;
3. Analyze and interpret workforce information particularly with regard to changes in industries, occupations, communities and the economic and social effects of these changes;
4. Identify the unmet workforce and economic development needs and how public and private collaboration can address those needs;
5. Create public awareness and understanding of the state's workforce plan, policies, programs and activities;
6. Submit a yearly report to the Governor and Legislature on workforce issues, the state of employment, an inventory of federal and state funded programs and services, a progress report on system coordination and funding streams, and recommendations for legislative and administrative consideration and implementation;
7. Provide technical assistance to local workforce boards, training providers and youth service providers;
8. Provide resources and leadership to improve the content, access and delivery of the state's career information system; and
9. Carry out the workforce development functions and duties of the state workforce investment board as required by the Workforce Investment Act of 1998.

C. Explain how the Program intends to meet its objectives

within the Biennium Budget.

The Council has 31 members, including the Governor and four members from the State Legislature; two each from the Senate and House. All four local workforce investment boards are represented on the Council as well. Presently, there is a staff of one Executive Director, one secretary, and two professional staff persons. Currently, there are three professional-level vacancies. Of the positions currently filled, three are state-funded and one is federally-funded.

The Council is guiding the development of a state workforce system through private and public sector board partnerships at the state and local levels. Accountability is driven by performance results with federal incentives and penalties at stake. Coalition-building and private sector Council membership extend the reach of the Council's influence. The Council is focusing on:

1. Coalitions to support One-Stop delivery of integrated services;
2. Evaluation and analysis to identify and better meet employers' workforce needs;
3. Projects using earmarked federal discretionary funds to upgrade the skills and self-sufficiency of incumbent workers;
4. Technical assistance to build leadership and capacity in local workforce investment boards to implement system improvements in their local communities;
5. Technical assistance to local youth councils to create a comprehensive system of youth services; and
6. A web site to provide and link to comprehensive information for job seekers, employers, youth, and program planners.

Three Council members serve on the University of Hawaii's Career and Technical Education Coordinating Advisory Council together with the three members from the Board of Regents and three members from the Board of Education. One Council member serves on the State Council for Vocational Education, and another member watchdogs veterans' interests. Council staff serve on advisory boards to develop education/occupation skills, such as the advisory boards to the Department of

Education's Public and Human Services Career Pathway and a University of Hawaii's College of Tropical Agriculture and Human Resources' National Science Foundation Advanced Technological Education grant. The Executive Director is also a member of the University of Hawaii-Department of Education Coordinating Council.

II. Program Performance Results

A. Discuss the performance results achieved by each program in FY 2006.

1. Fifty-three percent, slightly above the planned 50%, of recommended policies were implemented. The WDC will be striving to increase this rate in the coming years.
2. The WDC achieved its internal goal of meeting 80% of the WIA requirements, and met all federal requirements. The results are less than 100% because expectations are that the WDC will accomplish more than the minimum requirements for compliance.
3. Both employer and employee workforce satisfaction rates were slightly higher than targeted. The employer satisfaction goal was 70%; results achieved were 72%. The workforce participant (employee) satisfaction rate was set at 70%; 82% was achieved.
4. The number of publications disseminated was estimated to be 660; 2,000 were planned. This shortfall is attributable to a shift from distribution of hard copies to making publications available on the internet.
5. There were also fewer information requests processed than planned. The actual number was approximately 1,100; 2,000 were planned. This difference may be attributable to a reduced need for direct information requests since information is now readily accessible on the internet.

B. **Explain how these results relate to the program's objectives and Department's mission.**

The WDC's annual report to the Governor recommends improvements to workforce education, workforce training and supporting activities. Follow-up actions are initiatives taken to assist, motivate and support implementation of recommendations. Demonstration and grant projects provide best practice models for

workforce improvements, such as incumbent workforce skill development, industry and occupation skill standards, and career resource network initiatives.

These results relate to the DLIR's program objectives of building a highly skilled and globally competitive workforce through collaborative public-private partnerships.

- C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.**

See item A above

- D. Discuss actions taken by the Program to improve its performance results.**

See item A above

- E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications.**

None

III. Problems and Issues

- A. Discuss Problems and Issues Encountered If Any.**

All states now have a human investment or workforce council in place and recognize that it takes a skilled, competitive workforce to help engineer and sustain a successful economy. The bottom line of the federal workforce investment act is to improve human capital, i.e., the skilled workforce needed to drive a competitive, successful state economy. In a new economy, an investment in improving workforce skills can be considered venture capital.

In Hawaii, the workforce discussion had lagged for almost a decade with attention and resources devoted to economic initiatives and few state resources given to the development of the workforce. A much broader approach is needed to fast-forward both the incumbent workforce and future workforce into global awareness and attainment of technology skills. Part II of the Council's *2006 Report to the Governor* proposes policies for workforce initiatives to support economic development. To do less will continue the disconnects with companies who come to Hawaii and find a lack of skilled workers, jobseekers who lack the skills sought

by employers, school graduates who must go elsewhere to seek employment opportunities and employers who resort to developing their own source of workers to satisfy their needs, including recruiting from out-of-state.

B. Program Change Recommendations to Remedy Problems

None

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.

None

IV. Expenditures for Fiscal Year 2006-2007

	Acts 178/05,160/06 FY 2006 - 2007	Collective * Bargaining	Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count	3.00			3.00	3.00
Personal Services	\$ 354,088	\$ 20,769	0	\$ 374,857	\$ 374,857
Current Expenses	252,813			252,813	252,813
Equipment	4,805			4,805	4,805
Motor Vehicles					
Total	<u>\$ 611,706</u>	<u>\$ 20,769</u>	<u>\$ -</u>	<u>\$ 632,475</u>	<u>\$ 632,475</u>
Less:					
Pos. Count					
Special Fund					
Pos. Count					
Federal Fund	434,606	10,732		445,338	445,338
Pos. Count					
Other Funds					
Pos. Count	3.00			3.00	3.00
Gen. Fund	177,100	10,037	-	187,137	187,137

A. Explain all Transfers within the Program I.D. and its Impact on the Program.

None

B. Explain all Transfers between Program I.D.s and its Impact on the Program.

None

C. Explain all Restrictions and its Impact on the Program.

None

V. Biennium Budget Request for FY 2008-FY 2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY 2008-FY2009
Pos. Count	3.00	3.00	3.00
Personal Services	\$ 378,148	\$ 378,148	\$ 756,296
Current Expenses	252,813	252,813	505,626
Equipment	4,805	4,805	9,610
Motor Vehicles			
Total	<u>\$ 635,766</u>	<u>\$ 635,766</u>	<u>\$ 1,271,532</u>
Less:			
Pos. Count			
Special Fund			
Pos. Count			
Federal Fund	447,409	447,409	894,818
Pos. Count			
Other Funds			
Pos. Count	3.00	3.00	3.00
Gen. Fund	188,357	188,357	376,714

A. **Workload or Program Request**

1. **Description of request, reason for the request, and desired outcomes or objectives to be accomplished.**

None

2. **Listing/description of positions requested, and funding requirements by cost category and source of funding.**

None

3. **For all lump sum requests, please provide a 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

VI. Identify restrictions carried over from FY 2006-2007 as well as additional restrictions due to the Department of Budget and Finance's budget ceilings for FY2008-FY2009.

A. Description of the reduction, the reasons for the reduction and the impacts to the objectives to be accomplished by the program.

None

B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

VII. Capital Improvement Request for FY2008-FY2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None

Program Structure Number: 020201

Program ID and Title: LBR 143
Hawaii Occupational Safety and Health

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

To assure every employee has safe and healthful working conditions, and to certify the safe operations and use of boilers, pressure systems, amusement rides, elevators and kindred equipment.

B. Description of Program Objectives

The goal of voluntary compliance with Hawaii's Occupational Safety and Health Law, administrative rules, and standards by all employers is supported by consultation and training, education, and information programs reinforced by compliance inspections and enforcement through citations and penalties.

Investigations are conducted on a random basis and in response to employee complaints regarding workplace hazards. Investigations of fatalities and catastrophes are also conducted to determine and abate causal factors.

Consultation and training are provided to employers and their employees to encourage and promote voluntary compliance.

Certificates of fitness are issued to those responsible for the use, storage, transport, sales and purchase of explosives, which may include pyrotechnics and special effects.

Boilers, pressure vessels, elevators, amusement rides, and other automatic transport systems are inspected for safety of the equipment and operation in accordance with nationally recognized standards adopted by the program as protection for public users.

In the area of occupational safety and health, the department has been afforded 18(e) status by the U.S. Department of Labor (DOL), Occupational Safety and Health Administration (OSHA). This means that the State is able to administer its own occupational safety

and health program provided that it meets the minimum requirements set forth by OSHA. In exchange, OSHA provides up to 50% of the funding for the program.

The minimum requirements are to be "as effective as" OSHA, therefore, regular evaluations of the program are conducted by OSHA to ensure that public funds are used effectively and efficiently.

C. Explain how the Program intends to meet its objectives within the Biennium Budget.

The HIOSH has revised its Five-Year Strategic Plan to focus on what can be accomplished regarding mandated responsibilities with available resources. Currently, the Strategic Goal is to:

- (1a) Improve workplace safety and health for all workers as evidenced by fewer hazards, reduced exposures, and fewer injuries, illnesses and fatalities.

Strategy: Focus statewide attention and divisional resources on the most prevalent types of workplace injuries and illnesses, and the most hazardous industries. Industries with the highest injury and illness rates will receive both consultation and enforcement attention throughout the five-year period. An extensive outreach and awareness campaign has been initiated focusing on these specific industries.

- (1b) Improve safety for workers and the public on the use and installation of regulated equipment which includes boilers and pressure vessels; elevators and kindred equipment; and amusement rides.

Strategy: Using available resources, the division is focusing on inspections that could potentially have the most impact on the public in general. These would be the 3-year and 5-year safety tests for elevators; 6-month inspections for elevators and amusement rides; and biennial inspections of power boilers and other high-pressure devices.

II. Program Performance Results

A. Discuss the performance results achieved by each program in FY 2006.

In FY 2004, the HIOSH evaluated themselves and were also evaluated by OSHA in accordance with federal regulations that address the OSH Act requirement for

state plans to be "as effective as" OSHA. In the Federal Fiscal Year 2004 Evaluation of the HIOSH, which covers the period of October 2003 to September 2004, OSHA reported that the HIOSH "continues to carry out enforcement and consultation activities projected under the goals and objectives of the annual performance plan."

The program's effectiveness utilizes the Bureau of Labor Statistics' (BLS) data on injury and illness rates for the states as well as intermediate outcome measures such as the number of hazards that were corrected and activity measures such as numbers of inspections conducted and time frames for responses to complaints.

Workers' compensation data is also used to measure results.

The most recent data available for program results are:

	<u>1996</u>	<u>2005</u>	<u>%Change</u>
<u>Workers' Comp. Data</u>			
1. Work Comp. Costs	\$288.5 mil.	\$250.7 mil.	- 13.1%
2. Reported Cases	33,628	28,018	- 16.7%
3. Average Cost/Case*	\$5,193	\$6,287	+ 21.1%

Bureau of Labor Statistics

(private sector)

4. Injury/Illness Rate	6.8	4.9	-27.9%
5. Lost Workday Cases	3.6	3.1	-13.9%

Data Sources

- (1) Workers' Compensation Data Book, DLIR - 1996-2005 (latest available)
- (2) Bureau of Labor Statistics, U.S. Department of Labor, Survey of Occupational Injuries and Illnesses, 1996-2005 (latest available)

Workers' compensation costs, reported cases and the BLS injury and illness rates show decreases since 1996. Cost per case, however increased each year from 1997 to 2004, then decreased in 2005.

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

Both the current and new performance measures are tied into the mission of the department which is to assure workers have safe and healthful places of employment.

Accident prevention also impacts the economic bottom line of businesses.

- C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.**

The 5-year Strategic Plan and its Annual Performance Plans include activities, intermediate outcomes and primary outcome measures for each of the strategic objectives. Data tables detailing performance goals and measures, data sources, and baseline for each Strategic Goal and Objective for FY2006 and FY2007 are available and will be transmitted under separate cover as requested.

- D. Discuss actions taken by each Program to improve its performance results.**

Develop and implement a 5-Year Strategic Plan, using data to identify areas that require attention. Offer employers an incentive to take proactive measures to prevent accidents and reduce injuries and illnesses. Incentives include exemption from enforcement and recognition of exemplary employers. Ensure productivity of and continued training for the inspectors. Partner with SGEs and businesses to extend outreach.

- E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications.**

The performance measure for work-related fatalities was modified due to a change in the measure. The measure is the number of work-related fatalities, instead of per 100,000 employees, and includes all fatalities, even those which the OSH Program has no jurisdiction, such as transportation incidences.

III. Problems and Issues

- A. Discuss Problems and Issues Encountered If Any**

- (1) Filling Professional level positions to do the work.**

One of the HIOSH's continued goals is to fill the numerous vacancies in the division. The HIOSH is actively recruiting for these positions through the required civil service process.

Despite the HIOSH's vacancies, the division has done more inspections, made more consultation visits, and provided more outreach to the community.

(2) **Employer acceptance of state consultation services.**

Despite the availability of FREE consultations to assist employers in preventing accidents and achieving compliance with occupational safety and health laws, there has been reluctance on the part of employers to request state assistance. By far, the biggest roadblock is the perception that a consultation visit will eventually bring in the enforcement.

The HIOSH believes that strong, effective and fair enforcement policies are the foundation of the program. Increased outreach and educational efforts have been and will continue to be conducted to promote more partnership in the various HIOSH programs designed to assist employers and employees with safety and health in the workplace.

B. Program Change Recommendations to Remedy Problems

- (1) Vacant Positions. Recruitment above the minimum has and will be utilized to attract qualified candidates in managerial and highly technical positions.
- (2) Over the past two years, the strategy for assuring safe and healthful workplaces has evolved from the near exclusive use of government inspections and consultations and training to a combination of prevention and incentives programs. Partnerships with industries, unions, associations and insurance companies are increasing. The HIOSH's enforcement resources are directed to the most hazardous industries, and a "common sense" approach to enforcement fosters voluntary compliance through understanding and promotion of mutually beneficial objectives.

The HIOSH's proudest improvement is building successful relationships with the business community. The HIOSH has worked diligently to grow and increase the number of participants in its Voluntary Protection Program (VPP) and the Safety

and Health Achievement Recognition Program (SHARP). These programs are designed to recognize large and small companies for creating an exemplary safety and health program and effectively implementing it. Companies recognized as VPP or SHARP businesses are also awarded a minimum five percent (5%) discount on their workers' compensation premiums and are removed from the HIOSH's planned inspection list. Only one company was enrolled in the VPP and no businesses were enrolled in the SHARP when this administration came into office. Today, there are six VPP companies and 34 SHARP companies, with 14 companies interested in working toward one of these programs.

This new strategy requires a broader skill set among inspectors and consultants. Inspectors and consultants must be able to continually improve their technical knowledge and abilities and also sharpen their communication skills to effectively build relationships with businesses. The state's greatest challenge is to evolve our workforce into the 21st century, and recruit and retain qualified staff. To accomplish this, the HIOSH must be able to offer competitive salaries for their vacancies.

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.

None

IV. Expenditures for Fiscal Year 2006-2007

	Acts 178/05,160/0 FY 2006 - 2007	Collective Bargaining	* Restriction	Transfers	Available Resources	Est. Total Expenditures
Pos. Count	64.00				64.00	64.00
Personal Services	\$ 3,053,796	\$ 182,260			\$ 3,236,056	\$ 3,236,056
Current Expenses	1,063,811				1,063,811	1,063,811
Equipment						
Motor Vehicles						
Total	\$ 4,117,607	\$ 182,260			\$ 4,299,867	\$ 4,299,867
Less:						
Pos. Count						
Special Fund						-
Pos. Count	25.00				25.00	25.00
Federal Fund	2,149,301	79,591			2,228,892	2,228,892
Pos. Count						18.00
Other Funds	\$ 50,000				50,000	50,000
Pos. Count	39.00				39.00	39.00
Gen. Fund	1,918,306	102,669			2,020,975	2,020,975

* No Transfer In/Out

A. Explain all transfers within the Program I.D. and its Impact on the Program.

None

B. Explain all transfers between Program IDs and its impact on the Program.

None

C. Explain all restrictions and its impact on the Program.

None

V. Biennium Budget Request for FY 2008 - FY2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY2008-FY2009
Pos. Count	67.00	67.00	67.00
Personal Services	\$ 3,393,374	\$ 3,393,374	\$ 6,786,748
Current Expenses	1,013,238	1,013,238	2,026,476
Equipment			-
Motor Vehicles			
Total	<u>\$ 4,406,612</u>	<u>\$ 4,406,612</u>	<u>\$ 8,813,224</u>
Less:			
Pos. Count			
Special Fund			
Pos. Count	25.50	25.50	25.50
Federal Fund	2,244,249	2,244,249	4,488,498
Pos. Count			
Other Funds	50,000	50,000	100,000
Pos. Count	41.50	41.50	41.50
Gen. Fund	2,112,363	2,112,363	4,224,726

A. Workload or Program Request

1. Description of request, reason for the request, and desired outcomes or objectives to be accomplished.

Establish three permanent positions - one OSHA Advisor IV position and two Elevator Inspector II positions. The request for the OSH Advisor position is to increase the number of compliance assistance activities from three to eight and increase the number

of formal training hours from 240 to 720. The request for the Elevator Inspector positions is to reduce the backlog of annual renewal inspections and safety tests by 40%.

2. Listing/description of positions requested, and funding requirements by cost category and source of funding.

OBJECT CODE	DESCRIPTION	MOF	FTE (P)	FTE (T)	AMOUNT
	OSH Advisor IV, SR22	A	0.50	-	21,072
		N	0.50	-	21,072
	Fringe Benefits	N	-	-	8,429
	Other Current Expenses				
	Services on a fee				
(7160)	basis litigator	A			(14,391)
	Miscellaneous current				
(7250)	expense	A			(1,000)
(7200)	Miscellaneous	A			(5,681)
	Service rendered by				
(2900)	state employee	N			(29,501)
	Elevator Inspector II, SR21	A	1.00	-	39,456
	Elevator Inspector II, SR21	A	1.00	-	39,456
	Total	A	2.50	-	78,912
		N	0.50	-	0

3. For all lump sum requests, please provide a 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

VI. Identify restrictions carried over from FY 2006-2007 as well as additional reductions due to the Department of Budget and Finance's budget ceilings for FY2008-FY2009.

A. Description of the reduction, the reasons for the reduction and the impacts to the objectives to be accomplished by the program.

None

- B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

VII. Capital Improvement Request for FY2008-FY2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None

Program Structure Number: 020202

Program ID and Title: LBR 152, Wage Standards

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

To assure workers of their lawful rights and benefits related to their wages; to safeguard against unlawful employment practices; and to promote voluntary compliance by educating and assisting employers.

B. Description of Program Objectives

1. Investigate and hear complaints alleging violations of labor laws covering payment of wages, child labor, prevailing wages and hours on State and county public works construction projects, minimum wage, overtime, family leave, work injury termination, and lie detector tests; hear appeals of notifications of violation.
2. Issue certificates for the employment of minors, the payment of special minimum rates, and for exceptions under the Payment of Wages and Other Compensation Law.
3. Conduct workshops, educational programs, and consultative meetings with employers, employer representatives, employees, labor organizations, consultants, and State, county and federal agencies in order to promote voluntary compliance.

A Summary of the Objectives and Activities as Discussed in the Multi-Year Plan and Financial Plan.

The objectives and activities of the program are as described above, with focus on voluntary compliance through education and sanctions against employers who refuse to voluntarily comply with the law.

C. Explain how the Program intends to meet its objectives within the Biennium Budget.

1. Increase awareness of assigned labor laws by collaborating with employers, government agencies, and other stakeholders to develop and produce informational materials; conducting workshops and

participating in seminars; and conducting random compliance checks in order to promote voluntary compliance.

2. Investigate and hear complaints and appeals relating to violations of unpaid wages, minimum wage, overtime, prevailing wages, work injury termination, family leave, child labor, and other assigned laws.

II. Program Performance Results

A. Discuss the performance results achieved by each Program in FY 2006.

In FY 2006, the program conducted 597 investigations and found \$222,136 in back wages for 338 employees. The program took in 576 new complaints and held 114 hearings on work injury termination complaints and on appeals of Chapter 104 notices of violation. The program issued 12,354 minors' work permits, special minimum wage certificates, and pay exceptions.

Throughout FY 2006, the program endeavored to develop collaborative relationships with private and public sector organizations to leverage limited resources in order to achieve its objectives.

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

These results relate to the Quality of Worklife initiative of the department by ensuring and protecting the lawful rights and benefits of workers.

C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.

In addition to measures of effectiveness, statistical monthly and annual reports of program activities and objectives and periodic review of the strategic plan measure program performance results.

The program restored its program-initiated random compliance checks and child labor outreach activities, which had been curtailed in previous years due to limited resources. The current tight labor market resulted in a decrease in complaints filed, which has enabled the program to improve timeliness in conducting investigations and collecting back pay owed to workers. Implementation of an online child labor registration

system improved program efficiency and customer satisfaction.

D. Discuss actions taken by each Program to improve its performance results.

1. Developed web-based child labor registration for 16 and 17 year old workers to obtain work permits online.
2. Developing a Memorandum of Agreement with the Department of Education to coordinate joint enforcement of Chapter 104, HRS.
3. Continuing to upgrade the Program's computer system to improve efficiency and productivity and enhance the case tracking, certification, employer and client information, and statistical reporting applications.
4. Implemented a strategic plan with specific goals and objectives and periodic evaluations to measure progress.
5. Continued to review policies and procedures to streamline operations and eliminate duplicate activities.

E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications.

1. Modified program objective to include an employer component.
2. Added two new measures to isolate and more closely monitor the following program activities:
 - Average Time Between Filing Complaint & Findings (Chapter 104, HRS)
 - Child Labor Violation Rate (per 10,000 minors)
3. Modified complaint rate and average time lapse measures by replacing "Employment Practices" with "Work Injury Termination" for a more accurate description of the program activities.

III. Problems and Issues

A. Discuss Problems and Issues Encountered If Any.

The Wages and Hours of Employees on Public Works Law,

Chapter 104, HRS, continues to provide diverse challenges. Keeping in touch with all the classifications of those who are laborers and mechanics on public works projects, both union and non-union workers is a tough task. Regular communication with these individuals is essential if the Division is to keep the prevailing area practice and prevailing wages up to date.

The prevailing rates for most classifications have not been surveyed in the State by the federal government or by the State in many years. In the past, determining prevailing wages as the law requires, has been a costly expense. Because the law requires that our wages "be not less than wages payable under federal law"¹, the Department has used these federal figures without substantiation that these are prevailing wages as matter of efficiency and cost.

With the introduction of web-based technology, this survey process could be much cheaper and easier. Working with the Research and Statistics Office the Wage Standards Division could implement a new web-based survey system as a method to provide real information about the workers in the State. This would also create a network of connection with mechanics and laborers across the State.

B. Program Change Recommendations to Remedy Problems

There are two things that could make this happen: (1) Funding for equipment and temporary personnel to build the program; and (2) A reporting requirement for companies eligible to bid on public works projects.

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.

None

IV. Expenditures for Fiscal Year 2006-2007

¹ Section 104-2(b)(2), Hawaii Revised Statutes

	Acts 178/05,160/06 FY 2006 - 2007	Collective * Bargaining	Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count	24.50			24.50	24.50
Personal Services	\$ 1,188,493	\$ 74,214		\$ 1,262,707	\$ 1,224,040
Current Expenses	37,895			37,895	23,431
Equipment					
Motor Vehicles					
Total	\$ 1,226,388	\$ 74,214	\$ -	\$ 1,300,602	\$ 1,247,471
Less:					
Pos. Count					
Special Fund					
Pos. Count					
Federal Fund					
Pos. Count					
Other Funds	\$ 53,131			\$ 53,131	-
Pos. Count	24.50			24.50	24.50
Gen. Fund	\$ 1,173,257	\$ 74,214		\$ 1,247,471	\$ 1,247,471

* No Transfer In/Out

A. Explain all transfers within the Program I.D. and its impact on the Program.

None

B. Explain all transfers between Program IDs and its impact on the Program.

None

C. Explain all restrictions and its impact on the Program.

None

V. Biennium Budget Request for FY 2008 - FY2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY2008-FY2009
Pos. Count	24.50	24.50	24.50
Personal Services	\$ 1,271,725	\$ 1,271,725	\$ 2,543,450
Current Expenses	37,895	37,895	75,790
Equipment			
Motor Vehicles			
Total	\$ 1,309,620	\$ 1,309,620	\$ 2,619,240
Less:			
Pos. Count			
Special Fund			
Pos. Count			
Federal Fund			
Pos. Count			
Other Funds	\$ 53,131	\$ 53,131	\$ 106,262
Pos. Count	24.50	24.50	24.50
Gen. Fund	\$ 1,256,489	\$ 1,256,489	\$ 2,512,978

A. Workload or Program Request

1. Description of request, reason for the request, and desired outcomes or objectives to be accomplished.

None

2. Listing/description of positions requested, and funding requirements by cost category and source of funding.

None

3. For all lump sum requests, please provide a 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

VI. Identify restrictions carried over from FY 2006-2007 as well as additional restrictions due to Department of Budget and Finance's budget ceilings for FY2008-FY2009.

- A. Description of the reduction, the reasons for the reduction and the impacts to the objectives to be accomplished by the program.**

None

- B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.**

None

VII. Capital Improvement Request for FY2008-FY2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None

Program Structure Number: 020203

Program ID and Title: LBR 153, Hawai`i Civil Rights Commission

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

The State Constitution mandates that no person shall be discriminated against in the exercise of their civil rights. The Hawai`i Civil Rights Commission enforces state law prohibiting discriminatory practices in employment, housing, public accommodations, and access to services receiving state financial assistance pursuant to Hawai`i Revised Statutes Chapters 368, 489, 515 and Part I of 378.

B. Description of Program Objectives

1. Receive, investigate, and conciliate complaints alleging any unlawful discriminatory practices in employment, housing, public accommodations, and access to State-funded services.
2. Hold contested case hearings on complaints alleging unlawful practices where conciliation efforts are inappropriate or unsuccessful, and order appropriate legal and equitable relief or affirmative action when a violation is found.
3. Commence action in circuit court to seek appropriate relief including the enforcement of any Commission order.
4. Issue publications and results of investigations and research to promote goodwill and minimize or eliminate discrimination in employment, housing and public accommodations.

A Summary of the Objectives and Activities as Discussed in the Multi-Year Program and Financial Plan.

The objectives and activities discussed in the Multi-Year and Financial Plan for the FY 2007 - FY 2008 Biennium are substantially the same as those stated in

I.A. AND I.B. above.

C. Explain how your Program intends to meet its objectives within the Biennium Budget.

The HCRC will continue to meet its statutory mandate under HRS § 368-3, to receive, investigate, conciliate and hold contested case hearings on complaints alleging unlawful discriminatory practices under Chapter 489 (public accommodations), Chapter 515 (housing), Part I of Chapter 378 (employment practices), and § 368-1.5 (state and state-funded services).

The HCRC will meet its mandate by litigating cases where there has been a determination of reasonable cause and conciliation efforts are unsuccessful.

II. Program Performance Results

A. Discuss the performance results achieved by each Program in FY 2006.

In addition to program measures of effectiveness¹, review and evaluation of other measures are considered to determine whether the program is meeting its objectives. These measurements include: cases processed through intake; cases in investigation (backlog or inventory); cases mediated², settled, or conciliated, and the relief secured; investigations resulting in cause determinations; cases docketed for hearing, hearings conducted, and Commission final decision and orders; Commission final determinations upheld by the Courts on appeal. In addition, the HCRC conducts ongoing public education and outreach efforts.

During FY 2006, ending June 30, 2006, the HCRC performed the following toward meeting its objectives: conducted 679 intake interviews, which led to the filing of 595 complaints³; closed 375 cases; maintained an investigation caseload of 329 cases at the end of the year; negotiated or conciliated settlements resulting in monetary relief in excess of \$505,000 and affirmative relief (including reinstatement, hiring,

¹% Employment Discrimination Investigations Completed within 1 year; % Fair Housing Discrimination Investigations Completed within 150 days; % Public Accommodations Discrimination Investigations Completed within 1 year; % State Services Discrimination Investigations Completed within 1 Year.

²The HCRC implemented its voluntary mediation program in September 1998.

³Includes 254 dual-filed cases assigned for investigation by EEOC or HUD.

training and changes in discriminatory policies); docketed five cases for hearing.

The HCRC continues to encourage and offer voluntary mediation in employment discrimination cases. During FY 2006, the HCRC's voluntary mediation program completed its seventh year of operation, working with the Mediation Centers of Hawai'i and community mediation centers on Oahu, Hawai'i, Maui, and Kauai. 16 cases settled in mediation for monetary relief exceeding \$159,000.

During FY 2006, the HCRC Commission and staff participated in numerous public education forums and campaigns, conducted training for a wide variety of professional, business, and labor groups. In March 2006, the HCRC held its annual public training at the Hawai'i Convention Center, for the first time incorporating an advanced training in addition to its regularly offered basic training. At that training, the HCRC screened its newly produced pregnancy discrimination video, the first in a planned series of training videos.

The HCRC's comprehensive website greatly increases public access to HCRC statutes, rules, case law, procedures, forms, annual reports commission meeting agendas and press releases. During FY 2006, the HCRC webpage (<http://dlir.state.hi.us/divisions/hcrc/>) registered more than a million hits.

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

The mission of the HCRC is to eliminate discrimination through enforcement of anti-discrimination laws and education. Although the effectiveness of the HCRC cannot be measured exclusively in quantitative terms, these measures evidence how the HCRC's enforcement, litigation, and education efforts meet the program's objectives.

C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.

During the past fiscal year, HCRC investigators accepted an average of 50 complaints per month,

compared to 51 in the previous fiscal year, and closed an average of 31 cases per month, compared to 32 in the previous fiscal year. There were 36 cause determinations and 74 negotiated or conciliated settlements during the past fiscal year, compared to 38 cause determinations and 69 settlements the previous fiscal year. During the past fiscal year, case closures averaged 481 days per closure, compared to the previous fiscal year average of 545 days per closure, both reflecting successful concerted efforts to close oldest cases.

Although the effectiveness of the HCRC cannot be measured in exclusively quantitative terms, these measures evidence how the HCRC's enforcement efforts meet the program's objectives.

D. Discuss actions taken by the Program to improve its performance results.

Investigation caseload has been a major HCRC concern over the years, with a peak of more than 620 open cases in the caseload inventory at the end of FY 1997 and FY 1998. Since then, the HCRC has successfully focused its efforts on reducing the investigation caseload inventory so that there were 329 open cases at end of FY 2006.

A lower case inventory has allowed the HCRC to reduce the time it takes to investigate complaints, by targeting oldest cases for closure. During FY 2006 the HCRC continued to improve its efficiency without sacrificing effective law enforcement. Initially, the HCRC worked towards two targets adopted in FY 2004-2005: 1) completing the investigation of all cases filed before 2003 by June 30, 2005; and 2) completing the investigation of all cases filed before 2004 by December 31, 2005. A third target was adopted, providing for 80% of all complaints filed in 2004 to be closed (investigation completed) within 18 months, and 90% within 24 months. This third target was subsequently modified to set a goal of closing (investigation completed) 100% of all complaints filed in 2004 by September 30, 2006. These targets were the first steps in an incremental approach towards completing all investigations first within three years,

then within two years of the filing of a complaint. The goal of this incremental approach is to reduce the length of time to investigate all complaints to an ideal of 18 months.

E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications.

The HCRC has modified its program performance measures by:

Revising the measure of effectiveness relating to investigation of housing discrimination complaints to read: "Percent housing discrimination complaints completed within [200] 150 days." This reflects successful efforts to reduce the length of time to investigate housing discrimination complaints.

Adding to the HCRC's enumerated program activities the number of employers, landlords, renters, real property sellers and buyers, realtors and real estate agents, architects, operators of public accommodations and their customers, and other members of the public who attend or participate in HCRC public education outreach. This reflects the high priority of HCRC public education activities.

Adding to the HCRC's enumerated program activities the number of cases referred to and settled in mediation. This reflects the high priority of the HCRC's voluntary mediation program.

III. Problems and Issues

A. Discuss Problems and Issues Encountered If Any.

(1) Problems and Issues Relating to Case Backlog and Enforcement Resources

Case backlog and enforcement resources have been a major concern since the HCRC began its operations on January 2, 1991 with a transferred backlog of 266 employment discrimination cases. In 1989, the Legislative Auditor recommended an optimum caseload of 30 cases per investigator.⁴ As of June 30, 1998,

⁴ "A Study on Implementation of the Civil Rights Commission for the State of Hawai'i" (Report No. 89-9, January 1989).

there were 623 cases pending in investigation, an average of 62 cases per each of the ten HCRC line investigators. Through concerted efforts at backlog reduction, including the implementation of priority complaint processing and voluntary mediation, the case inventory has been maintained at a more manageable level, down to 329 cases at the end of FY 2006, allowing for more effective use of resources.

While the HCRC case inventory has been reduced to a manageable level, the current caseload includes a higher percentage of complex cases requiring more investigation resources to process.

- (2) Impact of the Supreme Court of Hawai'i decision in In SCI Management L.P. v, Sims, 101 Hawai'i 438, 71 P.3d 389 (June 18, 2003).

In SCI, the Hawai'i Supreme Court vacated a circuit court's decision which held that HRS § 368-12 was unconstitutional because it violated a respondent's right to equal protection by denying their right to jury trial.

However, the Court ruled that a respondent must be given the right to a jury trial if the HCRC final decision awards legal remedies (including compensatory and punitive damages) to the complainant after a contested case hearing. A respondent can then file a request for jury trial with the circuit court and get a de novo jury trial. If legal remedies are not awarded, the final decision will be reviewed by the circuit court as set forth under existing law and neither party will be entitled to a jury trial. The effect of the Supreme Court's decision is that the HCRC administrative hearing process remains unchanged, but if a case is appealed to circuit court, respondents may be entitled to a jury trial if the HCRC awards legal remedies.

B. Program Change Recommendations to Remedy Problems

- (1) Implementation of changes in charge processing and voluntary mediation

The HCRC has implemented targets and standards that address and shorten the length of time to

investigate. This is the most recent in a series of changes implemented to improve investigation and charge processing, including: priority complaint processing, specialization among investigators, an early stage voluntary mediation program, and on-going comprehensive investigator training.

(2) Increased public education and outreach

The HCRC Commissioners have identified public outreach and preventative education as a priority, and staff has focused more attention and resources to these ongoing efforts. This remains a largely unfunded priority. Within fiscal constraints, the HCRC has updated its informational flyers, produced new multi-lingual materials, and updated and improved its comprehensive website. The HCRC's comprehensive website (<http://dlir.state.hi.us/divisions/hcrc/>) greatly increases public access to HCRC statutes, rules, case law, procedures, forms, Commission meeting agendas, and press releases.

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.

In order to operate at a higher efficiency level, and to meet minimum specifications for use of internet-based federal agency databases, the HCRC has been required to replace its obsolete computer system, including a server, desktops, and software.

In order to implement improvements to the HCRC's investigation and charge processing, voluntary mediation program, and litigation and conciliation of cause cases, the legislature added three additional positions for FY 2007, an Investigator IV, an Attorney-Mediation Coordinator, and a Legal Assistant. A request for authorization to establish and fill these positions has been approved, and the HCRC will complete the recruitment and selection process. These additional personnel resources should allow the HCRC to continue planned implementation of program improvements.

IV. Expenditures for FY 2006-2007

	Acts 178/05,160/06 FY 2006 - 2007	Collective * Bargaining	Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count	30.00			30.00	30.00
Personal Svcs	\$ 1,683,973	\$ 102,339		\$ 1,786,312	\$ 1,786,312
Current Exp	143,969			143,969	143,969
Equipment					
Motor Vehicles					
Total	<u>\$ 1,827,942</u>	<u>\$ 102,339</u>	<u>\$ -</u>	<u>\$ 1,930,281</u>	<u>\$ 1,930,281</u>
Less:					
Pos. Count					
Special Fund					
Pos. Count	5.50			5.50	5.50
Federal Fund	545,706	37,100		582,806	582,806
Pos. Count					
Other Funds					
Pos. Count	24.50			24.50	24.50
Gen. Fund	1,282,236	65,239		1,347,475	1,347,475

* No Transfer In/Out

A. Explain all transfers within the Program ID and its impact on the Program.

None

B. Explain all transfers between Program IDs and its impact on the Program.

None

C. Explain all restrictions and its impact on the Program.

None

V. Biennium Budget Request for FY2008 - FY2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY2008-FY2009
Pos. Count	30.00	30.00	30.00
Personal Services	\$ 1,801,398	\$ 1,801,398	\$ 3,602,796
Current Expenses	143,969	143,969	287,938
Equipment			
Motor Vehicles			
Total	\$ 1,945,367	\$ 1,945,367	\$ 3,890,734
Less:			
Pos. Count			
Special Fund			
Pos. Count	5.50	5.50	5.50
Federal Fund	589,964	589,964	1,179,928
Pos. Count			
Other Funds			
Pos. Count	24.50	24.50	24.50
Gen. Fund	1,355,403	1,355,403	2,710,806

A. Workload or Program Request

- 1. Description of request, reason for the request, and desired outcomes or objectives to be accomplished.**

Additional federally funded staff to process cases filed with the United State Equal Employment Opportunity Commission (EEOC) and United States Department of Housing and Urban Development (HUD).

- 2. Listing/description of positions requested, and funding requirements by cost category and source of funding.**

Positions	MOF	FTE (P)	Amount
(30354) Investigator IV, SR22	N	0.50	22,806
(47920) Clerk Typist III, SR10	N	0.50	12,828
(4792) Clerk Typist III, SR10	N	0.50	13,326

Program Structure Number:020301

Program ID and Title: LBR 161, Hawaii Labor Relations Board

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

To ensure the just administration of the laws governing collective bargaining in the public and private sectors, pursuant to Hawaii Revised Statutes (HRS) Chapters 89 and 377.

To promptly and fairly decide contests from the citations and orders of the Director of Labor and Industrial Relations relating to Occupational Safety and Health, pursuant to HRS Chapter 396.

B. Description of Program Objectives

1. Fairly conduct hearings and promptly decide prohibited practice and unfair labor practice complaints.
2. Provide impasse assistance where necessary.
3. Conduct representation proceedings and elections of exclusive representatives (certification, decertification, and amendment or clarification of appropriate bargaining units).
4. Determine the appropriateness of refunds of union dues to nonmember employees.
5. Fairly conduct hearings and promptly decide contests involving occupational safety and health issues.
6. Issue declaratory rulings on the applicability of statutes, rules, or orders of the Board to specific factual contexts.
7. Appear in court to defend its decisions and orders on appeal.

A Summary of the Objectives and Activities as Discussed in the Multi-Year and Financial Plan.

A primary objective of the Board is to enforce and protect the rights of employees and unions to organize

and bargain collectively in balance with the employer's rights to manage operations as provided by HRS Chapters 89 and 377 by resolving disputes brought before it in a fair and timely manner.

The Board also strives to ensure the right of workers to a safe and healthful work environment and encourage employer and employee efforts to reduce injury and disease arising out of employment by fairly resolving contests from citations and decisions of the Director of Labor and Industrial Relations pursuant to HRS Chapter 396, Occupational Safety and Health.

C. Explain how the Program intends to meet its objectives within the Biennium Budget.

The Board strives to conduct its hearings and other proceedings, such as representation elections and impasse proceedings, objectively and to render credible and reliable decisions. The Board also reviews its performance and strives to improve the quality and timeliness of its decisions and orders through the efforts of its members and staff.

II. Program Performance Results

A. Discuss the performance results achieved by each program in FY 2006.

During FY 2006, the Board conducted 50 pre-hearing or status conferences, 26 motions hearings, and 36 days of hearings on the merits of the contested cases before it. The Board closed 62 cases and 50 decisions and orders or 79% were rendered within 30 days of the closing of the record in each case. In addition, the Board was party to 16 court appeals or proceedings and was affirmed in 63% of the appeals in the circuit court or the Supreme Court.

The percentage of cases resolved within 30 days reflects the Board's and staff's efforts to dispose of pending cases either by decision or settlement. The percentage of cases resolved in a timely manner has increased from previous years. The percentage of cases upheld on appeal also varies depending on which cases are considered and decided by the appellate courts. This percentage has remained fairly constant.

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

The Board administers the laws regulating employee relations in the public sector of Hawaii and the

private sector which is not within the jurisdiction of the National Labor Relations Board. In addition, the Board decides contests arising from the decisions of the Director of Labor and Industrial Relations involving occupational safety and health. Thus, the efficiency of the Board in rendering credible decisions and orders resolving labor-management disputes and defining the rights of the employees, employers and the unions as well as in ensuring a safe working environment is critical in achieving good labor-management relations, workplace safety, and in promoting the Department of Labor and Industrial Relations' objective of improving the quality of worklife for Hawaii's workers.

- C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.**

The effectiveness of the program is measured by the percentage of cases resolved within 30 days, and the percentage of cases which are upheld on appeal. In FY 2005, the percentage of cases resolved within 30 days was 66%. During FY 2006, the percentage of cases resolved within 30 days was 79% indicating that the Board's performance improved during the past year. In FY 2006 the percentage of cases upheld on appeal was 63%. While the Board did not previously keep this statistic, the percentage of cases upheld on appeal appears to be fairly constant.

- D. Discuss actions taken by each Program to improve its performance results.**

In order to increase the number of cases resolved and decrease the amount of time required to render decisions, cases are assigned to individual Board members who preside over the hearings.

- E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications.**

None

III. Problems and Issues

- A. Discuss Problems and Issues Encountered if Any.**

None

- B. Program Change Recommendations to Remedy Problems**

None

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

None

IV. Expenditures for Fiscal Year 2006-2007

	Acts 178/05,160/06 FY 2006 - 2007	Collective * Bargaining	Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count	1.00			1.00	1.00
Personal Services	\$ 376,880	\$ 7,815		\$ 384,695	\$ 384,695
Current Expenses	44,836			44,836	44,836
Equipment					
Motor Vehicles					
Total	<u>\$ 421,716</u>	<u>\$ 7,815</u>		<u>\$ 429,531</u>	<u>\$ 429,531</u>
Less:					
Pos. Count					
Special Fund					
Pos. Count					
Federal Fund					
Pos. Count					
Other Funds					
Pos. Count	1.00			1.00	1.00
Gen. Fund	\$ 421,716	\$ 7,815		\$ 429,531	\$ 429,531

* No Transfer In/Out

- A. Explain all transfers within the Program ID and its impact on the Program.

None

- B. Explain all transfers between Program IDs and its impact on the Program.

None

C. Explain all Restrictions and its Impact on the Program.

None

V. Biennium Budget Request for FY 2008 - FY 2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY2008-FY2009
Pos. Count	1.00	1.00	1.00
Personal Services	\$ 421,583	\$ 421,583	\$ 843,166
Current Expenses	44,836	44,836	89,672
Equipment			
Motor Vehicles			
Total	<u>\$ 466,419</u>	<u>\$ 466,419</u>	<u>\$ 932,838</u>
Less:			
Pos. Count			
Special Fund			
Pos. Count			
Federal Fund			
Pos. Count			
Other Funds			
Pos. Count	1.00	1.00	1.00
Gen. Fund	\$ 466,419	\$ 466,419	\$ 932,838

A. Workload or Program Request

1. Description of request, reason for the request, and desired outcomes or objectives to be accomplished.

None

2. Listing/description of positions requested, and funding requirements by cost category and source of funding.

None

3. For all lump sum requests, please provide a 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

- VI. Identify restrictions carried over from FY 2006-2007 as well as additional reductions due to the Department of Budget and Finance's budget ceilings for FY 2008-FY2009.

A. Description of the reduction, the reasons for the reduction and the impacts to the objectives to be accomplished by the program.

None

B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

VII. Capital Improvement Request for FY2008-FY2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None

Program Structure Number: 020103

Program ID and Title: LBR171, Unemployment Insurance

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

To alleviate the economic hardships that result from loss of wage income during periods of involuntary unemployment.

B. Description of Program Objectives

1. Collection of contributions from subject employers to finance the payment of benefits.
2. Payment of benefits to eligible persons who are unemployed.

A Summary of the Objectives and Activities as Discussed in the Multi-Year and Financial Plan.

The activities to carry out the program objective to alleviate economic hardships of the unemployed are continuously monitored through federal measurements and standards. Emphasis will be placed on key components such as prompt benefit payments, elimination of deficiencies in the claims adjudication process, registration of subject employers, tax collection and reduction of tax delinquency, and strengthening management and the organization.

C. Explain how the Program intends to meet its objectives within the Biennium Budget.

The Unemployment Compensation program intends to meet its objectives by continuing to incorporate state-of-the-art technology and automation into its processes. The program will also continue to embrace the principle of making continuous improvements with particular emphasis on improving customer services.

II. Program Performance Results

- A. Discuss the performance results achieved by the Program in FY 2006.

The Unemployment Compensation program is evaluated by the U.S. Department of Labor (USDOL) for initial claims promptness as its primary performance measurement. The USDOL's standard is for the full payment of unemployment compensation to eligible claimants with the greatest promptness that is administratively feasible. The criteria used to determine whether there has been substantial compliance with this standard is that a minimum of 87% of first payments to intrastate claimants are made within 14 days of the first compensable week ending date and 93% within 35 days and 70% of first payments to interstate claimants are made within 14 days of the first compensable week ending date and 78% within 35 days.

In FY 2006, the UI Division's performance exceeded all initial claims promptness standards. The performance results of the initial claims promptness are as follows:

	<14 days	<35 days
Intrastate claimants FY 2006	90%	98%
Interstate claimants FY 2006	82%	93%

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

By achieving the USDOL's standard, eligible claimants will receive much needed financial assistance in a timely manner, thereby promoting the Department's mission of providing for the economic security and economic well-being of Hawaii's workers.

- C. **Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.**

The effectiveness of the program is measured not only on how it achieves the USDOL initial claims promptness standards, but also on the accuracy of benefit payments that are paid to claimants. The UI Division operates a

federally mandated quality control program which assesses the accuracy and appropriateness of unemployment compensation (UC) benefit payments. The accuracy measurement derived from this program is based on the premise that data from a statistically representative sample of claims can provide reliable information. Each week, a random sample of claims are reviewed using a strict methodology and an investigative process which includes in-depth interviews with the claimants, employers, unions, and other parties who impact the payment of benefits. Based on the results of the reviews, the UI Division is able to produce reliable estimates and projections as to the accuracy of UC benefit payments. During the calendar year ended December 31, 2005, the results of the quality control reviews revealed that 92.0% of the benefit payments were paid correctly. Partial results for the calendar year ended December 31, 2006 indicate that 90.0% of the benefit payments were paid correctly.

D. Discuss actions taken by each Program to improve its performance results.

The UI Division used federal grants to incorporate internet technology into its employer registration, quarterly wage reporting, contribution report filing and tax payment functions. The internet employer registration and quarterly wage reporting systems were implemented in 2005 while the internet quarterly employer contribution report filing and tax payment systems were implemented in October 2006. An extensive employer education program to maximize usage of our internet systems was also implemented in 2005. As a result, over 5,100 employers filed their quarterly wage records and nearly 1,300 employers paid over \$1.1 million in contributions and assessments for the quarter ended September 30, 2006. The UI Division intends to continue its employer education efforts in order to increase employer usage of the internet systems.

E. Identify all modifications to your program's performance measures and discuss the rationale for the modifications.

None

III. Problems and Issues

A. Discuss Problems and Issues Encountered If Any.

Low Unemployment/Budget Constraints -- continuing low unemployment, although a plus for the economy and business/labor, translates to decreased federal administrative funds. Despite low staffing, the UI program has been able to meet federally established performance standards in both tax and benefit activities due to the UI interactive voice response (IVR) system and low staff turnovers. However, many baby-boomers retired at the end of 2006 and as more are planning to retire in the next few years, not only will experience and institutional knowledge be lost but the learning curves for their replacements will probably result in lower performance results. Also, how many replacements can be hired is questionable due to budget restraints.

Hiring of essential positions, cross training and consolidating functions are now taking place to address the lack of staff. We have also been pursuing internet projects, such as the HUI Express, as a convenient, efficient alternative to current labor-intensive practices. As a last resort, it may be necessary to review justification for some local offices.

Efforts have been made and will continue to be made to apply for special federal grants made available by the USDOL to increase the base UI funding. We have received over \$276,000 in Reemployment and Eligibility Assessment (REA) funding in 2005 and 2006 to conduct interviews of 10,000 claimants each year. The REA program focuses on those claimants likely to exhaust UI benefits and assisting in their return to work. IT grants to improve computer security have also been received over the years.

Trade Readjustment Assistance (TRA)/Disaster Unemployment Assistance (DUA) -- Del Monte Corporation laid off over 500 workers, who may be eligible for TRA benefits and DUA has been approved for Hawaii (pending for Maui). The current UI automated system cannot accommodate the processing and payment for DUA and TRA benefits; therefore, they must be handled manually. The TRA/DUA manual processing issue is symptomatic of the greater problem of an aging UI computer system, which cannot be easily modified to incorporate new requirements mandated by law or to correct system limitations. A redesign of our benefit system must be addressed in the near future to be more inclusive and flexible.

B. Program Change Recommendations to Remedy Problems

None

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

None

IV. Expenditures for Fiscal Year 2006-2007

A. Explain all transfers within the Program ID and its

	Acts 178/05,160/06 FY 2006 - 2007	Collective Bargaining	* Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count	218.30			218.30	218.30
Personal Svcs	\$ 12,839,354	\$ 748,459		\$ 13,587,813	\$ 13,587,813
Current Exp	168,598,498			168,598,498	107,160,187
Equipment					
Motor Veh					
Total	\$ 181,437,852	\$ 748,459	\$ -	\$ 182,186,311	\$ 120,748,000
Less:					
Pos. Count					
Special Fund	166,626,650			166,626,650	105,188,339
Pos. Count	218.30			218.30	218.30
Federal Fund	14,811,202	748,459		15,559,661	15,559,661
Pos. Count					
Other Funds					
Pos. Count					
Gen. Fund					

*No Transfers In/Out

impact on the Program.

None

B. Explain all transfers between Program IDs and its impact on the Program.

None

C. Explain all restrictions and its impact on the Program.

None

V. Biennium Budget Request for Fiscal Year 2008-2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY2008-FY2009
Pos. Count	207.50	207.50	207.50
Personal Services	\$ 12,887,827	\$ 12,887,827	\$ 25,775,654
Current Expenses	168,538,498	168,538,498	337,076,996
Equipment			
Motor Vehicles			
Total	<u>\$ 181,426,325</u>	<u>\$ 181,426,325</u>	<u>\$ 362,852,650</u>
Less:			
Pos. Count			
Special Fund	166,626,650	166,626,650	333,253,300
Pos. Count	207.50	207.50	207.50
Federal Fund	14,799,675	14,799,675	29,599,350
Pos. Count			
Other Funds			
Pos. Count			
Gen. Fund			

A. Workload or Program Request

- Description of request, reason for the request, and desired outcomes or objectives to be accomplished.**

Transfer-out ESARO's budget to LBR 871/LB due to change in program structure.

- Listing/description of positions requested, and funding requirements by cost category and source of funding.**

Pos No.	MOF	Position	FTE(P)	Amount
04552	N	Empl. Sec. Appeals Referee	(1.00)	(51,552)
04551	N	Empl. Sec. Appeals Referee	(1.00)	(60,288)
06277	N	Secretary II	(1.00)	(43,092)
23743	N	Empl. Security Appeals Officer	(1.00)	(86,856)
24243	N	Clerk Typist II	(1.00)	(22,152)
25576	N	Clerk Typist II	(.25)	(22,152)
26207	N	Clerk Typist II	(1.00)	(32,616)
26913	N	Empl. Sec. Appeals Referee	(.25)	(25,218)
26914	N	Empl. Sec. Appeals Referee	(.50)	(25,218)
27970	N	Clerk Typist II	(1.00)	(22,152)
27971	N	Empl. Sec. Appeals Referee	(.30)	(47,892)

27972	N	Empl. Sec. Appeals Referee	(.50)	(47,892)
28095	N	Empl. Sec. Appeals Referee	(1.00)	(68,172)
28284	N	Empl. Sec. Appeals Referee	(1.00)	(47,892)
	N	Fringe Benefits (40%)		(241,258)
	N	Subtotal Personal Services Costs	(10.80)	(844,402)

Line	Item	MOF	Other Current Expenses	
3200		N	Office Supplies	(2,500)
3800		N	Telephone	(2,900)
4200		N	Travel, Intra-State	(10,680)
5500		N	Premises rent	(24,725)
5600		N	Equipment rental	(9,900)
5800		N	Equipment Maintenance	(800)
7100		N	Service	(4,300)
7200		N	Miscellaneous	(4,195)
		N	Subtotal Other Current Expenses	(60,000)
		N	Total Request	(904,402)

3. For all lump sum requests, please provide a 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

VI. Identify restrictions carried over from FY 2006-2007 as well as additional reductions due to the Department of Budget and Finances budget ceilings for FY 2008-FY 2009.

A. Description of the reduction, the reasons for the reduction, and the impacts to the objectives to be accomplished by the program.

None

B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

VII. Capital Improvement Request for FY 2008-FY 2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None

Program Structure Number: 020204

Program I.D. and Title: LBR 183, Disability Compensation

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

To alleviate the economic hardships that result from the loss of wage income due to work or non work-connected disability and provide vocational rehabilitation opportunities and incentives for industrially injured workers. This objective includes: 1) ensuring timely provision of benefits to injured workers; 2) resolving disputes in a fair and timely manner; 3) ensuring provision of reasonable, necessary and timely medical care to workers; and 4) assisting workers to return to work.

B. Description of Program Objectives

1. Monitor employer compliance with disability insurance laws to ensure employees are being afforded required coverage.
2. Process Workers' Compensation (WC) cases to ensure claimants are receiving benefits they are entitled to.
3. Conduct hearings to determine benefit entitlements to claimants.
4. Provide vocational rehabilitation opportunities to WC claimants.
5. Monitor health care providers and treatment plans to ensure care and services are necessary and appropriate.
6. Review Prepaid Health Care plans to ensure statutory standards are met.

A Summary of the Objectives and Activities as Discussed in the Multi-Year Program and Financial Plan.

See paragraph I.A. (Summary of Program Objectives) and paragraph II.A. (Performance Results).

C. Explain how the Program intends to meet its objectives within the Biennium Budget.

This program will meet its objectives by continuing to:

- Improve the division's information systems to facilitate timely, quality customer service;
- Improve programs by clarifying objectives and eliminating ineffective and unnecessary bureaucracies;
- Empower employees to participate in creation of the division's vision and improvements;
- Provide employees with tools and training to enable optimal performance; and
- Provide customers with information to facilitate their positive participation in DCD program activities.

II. Program Performance Results

A. Discuss the performance results achieved by each Program in FY 2006.

Efforts to alleviate economic hardships resulting from work and non-work disabilities include ensuring employers meet disability coverage requirements and that disability benefits are being paid.

The DCD conducts investigations, audits, and plans review to ensure employers meet their coverage requirements. Employer investigations decreased to 22,836 in FY 2006, because of procurement law changes that lowered the investigation threshold which reduced the number of investigations required of companies requesting to do business with the state and counties of Hawaii. Employer audits remained relatively constant at 1,259 in FY 2006. The number of disability plans reviewed increased to 11,332 in FY 2006 due to temporarily filling vacant clerical positions that prepare the plans for review. The number of newly registered employers remained fairly constant at 4,905 in FY 2006. Total employers subject to DCD disability laws remained relatively constant at 31,900.

The DCD's efforts to ensure claimants receive their disability benefits are reflected in claims, hearings, and decisions statistics. The number of new workers' compensation (WC) claims decreased to 28,011 in FY 2006, reflecting the effectiveness and success of employer safety programs. The number of cases closed by the division decreased slightly to 30,585 in FY 2006. WC hearings increased to 2,953 in FY 2006, due to the division's efforts to expedite scheduling of hearings and efforts to reduce the number of postponements. WC decisions remained fairly constant at 11,056. Over 99% of WC decisions were rendered within the 60-day

statutory requirement. Finally, the number of WC claimants referred to vocational rehabilitation training dipped slightly to 422 in FY 2006.

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

The mission of the department is carried out through the department's primary goal of assuring the quality of worklife for workers through economic security and physical well-being. The division's WC, TDI, and PHC programs were established to meet this end.

- Investigating, auditing, registering subject employers, and plans review, are all efforts which monitor employer compliance with disability insurance laws to ensure the workforce is covered in the event employees become disabled.
- Processing WC cases and closing/reviewing claims ensure claimants receive benefits they are entitled to.
- Conducting hearings and rendering decisions establishes benefit entitlements to claimants.
- Providing vocational rehabilitation opportunities and monitoring health care and treatment plans directly relate to the corresponding program objectives.

C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.

The effectiveness of the program is gauged by such measures of effectiveness as:

- The percentage of subject employers in compliance with workers' compensation, temporary disability insurance, and prepaid health care laws, which remained fairly constant (82% vs. 80% in FY 2005 and FY 2006); and
- The percentage of complaints to claims made under the WC program, which remained fairly constant (0.6% vs. 0.3% in FY 2005 and FY 2006) as did the TDI program (0.6% vs. 0.7% during that same period).

- The following means are also used to measure the effectiveness of the WC, Temporary Disability Insurance (TDI), and Prepaid Health Care (PHC) programs:
 - (1) Backlog of branch operations (such as claims processing, case filing, decision rendering, stipulation processing, hearing case review, and hearings scheduling). Operations backlog and timeliness of response to complaints and inquiries indicate the division's ability to maintain adequate levels of service to the public and thus ensure that economic hardships of the workers are being alleviated.
 - WC operations, which includes claims processing, filing, case review, hearings, and decision rendering have remained current throughout the past fiscal years. A backlog in WC billing dispute resolution (6 months) exists due to the lack of clerical support in that branch. A 2.5-month backlog in hearings scheduling is due to 50% of the clerical services unit's staff retiring this past year.
 - TDI and PHC operations that include the processing of TDI and PHC coverage documents, TDI Special Fund claims processing, hearings support, and decision rendering, were backlogged five months primarily due to the vacancy of two of the three clerical positions and the supervisor position.
 - The audit section's backlog remained constant at ten weeks throughout FY 2006.
 - (2) Timeliness of response to public inquiries and requests for assistance.
 - Timeliness of responses to public inquiries and complaints to the Enforcement Branch and Facilitator Section remained constant at just under three days throughout the past fiscal year.

- (3) Workers' Compensation costs. The cost of WC is one measure of whether cost-cutting measures and legislation are effective and whether the WC program is being administered in an effective and efficient manner.
 - Workers' Compensation costs decreased by \$20,510,880 or 7.6% from CY 2004 to CY 2005. No data is available yet for CY 2006. The decrease is mainly attributable to a decrease in Temporary Total Disability Costs (\$4.6M), Permanent Total Disability Costs (\$2.1M), Permanent Partial Disability costs (\$3.1M), and Medical costs (\$9.1M). This decrease can be linked to a reduction in the number of days lost (92,626 or 7.8% less in CY 2005).
- (4) Comparison with other states' programs (e.g. cost per claim). Comparison with other states and customer surveys provide external input for improvements to services provided to the public and for objective evaluation of the division's efforts to meet those needs.
 - No data is available at this time.
- (5) Customer surveys (as funding permits).
 - Lack of funding and staff did not permit customers to be surveyed.

D. Discuss actions taken by each Program to improve its performance results.

The following actions have been undertaken by the division to improve performance results:

- (1) Implemented revised administrative processes to streamline office procedures and workflows;
- (2) Streamline and standardize the WC decision format to improve clarity;
- (3) Continuous improvements in communications, office automation, and managerial reporting; and
- (4) Conducted monthly employer orientation workshops to increase employers' awareness of the WC, TDI, and PHC laws and obligations, and to improve employer compliance with these laws.

E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications.

Measures of Effectiveness (MOE)

The following measures were modified in part.

Percentage of complaints relating to payments made within 30 days and compensable claims correctly calculated (workers' compensation).

Rationale: The change replaced the term "on a timely basis" with "within 30 days" to more clearly define "timely basis".

Percentage of complaints relating to insurance coverage, payments made within 10 days and compensable claims correctly calculated (temporary disability insurance and prepaid health care).

Rationale: The term "insurance coverage" was added to reflect the type of complaints included in the MOE.

Rationale: The change replaced the term "on a timely basis" with "within 10 days" to more clearly define "timely basis".

The following measures were added:

Percentage of cases scheduled for hearing within 80 days from request.

Rationale: The measure was added to report how quickly requests for a workers' compensation hearing was scheduled and held within 80 days from request.

Percentage of workers' compensation decisions issued within 60 days of the hearing.

Rationale: The measure was added to report the timeliness of decisions issued by the division.

Percentage of appealed workers' compensation decisions upheld by the labor appeals board compared to total number of decisions heard by the board.

Rationale: The measure was added to report the correctness of decisions rendered by the division.

Target Groups

The following measures were added.

Temporary total disabled workers.

Rationale: The measure was added to report the number of workers' compensation claimants who were temporarily disabled from their jobs.

The following measures were deleted.

Workers' compensation carriers

Rationale: The number of authorized insurance carriers is no longer relevant to the goals and objectives of the division.

Temporary disability insurance carriers

Rationale: The number of authorized insurance carriers is no longer relevant to the goals and objectives of the division.

Program Activities

The following measures were modified in part.

Employer education and employer registrations.

Rationale: The measure was modified to include "employer education" to reflect the work performed by the division to educate employers in the workers' compensation, temporary disability insurance, and prepaid health care programs.

The following measure was deleted.

Insurance transactions

Rationale: This measure is no longer relevant to the goals and objectives of the division.

III. Problems and Issues

A. Discuss Problems and Issues Encountered If Any.

Information Technology Procurement. The DCD continues to upgrade its automation system in order to provide greater flexibility, more timely, and useful information to help the division service the public. One of the DCD's strategies to effect this improvement is to implement upgrades to its automation system which will enhance the efficiency of its programs' operations. In order to facilitate these improvements, a DCD Information Technology Master Plan was initiated and developed in FY 2002 to define the division's

technology direction. The plan contains several projects that collectively represent the vision of the DCD including the following:

- Electronic Data Interchange (EDI) for the Workers' Compensation Forms WC-1 (Report of Injury), WC-2 (Physician's Report), WC-3 (Carrier Report) and WC-36 (Proof of Coverage) Projects;
- Mainframe Migration Project; and
- Electronic Historical Records Project.

Since the initiation of the DCD Information Technology Master Plan, the DCD's computer environment has undergone significant hardware and software upgrades which will provide the foundation for these projects.

The Electronic Data Interchange (EDI) projects will allow insurance carriers and self-insured employers to electronically file its Workers' Compensation forms. Electronic filing will decrease the time it takes to file and transmit the reports, thereby allowing injured workers' claims to be processed more quickly. Furthermore, administrative costs to businesses that are associated with filing paper-based documents will decrease with the adoption of EDI. The DCD has approached and has received the support from numerous insurance carriers for the EDI projects. In addition, enabling health care providers to submit Physician's Reports electronically will reduce their administrative costs.

Minimal funding in FY 2004 allowed DCD to develop Phase I of the Workers' Compensation Form WC-1 EDI (Form WC-1 EDI) Project. Phase I was introduced to provide insurance carriers and self-insured employers with the opportunity to electronically file the Form WC-1 via CDROM or floppy diskette. During FY 2007, the DCD plans to implement Phase II of the Form WC-1 EDI project which will offer electronic submittals of the Form WC-1 via Internet email.

The remaining projects included in the DCD Information Technology Master Plan have been temporarily suspended due to the lack of project funding. In the future, DCD will continue to submit requests for funding to subsidize the costs associated with these projects.

Of greater concern is funding needed (\$188,000) to procure the system maintenance and software support requirements of the existing DCD computing environment in the coming biennium. These requirements will ensure that computers, servers, printers, networking

equipment, storage solutions, operating systems, application programs, and anti-virus protection are maintained to facilitate normal business operations.

If these requirements are not procured, the DCD will continue to provide services to the general public for its Workers' Compensation, Temporary Disability Insurance and Prepaid Health programs. However, system failures will result in the downtime of business operations that will significantly degrade the level of service to the general public.

The division suffers from a serious lack of storage space for its workers' compensation case records. Currently, the division maintains eight years of closed cases on site and is faced with increasing storage requirements for open case files. Neighbor Island offices continue to experience difficulty finding storage facilities.

The division is exploring means to file these records electronically (in word processing and optical format) to reduce the storage requirements. The electronic files will create a less costly and more efficient means to access information from the closed cases.

B. Program Change Recommendations to Remedy Problems

A budget adjustment request of \$78,000 is being submitted to replace computer hardware supporting the Disability Compensation Division. The request will replace 8-year old computer hardware (routers, printers, file servers, and switches) that support the division's automation system.

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 budget request will not cover the remaining \$110,000 needed to contract services to install the hardware, pay for maintenance, and to renew software licenses. The division hopes to utilize in-house personnel to replace and install the new hardware, and to fund the maintenance and software licenses through savings.

IV. Expenditures for Fiscal Year 2006-2007

	Acts 178/05,160/06 FY 2006 - 2007	Collective * Bargaining	Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count	117.00			117.00	117.00
Personal Svcs	\$ 5,443,756	\$ 309,955		\$ 5,753,711	\$ 5,753,711
Current Exp	23,285,622			23,285,622	23,285,622
Equipment					
Motor Veh					
Total	\$ 28,729,378	\$ 309,955	\$ -	\$ 29,039,333	\$ 29,039,333
Less:					
Pos. Count	8.00			8.00	8.00
Special Fund	23,675,713			23,675,713	23,675,713
Pos. Count					
Federal Fund					
Pos. Count					
Other Funds					
Pos. Count	109.00			109.00	109.00
Gen. Fund	5,053,665	309,955		5,363,620	5,363,620

* No Transfers In/Out

A. Explain all transfers within the Program ID and its impact on the Program.

None

B. Explain all transfers between Program IDs and its impact on the Program.

None

C. Explain all restrictions and its impact on the Program

None

V. Biennium Budget Request for FY 2008-FY 2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY2008-2009
Pos. Count	117.00	117.00	117.00
Personal Services	\$ 5,791,375	\$ 5,791,375	\$ 11,582,750
Current Expenses	23,285,622	23,285,622	46,571,244
Equipment	78,000		78,000
Motor Vehicles			
Total	\$ 29,154,997	\$ 29,076,997	\$ 58,231,994
Less:			
Pos. Count	8.00	8.00	8.00
Special Fund	23,675,713	23,675,713	47,351,426
Pos. Count			
Federal Fund			
Pos. Count			
Other Funds			
Pos. Count	109.00	109.00	109.00
Gen. Fund	5,479,284	5,401,284	10,880,568

A. Workload or Program Request

1. Description of request, reason for the request, and desired outcomes or objectives to be accomplished.

Description: Replacement of computer hardware supporting the division.

Reason: To avoid system downtime resulting from equipment failure.

Outcome: Prevent: 1) delay in WC benefits due to cancelled hearings and not issuing decisions; 2) limited services and longer response time to individual claims and to the public; and 3) delay the monitoring employer compliance.

2. Listing/description of positions requested, and funding requirements by cost category and source of funding.

Positions: None

Cost Category:	Equipment.
Router:	\$5,000
Printers:	\$11,000
File Servers:	\$27,000
Switches:	\$35,000

Source: General Funds

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

The request will fund the replacement of 8-year old hardware (router, laser printers, file servers and switches) that support the Disability Compensation Automation System which operates the state's mainframe computer and the Lotus Notes server-based system.

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

None

- VI. Identify restrictions carried over from FY 2006-2007 as well as additional reductions due to the Department of Budget and Finance's budget ceilings for FY2008-FY2009.

- A. Description of the reduction, the reasons for the reduction and the impacts to the objectives to be accomplished by the program.

None

- B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

- VII. Capital Improvement Request for FY2008-FY2009

None

- VIII. Proposed Lapses of Capital Improvement Program Projects

None

Program Structure Number:020205

Program ID and Title: LBR 316, Office of Language Access

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

To provide centralized oversight, coordination and technical assistance to state agencies when implementing language access requirements between all levels of government and individuals who are precluded from using public services due to language proficiency barriers.

B. Description of Program Objectives

Provide oversight, central coordination, consultation and technical assistance to state agencies in their implementation of language access requirements pursuant to H.B. No. 2778.

Review and monitor each state agency's language access plan for compliance with H.B. No. 2778.

Eliminate language access barriers where reasonable access is not provided.

Adopt rules, pursuant to Chapter 91, to address the language needs of limited English proficient persons.

Distribute and make available to covered entities, multilingual signage in the more frequently encountered languages in the state, and other languages as needed, informing individuals of their right to free oral language services.

Work closely with the language access advisory council to ensure the quality of oral and written language services provided for in H.B. 2778.

Ensure the adequacy of a state agency or covered entity's dissemination and training of its employees likely to have contact with limited or non-English proficient persons, its policies and procedures for language services, its competency in working effectively with in-person and telephone interpreters,

and its understanding of the dynamics of interpretation between clients, providers, and interpreters.

C. Explain how the Program intends to meet its objectives within the Biennium Budget.

Conduct technical assistance meetings with all state agencies.

Consult with state agency's language access coordinators, the language access advisory council, and the department directors or their equivalent.

Develop tracking and monitoring system to ensure compliance by all state agencies and covered entities.

II. Program Performance Results

A. Discuss the performance results achieved by each program in FY 2006 and FY 2007.

Staffing and establishment of the OLA office is currently in progress.

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

Objectives and results of the OLA are directly aligned to the mission and objectives of the department which are to promote access to employment, continually assessing the needs and skills of the workforce, and protecting the rights, safety and health of working people while ensuring the interests of businesses and employers.

C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past two years.

Percentage of state agencies in compliance with language access requirements.

D. Discuss actions taken by each Program to improve its performance results.

None at this time.

E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications.

None at this time.

III. Problems and Issues

A. Discuss Problems and Issues Encountered if Any.

There are no significant problems or issues to report at this time.

B. Program Change Recommendations to Remedy Problems

None at this time.

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

None at this time.

IV. Expenditures for Fiscal Year 2006-2007

	Act 290/06 FY 2006 - 2007	Collective * Bargaining	Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count					
Personal Services	\$ 291,764			\$ 291,764	\$ 200,000
Current Expenses	148,236			148,236	116,500
Equipment					
Motor Vehicles					
Total	<u>\$ 440,000</u>	<u></u>	<u></u>	<u>\$ 440,000</u>	<u>\$ 316,500</u>
Less:					
Pos. Count					
Special Fund					
Pos. Count					
Federal Fund					
Pos. Count					
Other Funds					
Pos. Count					
Gen. Fund	\$ 440,000			\$ 440,000	\$ 316,500

* No Transfer In/Out

A. Explain all transfers within the Program ID and its impact on the Program.

None.

B. Explain all transfers between Program IDs and its impact on the Program.

None.

C. Explain all Restrictions and its Impact on the Program.

None.

V. Biennium Budget Request for FY 2008 - FY 2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY2008-FY2009
Pos. Count	6.00	6.00	6.00
Personal Services	\$ 291,764	\$ 291,764	\$ 583,528
Current Expenses	148,236	148,236	296,472
Equipment			
Motor Vehicles			
Total	<u>\$ 440,000</u>	<u>\$ 440,000</u>	<u>\$ 880,000</u>
Less:			
Pos. Count			
Special Fund			
Pos. Count			
Federal Fund			
Pos. Count			
Other Funds			
Pos. Count	6.00	6.00	6.00
Gen. Fund	\$ 440,000	\$ 440,000	\$ 880,000

A. Workload or Program Request

1. Description of request, reason for the request, and desired outcomes or objectives to be accomplished.

None.

2. Listing/description of positions requested, and

funding requirements by cost category and source of funding.

None.

3. For all lump sum requests, please provide a 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.

VI. Identify restrictions carried over from FY 2006-2007 as well as additional reductions due to the Department of Budget and Finance's budget ceilings for FY2008-FY2009.

- A. Description of the reduction, the reasons for the reduction and the impacts to the objectives to be accomplished by the program.

None.

- B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

VII. Capital Improvement Request for FY2006-FY2007

None.

VIII. Proposed Lapses of Capital Improvement Program Projects

None.

Program Structure Number: 020302

**Program ID and Title: LBR 812, Labor and Industrial Relations
Appeals Board**

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

To assure equitable treatment of individuals through the prompt, just and inexpensive determination of appeals from decisions of the Director of Labor and Industrial Relations relating to certain programs, primarily Workers' Compensation and Boiler and Elevator Safety.

B. Description of Program Objectives

The Board's primary activity is to conduct contested case hearings pursuant to the Hawaii Administrative Procedures Act, Chapter 91, Hawaii Revised Statutes. All workers' compensation appeals from the Disability Compensation Division are considered de novo. De novo hearings are also conducted on appeals by employers from citations for violations and penalties issued by the Hawaii Occupational Safety and Health Division, as it relates to boiler and elevator safety, as well as appeals of other matters authorized under various statutory provisions administered by the Department of Labor and Industrial Relations. To accomplish its primary mission, for each case, the Board schedules at least one pre-hearing conference and a settlement conference prior to conducting a trial. Hearings on pretrial motions are also a normal event. Written decisions and orders are issued following trial or a hearing on a motion. The Board's work is evenly spread throughout the fiscal year.

C. A Summary of the Objectives and Activities as Discussed in the Multi-Year and Financial Plan.

At the start of FY 2005-2006, the Board had a pending case load of 675 workers' compensation cases. There were 709 new appeals filed and the Board was able to dispose of 566 cases. This left 818 cases pending at the end of the fiscal year. In order to dispose of these cases, the Board conducted 529 pre-hearing conferences, 393 settlement conferences, and 219 hearings on motions. Seventy-one cases went to trial. The remainder of the cases was resolved by Board member

intervention during the conferences or disposed by other means.

There were no boiler and elevator safety appeals filed for the fiscal year.

C. Explain how the Program intends to meet its objectives within the Biennium Budget.

The Board intends to meet its objectives within this fiscal biennium by continuing to work with the resources allocated.

II. Program Performance Results

A. Discuss the performance results achieved by each Program in FY 2006.

The Board provides one service only, that is, resolving appeals of cases arising out of the workers' compensation and the boiler and elevator safety laws. Therefore, program effectiveness is essentially measured by the program's Measures of Effectiveness.

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

The Board seeks to assure quality of work-life for workers by protecting their physical well-being and enhancing their productivity.

C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.

Program effectiveness is measured by the average turn-around time from appeals filed to resolution and the percentage of Board decisions sustained from appeals to a higher body (the Appellate Court for workers' compensation cases and the Circuit Court for boiler and elevator safety cases). For FY 2005-2006, the average turn-around time for workers' compensation appeals was 14.5 months and 92 percent of the Board's decisions were sustained by the higher body.

D. Discuss actions taken by each Program to improve its performance results.

In an effort to provide parties with the earliest possible trial date, the Board has been setting multiple cases for hearing per day. Every effort is

made by the Board to resolve these cases by settlement or other means in order to provide an efficient and expeditious trial calendar.

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

None

III. Problems and Issues

- A. Discuss Problems and Issues Encountered If Any.**

The number of appeals filed this fiscal year has increased dramatically over the past fiscal year and the workload is overwhelming. The Board had a pending caseload of 675 cases at the start of FY 2005-2006. At the end of the fiscal year this number had increased to 818 cases. The Board has made major progress in reducing the time it took to issue a decision after a case went to trial. Issuance of a decision by the Board went from an average of 12 months to 2 months. Parties can now expect more timely decisions from the Board.

While the Board has made significant progress in providing for the timely issuance of decisions, the scheduling of trials continues to be an area which needs to be addressed. The average length of a trial is about 4 hours. In several cases parties request that the Board reserve more than 4 hours and in some cases, all day for a trial. Presently, the Board schedules 14 trials per week - two for the morning calendar and two for the afternoon calendar.

(Thursdays are reserved for the various motions filed by the parties and for conferences with the parties.) Despite this trial calendar schedule, trials are presently being scheduled 14 to 15 months from receipt of an appeal. Clearly, this time lag must be addressed and the Board continues to explore various options. The Board is already utilizing its Executive Officer to serve as hearings officer for some trials. The Board will continue to aggressively pursue settlement of cases pending before the Board.

- B. Program Change Recommendations to Remedy Problems**

Due to the volume of appeals filed, most cases are presently scheduled for trial by the Board more than a year after their receipt. After a case is heard, issuance of a decision is rendered as soon thereafter as possible.

The Board has a hearings officer position that has been appropriated but under-funded. Establishing the hearings officer position with the Board would give the Board flexibility to schedule hearings for certain workers' compensation cases with the hearings officer and, thereby, reducing the waiting period for trials. This should reduce the time it takes to process all appeals.

The Board, however, has not been able to create the hearings officer position because the funds allocated for the position have consistently been restricted. Due to these restrictions, the position is now only partially funded.

The Board continues to strive to decrease the number of cases carried over each year to improve productivity and resolve cases in a timely fashion.

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

None

IV. Expenditures for Fiscal Year 2006-2007

	Acts 178/05,160/06 FY 2006 - 2007	Collective * Bargaining	Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count	12.00			12.00	12.00
Personal Services	\$ 641,079	\$ 23,511		\$ 664,590	\$ 664,590
Current Expenses	59,177			59,177	59,177
Equipment					
Motor Vehicles					
Total	\$ 700,256	\$ 23,511	\$ -	\$ 723,767	\$ 723,767
Less:					
Pos. Count					
Special Fund					
Pos. Count					
Federal Fund					
Pos. Count					
Other Funds					
Pos. Count	12.00			12.00	12.00
Gen. Fund	700,256	23,511		723,767	723,767

* No Transfer In/Out

A. Explain all transfers within the Program ID and its impact on the Program.

None

- B. Explain all transfers between Program IDs and its impact on the Program.**

None

- C. Explain all restrictions and its impact on the Program.**

None

V. Biennium Budget Request for FY2008 - FY2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY2008-FY2009
Pos. Count	12.00	12.00	12.00
Personal Services	\$ 703,389	\$ 703,389	\$ 1,406,778
Current Expenses	59,177	59,177	118,354
Equipment			
Motor Vehicles			
Total	<u>\$ 762,566</u>	<u>\$ 762,566</u>	<u>\$ 1,525,132</u>
Less:			
Pos. Count			
Special Fund			
Pos. Count			
Federal Fund			
Pos. Count			
Other Funds			
Pos. Count	12.00	12.00	12.00
Gen. Fund	762,566	762,566	1,525,132

A. Workload or Program Request

- 1. Description of request, reason for the request, and desired outcomes or objectives to be accomplished.**

None

- 2. Listing/description of positions requested, and funding requirements by cost category and source of funding.**

None

- 3. For all lump sum requests, please provide a 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

VI. Identify restrictions carried over from FY 2006-2007 as well as additional reductions due to the Department of Budget and Finance's budget ceilings for FY 2008-2009.

- A. Description of the reduction, the reasons for the reduction and the impacts to the objectives to be accomplished by the program.

None

- B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

VII. Capital Improvement Request for Fiscal Year 2008-2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None

Program Structure Number:020303

Program ID and Title: LBR 871,
Employment Security Appeals Referees' Office

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

To provide due process to claimants and employers who file appeals from determinations issued by the Unemployment Insurance Division (UID) of the Department of Labor and Industrial Relations (DLIR).

B. Description of Program Objectives

ESARO is the appellate branch of the UI program, which was established to alleviate the economic hardship of unemployed individuals. This agency is the final administrative reviewing body for contested benefit and tax determinations rendered by the UID. ESARO hearing officers conduct quasi-judicial hearings which are followed by written decisions that affirm, reverse, or modify the appealed UI determination.

C. Explain how the Program intends to meet its objectives within the Biennium Budget.

The UI appellate program intends to meet its objectives by:

- a. Securing adequate permanent full time staff, hearing officer and clerical support, to meet base workload demands;
- b. Secure adequate level of permanent per diem hearing officers to meet changes in workload levels;
- c. Providing appellants with a scheduled hearing within thirty days of appeal.
- d. Issuing a written decision within thirty days of hearing.

II. Program Performance Results

A. Discuss the performance results achieved by each program in FY 2006.

The UI appeals program is evaluated by the US Department of Labor for appeals promptness and quality. The USDOL criterion for promptness is measured by decisions issued at two levels: 60% within thirty days

of appeal and 80% within forty-five days of appeal. For quality of the hearing and decision based on the USDOL's thirty-two elements, the measurement is 80% of the evaluated cases, scoring 85 or better.

ESARO met promptness and quality standards in FY 2006:

Promptness:	<u>30 days</u>	<u>45 days</u>
FY 2006	89%	92%

Quality:

FY 2006	95%
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B. Explain how these results relate to the program's objectives and department's mission.

By achieving USDOL standards, benefits are paid when due, which promotes the basic UI program objective of providing economic security for Hawaii's unemployed population.

C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.

To measure the effectiveness of the program in FY 2006, 89% of the hearings scheduled were within the 30 days of the appeal request and 92% of the appeals decisions were issued within 30 days following the hearing.

D. Discuss actions taken by each Program to improve its performance results.

In September/October 2006, the USDOL awarded ESARO additional funds to improve performance by reducing case backlog, training to upgrade hearing officer skills, and creating additional hearing rooms by converting existing space into telephone hearing rooms.

An award of \$18,000 is targeted for the temporary hire of per diem hearing officers and overtime for current staff to address ESARO's backlog. Have adequate staff to reduce the backlog of cases will improve Hawaii's performance with the FY 2007 case aging measurement.

For training, ESARO received supplemental funds of \$5,240 to send two hearing officer's to the National Judicial College's Unemployment Compensation Administrative Hearing course. Although NJC cancelled the course, arrangements have been made to bring

qualified trainer(s) to Hawaii to conduct the hearing officer training, which is scheduled in February 2007. The intended benefit of the training is to provide tools to improve the efficiency in and quality of the hearing officers' performance.

An estimated 75% of all hearings are conducted with one or all parties over the telephone. Telephone conference capabilities are presently set up in each of the three hearing rooms in the Appeals Office. Hearing Officers have their own work stations in a separate part of the premises. The USDOL granted ESARO \$44,100 to convert existing hearing officer work areas into individual enclosed offices so telephone hearings may also be held there. This remodeling project will increase the number of telephone hearing rooms to six, possibly eight. The increase allows cases to be scheduled sooner, especially during sudden spikes in new appeal cases.

E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications.

Internally, the scheduling of hearings within thirty days of appeal and issuing a final decision within thirty days of the completed hearing are implemented measurements to complement USDOL standards and ensure cases are resolved in a timely manner.

III. Problems and Issues

A. Discuss Problems and Issues Encountered if Any.

Insufficient funding that allows for adequate staffing and office equipment to meet all program objectives. UI appeals are a high volume operation affected by changes in the economy. It is essential that adequate funds are allocated to enable proper staffing levels, commensurate with workload volume. This is best accomplished with a permanent full time staff at a base level and part-time staff whose hours can be regulated (increased or decreased) as needed depending on the workload. Inadequate staffing contributes to backlog of work.

B. Program Change Recommendations to Remedy Problems

None

C. Identify any program issues or problems that affected or will affect the implementation of the program, and

corrective measures or remedies established or planned.

None

IV. Expenditures for Fiscal Year 2006-2007

No transfers in or out. All expenditures have been included with LBR 171 - Unemployment Insurance.

A. Explain all transfers within the Program ID and its impact on the Program.

None

B. Explain all transfers between Program IDs and its impact on the Program.

None

C. Explain all Restrictions and its Impact on the Program.

None

V. Biennium Budget Request for FY 2008 - FY 2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY2008-2009
Pos. Count	10.80	10.80	10.80
Personal Services	\$ 844,402	\$ 844,402	\$ 1,688,804
Current Expenses	60,000	60,000	120,000
Equipment			
Motor Vehicles			
Total	<u>\$ 904,402</u>	<u>\$ 904,402</u>	<u>\$ 1,808,804</u>
Less:			
Pos. Count			
Special Fund			
Pos. Count	10.80	10.80	10.80
Federal Fund	904,402	904,402	1,808,804
Pos. Count			
Other Funds			
Pos. Count			
Gen. Fund			

A. Workload or Program Request

1. Description of request, reason for the request, and desired outcomes or objectives to be accomplished.

This program is requesting the transfer-in of 10.8 permanent positions and \$904,402 in federal fund appropriation in each year of the Fiscal Biennium 2007-2009 from the Unemployment Insurance Program (LBR 171/LA) due to changes in the program structure.

2. Listing/description of positions requested, and funding requirements by cost category and source of funding.

Position Number	Positions	MOF	FTE (P)	Amount
(04552)	Empl Sec Appeals Referee SR26	N	1.00	51,552
(04551)	Empl Sec Appeals Referee SR26	N	1.00	60,228
(06277)	Secretary II SR14	N	1.00	43,092
(23743)	Empl Sec Appeals Officer EM5	N	1.00	86,856
(24243)	Clerk Typist II SR08	N	1.00	22,152
(25576)	Clerk Typist II SR08	N	0.25	22,152
(26207)	Clerk Typist II SR08	N	1.00	32,616
(26913)	Empl Sec Appeals Referee SR26	N	0.25	25,218
(26914)	Empl Sec Appeals Referee SR26	N	0.50	25,218
(27970)	Clerk Typist II SR08	N	1.00	22,152
(27971)	Empl Sec Appeals Referee SR26	N	0.30	47,892
(27972)	Empl Sec Appeals Referee SR26	N	0.50	47,892
(28095)	Empl Sec Appeals Referee SR26	N	1.00	68,172
(28284)	Empl Sec Appeals Referee SR26	N	1.00	47,892
Other Current Expenses				
(3200)	Office Supplies	N		2,500
(3800)	Telephone	N		2,900
(4200)	Travel, Intra-State	N		10,680
(5500)	Premise Rent	N		24,725
(5600)	Equipment Rental	N		9,900
(5800)	Equipment Maintenance	N		800
(7100)	Service	N		4,000
(7200)	Miscellaneous	N		4,195
	Subtotal			60,000

3. For all lump sum requests, please provide a 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

VI. Identify restrictions carried over from FY 2006-2007 as well as additional reductions due to the Department of Budget and Finance's budget ceilings for FY2008-FY2009.

A. Description of the reduction, the reasons for the reduction and the impacts to the objectives to be accomplished by the program.

None

B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

VII. Capital Improvement Request for FY2008-FY2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None

Program Structure Number: 020401

Program ID and Title: LBR 901, Data Gathering, Research and Analysis

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

To enhance line division program effectiveness and efficiency and contribute to general economic policy-making by gathering, analyzing and reporting workforce, employment, unemployment and other labor-related economic data as well as operations management information.

B. Description of Program Objectives

The Research and Statistics Office conducts labor research and analysis; develops labor force estimates on employment and unemployment, and short-term and long-term occupational projections, in cooperation with the Bureau of Labor Statistics, and the Employment and Training Administration, U. S. Department of Labor; and provides technical assistance and program specific management information to program divisions of the department.

A Summary of the Objectives and Activities as Discussed in the Multi-Year Program and Financial Plan.

To meet the objectives stated above, it is necessary to inform users of the information we have available, to identify the needs of our users, and to expand and improve information processing and delivery by using current technology.

C. Explain how the Program intends to meet its objectives within the Biennium Budget.

The Office will provide research and statistical services to assist the line divisions in their program

administration and initiatives. To be more efficient, software applications and hardware will continue to be upgraded. To be more responsive to our users, Internet accessibility to our data will be enhanced. Our user-friendly system, the Hawaii Workforce Informer (HIWI), continues to provide information to more than 30,000 unique visitors to the site each year since it was installed in 2002. It links to the national labor exchange systems such as the America's Job Bank(AJB), Career One Stop, America's Service Locator, Career Voyages, and Workforce3 One.

II. Program Performance Results

A. Discuss the performance results achieved by each program in FY 2006.

Customer satisfaction continues to be high among users of data. An increasing number have accessed data through our HIWI internet website as well as the DLIR website. In addition we have received and responded to numerous e-mail requests received via these websites.

Labor force and labor program data, analysis and projections were developed and provided to facilitate legislative and management decision-making. Information for state and federally mandated reports was collected and reports prepared on a timely basis. Some key statistical data generated by the office included monthly employment, unemployment and job statistics, occupational wage data, Chapter 104 state construction wage rate schedules, occupational injury and illness data, workers' compensation program data, and unemployment insurance program data.

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

The data we produce, analyze, and disseminate supports the departmental mission of economic security and physical well-being of workers by helping the line divisions administer their programs and provide services to workers and employers. The data also provides industrial and occupational planning and

assessment information for policy-making and labor-management decisions.

- C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.**

Effectiveness of the Program is measured through the production of timely mandated reports and the degree of user satisfaction. During the past two years, 99% of the mandated reports were meeting their due dates. The degree of satisfaction measured through user surveys continues to be high (90%).

- D. Discuss actions taken by each Program to improve its performance results.**

Due to funding reductions, teamwork, overtime, and prioritizations allowed the office to meet mandated deliverables. Additional funding requests were also submitted to the Bureau of Labor Statistics to pilot new program activities.

- E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications.**

None

III. Problems and Issues

- A. Discuss Problems and Issues Encountered If Any**

Demand for detailed demographic information regarding the labor market continues to increase. Although budget constraints have limited our ability to meet all the needs of departmental programs, we have managed workload requests to meet priority tasks, legal mandates and contractual obligations.

- B. Program Change Recommendations to Remedy Problems**

We will continue to prioritize workloads based on priority requests, legal mandates and contractual agreements.

- 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.

None

IV. Expenditures for Fiscal Year 2006-2007

	Acts 178/05,160/06 FY 2006 - 2007	Collective * Bargaining	Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count	37.00			37.00	37.00
Personal Services	\$ 2,229,740	\$ 127,294		\$ 2,357,034	\$ 2,357,034
Current Expenses	526,919			526,919	526,919
Equipment					
Motor Vehicles					
Total	<u>\$ 2,756,659</u>	<u>\$ 127,294</u>	<u>\$ -</u>	<u>\$ 2,883,953</u>	<u>\$ 2,883,953</u>
Less:					
Special Fund					
Pos. Count	28.12			28.12	28.12
Federal Fund	2,316,645	101,925		\$ 2,418,570	\$ 2,418,570
Other Funds					
Pos. Count	8.88			8.88	8.88
Gen. Fund	\$ 440,014	\$ 25,369		\$ 465,383	\$ 465,383

* No Transfers In/Out

- A. Explain all transfers within the Program ID and its impact on the Program.

None

- B. Explain all transfers between Program IDs and its impact on the Program.

None

- C. Explain all restrictions and its impact on the Program.

None

V. Biennium Budget Request for FY 2008 - FY2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY2008-FY2009
Pos. Count	37.00	37.00	37.00
Personal Services	\$ 2,379,783	\$ 2,379,783	\$ 4,759,566
Current Expenses	526,919	526,919	1,053,838
Equipment			
Motor Vehicles			
Total	<u>\$ 2,906,702</u>	<u>\$ 2,906,702</u>	<u>\$ 5,813,404</u>
Less:			
Pos. Count			
Special Fund			
Pos. Count	28.12	28.12	28.12
Federal Fund	2,438,236	2,438,236	4,876,472
Pos. Count			
Other Funds			
Pos. Count	8.88	8.88	8.88
Gen. Fund	\$ 468,466	\$ 468,466	\$ 936,932

A. Workload or Program Request

- 1. Description of request, reason for the request, and desired outcomes/objectives to be accomplished.**

None

- 2. Listing/description of positions requested, and funding requirements by cost category and source of funding.**

None

- 3. For all lump sum requests, please provide a 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

VI. Identify restrictions carried over from FY 2006-2007 as well as additional restrictions due to Department of Budget and Finance's budget ceilings for FY2008-FY2009.

A. Description of the reduction, the reasons for the reduction and the impacts to the objectives to be accomplished by the program.

None

B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

VII. Capital Improvement Request for FY2008-FY2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None

Program Structure Number: 020402

Program ID and Title: LBR 902, General Administration

Page Reference in the Executive Budget Supplement, Vol I: none

I. Introduction

A. Summary of Program Objectives

To enhance program effectiveness and efficiency by formulating policies, directing operations and personnel and providing other administrative and housekeeping services.

B. Description of Program Objectives

The activities in this program are performed in the Director's Office, Information Office, Administrative Services Office (ASO), Equal Employment Opportunity Officer, Personnel Office, and neighbor island District Offices. It involves providing executive direction and administrative assistance to the department's divisions and programs.

A Summary of the Objectives and Activities as Discussed in the Multi-Year Program and Financial Plan.

To achieve the program objectives stated above, key activities included short and long-range planning, instituting policy changes, proposing State legislation, developing innovative and improved programs, preparing program and budget presentations, maintaining fiscal, accounting, purchasing, and personnel functions, providing (personnel) advisory services and position classification functions, and assuring equal opportunity employment and promoting affirmative action programs.

Explain how the Program intends to meet its objectives within the Biennium Budget.

In order to ensure that the services we render assist and benefit our programs, we will continually evaluate and improve our work processes. The division will also provide training and workshops for DLIR programs throughout the year on proper procedures and processes to initiate required goods and services with the State of Hawaii purchasing card (pCard) and utilizing the Hawaii Electronic Procurement System (HePS). The Administrative Services Office is in the process of procuring a new cost accounting system for the federal

programs.

II. Program Performance Results

A. Discuss the performance results achieved by each Program in FY 2006.

During the past fiscal year, the performance measures in terms of processing efficiency have remained consistent. Besides established measures, program effectiveness is assessed by satisfaction of customers, internal and external to the Department, who are served by offices in this program. The Administrative Services Office work teams continue to meet to evaluate and improve work processes to benefit our customers.

ASO continues to serve as the lead for the department's Information Technology (IT) Strategic Plan to ensure that DLIR maximizes the use of our IT resources to the fullest extent possible to provide timely, reliable, and accessible services to the public. The department's IT Executive Steering Committee was established to develop strategies to enable the department to achieve departmental objectives such as a comprehensive security policy, equipment and infrastructure standardization, standard disaster recovery functions, and use of the most effective information technology by all divisions.

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

If effective services are provided to internal customers, DLIR programs will have access to necessary resources and support to carry out their program responsibilities and, in turn, the mission of the Department.

C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.

The program's performance is generally measured by the satisfaction and success of its customers. As noted in item A. above, the level of performance remained constant in the past year.

D. Discuss actions taken by each Program to improve its performance results.

As part of the department's continuous improvement

program, individual offices have developed Strategic Plans with objectives, implementing actions and measurable outcomes. As noted in item A above, the Administrative Services Office strategic plan has been completed. Discussions with internal customers are ongoing and workgroups have begun to implement changes to improve measurable outcomes.

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

None

III. Problems and Issues

- A. Discuss Problems and Issues Encountered, if any.**

A decrease in Federal funds (Unemployment Insurance and Employment and Training programs) has made it more difficult to implement and administer support to the programs that are served.

Improving Fiscal and Financial Support

The current cost accounting system (CAS) utilized is outdated and more than thirty (30) years old. The CAS utilizes batch processing to generate monthly accounting reports that are program specific for DLIR. The reports are utilized by the Federal program within DLIR, and contain the budget, current expenditures, cumulative expenditures, resources-on-order, and variances from the budget for each grant that is administered by DLIR. The financial CAS reports are generated one month after the close of a month and or quarter and serves as the basis for reporting expenditures to various State and Federal agencies. The one month delay in the production of the expenditure reports hampers ASO ability to provide financial status of any program at any given period of time.

Improving Human Resources

With the "baby boomers" reaching retirement age, recruitment efforts in 2006 has been a very challenging. While in previous years our employee count hovered around 700-800, our total employee count of 601 in the beginning of the year dropped to 566 at the end of December 2006

In today's competitive labor market, the DLIR programs have been faced with short supplies of candidates to fill critical job vacancies. Currently the Personnel Office need to fill three vacancies: Departmental Personnel Officer III, Personnel Management Specialist IV and Personnel Clerk V. To enhance the recruitment for the DPO position, continuous recruitment for appointment above the minimum pay rate has been ongoing since October 2006.

A continuous problem in finding and retaining productive employees will continue to hamper the majority of DLIR programs. To improve recruitment and retention, efforts to streamline the recruitment and selection process will continue as well as focus in training to upgrade the skills of both our supervisors and workers.

In the previous fiscal year the Personnel Office completed 2,830 transaction requests and position classification reviews of the 3,100 received. While the numbers indicate the Personnel Office is able to reasonably complete requests despite the shortage in staff, the one area which has suffered greatly, is classification reviews. Act 300 required the review of exempt positions annually to determine whether they should remain exempt or be converted to civil service status. Besides the classification review of exempt positions, requests for civil service position reviews have created a backlog. Our current backlog include a higher percentage of complex cases that require more intense analysis and desk audits, thus requiring more time to complete reviews. The Personnel Office plans to review their staff job description to determine the need for cross-training and the shifting of assignments to more effectively meet our customer needs.

In our effort to continue improving services, new performance measures of program effectiveness were established for FY 2007. With more detailed tracking of grievances, personnel, classification and training requests received, we hope to better assess our performance.

B. Program Change Recommendations to Remedy Problems

During 2006 ASO prepared a Request for Proposal (RFP) and was successful in the securing a contractor to furnish, deliver, install and maintain a state of the

art automated CAS. Phase I of the contract is scheduled to be implemented in October of 2007 with DLIR's largest program, the Unemployment Insurance being brought on line and the new CAS will run parallel with the current CAS. If the conversion and new state of the art CAS performs satisfactorily, all of the DLIR programs will be brought on line. We are targeting July 1, 2008 for the implementation of the second Phase of the CAS project.

- 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.**

None

IV. Expenditures for Fiscal Year 2006-2007

	Acts 178/05,160/06 FY 2006 - 2007	Collective * Bargaining	Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count	62.94			62.94	62.94
Personal Svcs	\$ 3,294,941	\$ 186,743		\$ 3,481,684	\$ 3,481,684
Current Exp	1,144,717			1,144,717	1,144,717
Equipment					
Motor Vehicles					
Total	\$ 4,439,658	\$ 186,743	\$ -	\$ 4,626,401	\$ 4,626,401
Less:					
Pos. Count					
Special Fund					
Pos. Count	35.48			35.48	35.48
Federal Fund	2,967,486	124,284		3,091,770	3,091,770
Pos. Count					
Other Funds					
Pos. Count	27.46			27.46	27.46
Gen. Fund	1,472,172	62,459	-	1,534,631	1,534,631

* No Transfer In/Out

- A. **Explain all Transfers Within the Program I.D. and its Impact on the Program.**

None

- B. **Explain all Transfers Between Program I.D.s and its Impact on the Program.**

None

- C. **Explain all Restrictions and its Impact on the Program.**

None

V. Biennium Budget Request for FY 2008 - FY 2009

	Budget Request FY2007-2008	Budget Request FY2008-FY2009	Biennium Budget FY2008-FY2009
Pos. Count	62.94	62.94	62.94
Personal Services	\$ 3,528,957	\$ 3,531,602	\$ 7,060,559
Current Expenses	1,080,132	1,080,132	2,160,264
Equipment			
Motor Vehicles			
Total	<u>\$ 4,609,089</u>	<u>\$ 4,611,734</u>	<u>\$ 9,220,823</u>
Less:			
Pos. Count			
Special Fund			
Pos. Count	35.48	35.48	35.48
Federal Fund	3,115,751	3,115,778	6,231,529
Pos. Count			
Other Funds			
Pos. Count	27.46	27.46	27.46
Gen. Fund	1,493,338	1,495,956	2,989,294

A. Workload or Program Request

1. Description of request, reason for the request, and desired outcomes or objectives to be accomplished.

This program is requesting to transfer-out \$64,585 in general funds in each year of the Fiscal Biennium 2008 and 2009 to the Department of Accounting and General Services, Risk Management for the Department of Labor and Industrial Relations' cost allocation. This will cover the department's liability for automobile, property, tort (general liability), and crime and employee faithful performance.

2. Listing/description of positions requested, and funding requirements by cost category and source of funding.

<u>Object Code</u>	<u>Description</u>	<u>MOF</u>	<u>Amount</u>
(5900)	Insurance	A	\$(64,585)

3. For all lump sum requests please provide a breakout indicating specific purposes for all

expenditures.

None

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

None

VI. Identify restrictions carried over from FY 2006-2007 as well as additional restrictions due to Department of Budget and Finance's budget ceilings for FY2008-FY2009.

- A. Description of the reduction, the reasons for the reduction and the impacts to the objectives to be accomplished by the program.

None

- B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

VII. Capital Improvement Request for FY2008-FY2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None

Program Structure Number: 020104

Program I.D. and Title: LBR 903, Office of Community Services

Page Reference in the Executive Budget Supplement: Vol. I: None

I. Introduction

A. Summary of Program Objectives

The program objective of the Office of Community Services (OCS) is to facilitate and enhance the development, delivery, and coordination of effective programs for those in need, with emphasis on the economically disadvantaged, immigrants and refugees. OCS is also responsible for providing advice and assistance to the agencies of the Executive Branch, the Legislature and other private and public organizations, regarding the needs of its target populations.

B. Description of Program Objectives

The OCS administers programs throughout the community using state, federal and special funds through grants and purchase of service contracts with private, non-profit agencies in the human services field. OCS staff responsibilities include planning, research, monitoring and evaluation of service activities, as well as the management of contracts for services.

A Summary of the Objectives and Activities as Discussed in the Multi-Year Program and Financial Plan.

The OCS has improved its monitoring and evaluation procedures and the effectiveness of its contracts with service providers. OCS continues to seek active coordination and collaboration among private service providers, and government service agencies to facilitate greater effectiveness in outcomes for Hawaii's poor, immigrants, and refugees.

C. Explain how the Program intends to meet its objectives in the upcoming supplemental year.

The OCS intends to meet its objectives by performing its mandated functions as outlined in Chapter 371K, Hawaii Revised Statutes: 1) establishing goals and objectives relating to economically disadvantaged persons, immigrants and refugees; 2) studying the facts concerning the needs of its target groups; 3) reviewing legislation pertaining to programs within the purview of the office; 4) evaluating the availability, adequacy and accessibility of all services for its target group

within the State; 5) assisting and coordinating the efforts of public and private agencies providing services which affect economically disadvantaged persons, immigrants and refugees; 6) maintaining contacts with local, state and federal officials and public and private agencies concerned with planning for its target group; and 7) encouraging and fostering local action on behalf of economically disadvantaged persons, immigrants and refugees.

II. Program Performance Results

A. Discuss the performance results achieved by each Program in FY 2006.

For each of the two preceding fiscal years, more than fifty-nine thousand disadvantaged persons, immigrants and refugees were assisted in areas of employment, legal assistance, childcare and early education services, transportation services, youth services, food distribution services, energy assistance, and other services.

The OCS regularly monitors contracted agencies to measure program effectiveness. The mechanism for monitoring involves desk and on-site reviews of programs. In addition, OCS focuses upon administering programs on a statewide basis to ensure equal access to services. Providers are required to collect performance data on client achievements and submit updated information quarterly to OCS.

B. Explain how these results relate to the programs objectives and department's mission.

The program primarily focuses on eliminating barriers that inhibit the economic self-sufficiency of its target groups. OCS programs help to remove barriers to employment, provide services that support employment, and assist the poor, immigrants & refugees to obtain jobs and function well in the workplace.

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 year.

From the onset of the program contracting process, OCS includes criteria in its Request for Proposals (RFPs) by which it will monitor and evaluate the performance of purchase of service (POS) programs. Additionally, OCS requires that service providers present and describe in detail a quality assurance and evaluation

plan for proposed services, including the methodology to be employed.

The OCS has adopted and implemented Results Oriented Management and Accountability (ROMA) in many of its service contracts. ROMA is an outcome-oriented management framework that marries traditional management functions with a new focus on accountability. It focuses on outcomes of agency activities, as well as on the processes of operating programs and delivering services. Thus, by incorporating the use of results to the planning, management and operation of programs, and by linking such data to the management process, ROMA improves the ability to measure more comprehensively the effectiveness of the service programs. OCS encourages results that focus on the actual progress of individuals and families towards self-sufficiency and the improvement of communities, as much as on numbers of clients served.

Actual program effectiveness is measured through a formal verification process including monitoring and required reporting to determine agreement compliance and performance accomplishments. The monitoring assessment is based on a review of various outcomes in areas such as service delivery and outreach. Service providers are also required to submit quarterly reports on their progress of stated goals in their POS contract. The OCS is developing a case management software system to facilitate data collection and uniform reporting.

D. Discuss actions taken by each Program to improve its performance results.

The OCS now requires POS program contractors to report data on both positive and negative outcomes, to focus contractors on those clients that need to achieve desired results in these programs. The OCS also requires contractors to report on the reasons for drop-outs or failures, and to determine how they might improve their programs to prevent or lessen the amount of drop-outs and failures. This information will also allow OCS monitors to detect and monitor problem areas more closely.

The OCS has developed more comprehensive monitoring and evaluation plans and procedures, which attempts to examine each contract both programmatically and fiscally. The OCS has trained staff to improve monitoring capacity to determine contract compliance, detect program problems on a timely basis, to seek

improvements where needed, and lend technical assistance. The monitoring process is also designed to obtain real-time data necessary to more consistently and better evaluate contract performance and programs.

E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications.

In Fiscal Biennium 2007-2009, OCS will finalize implementation of performance-based contracting for its two largest state funded purchase-of-service employment programs. Under this system, OCS procures purchase of services based upon results to be achieved, rather than activities to be conducted. It also means that unambiguous performance measures and expectations are clearly defined, and specific performance milestones/benchmarks that support program goals are set. Unlike outcomes-based contracting, performance based contracting ties payments to a satisfactory completion of actual performance milestones or benchmarks. This mandates service providers to perform to standards and to share the responsibility to produce results more equally with the State. Thus, fiscal accountability and accuracy on the State's part will be vastly improved. Performance based contracting also strengthens competition by encouraging innovation and efficiency, lowers contract prices, and increases customer/taxpayer satisfaction. The service providers themselves will experience greater flexibility in operating their programs in exchange for greater accountability.

III. Problems and Issues

A. Discuss Problems and Issues Encountered, if any.

Service providers continue to report increases in clients from Compact of Free Association nations seeking employment, medical, educational, and other assistance. Many of these clients are non-English speaking and will require language access services. Unfortunately, at this time they do not qualify for federal assistance.

Also, a majority of service providers report an increased need for more funding of:

1. Job/educational training for clientele seeking to advance towards socio-economic self-sufficiency;
- 2) Immigrant services;

- 3) Food distribution programs; and
- 4) Head Start child-care programs.

B. Program Change Recommendations to Remedy Problems

To meet the challenge of increasing the quality and quantity of services during a no growth policy implementation, the OCS is continuously reviewing and improving program operations in collaboration with its service providers. The OCS has restructured and streamlined the tasks of its employees and its organization procedures to increase efficiency and monitoring, ensuring maximum program benefits. A new approved and implemented office structure, organizational chart and job descriptions positively enhance the now divided programs as well as the planning of and evaluation of data. Thus, the OCS is in a better position to fulfill its mission.

The OCS has set priorities for future spending based on traditional services provided and on past performances.

In addition, the OCS has expanded its working relationships with federal and other state agencies in order to obtain additional resources. It has also expanded partnerships within the community and assisted in improving the efficiency of inter-agency coordination of the delivery of services.

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 implementation of performance-based contracts will require acceptance from administrators, service providers, program staff, and legislative funding source. Though adoption of case management software will improve program performance, funding will be required.

IV. Expenditures for Fiscal Year 2006-2007

	Act 178/05 FY 2006 - 2007	Collective * Bargaining	Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count	6.00			6.00	6.00
Personal Svcs	\$ 1,042,360	\$ 46,721		\$ 1,089,081	\$ 1,089,081
Current Exp	11,540,055			11,540,055	11,540,055
Equipment					
Motor Veh					
Total	<u>\$ 12,582,415</u>	<u>\$ 46,721</u>	<u>\$ -</u>	<u>\$ 12,629,136</u>	<u>\$ 12,629,136</u>
Less:					
Pos. Count					
Special Fund					
Pos. Count	2.00			2.00	2.00
Federal Fund	5,831,719	20,755		5,852,474	5,852,474
Pos. Count					
Other Funds					
Pos. Count	4.00			4.00	4.00
Gen. Fund	6,750,696	25,966		6,776,662	6,776,662

* No Transfer In/Out

A. Explain all Transfers Within the Program I.D. and its Impact on the Program.

None

B. Explain all Transfers Between Program I.D.s and its Impact on the Program.

None

C. Explain all Restrictions and its Impact on the Program.

None

V. Biennium Budget Request for Fiscal Year 2008-2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY2008-2009
Pos. Count	6.00	6.00	6.00
Personal Services	\$ 1,151,241	\$ 1,151,241	\$ 2,302,482
Current Expenses	8,302,151	8,302,151	16,604,302
Equipment			
Motor Vehicles			
Total	<u>\$ 9,453,392</u>	<u>\$ 9,453,392</u>	<u>\$ 18,906,784</u>
Less:			
Pos. Count			
Special Fund			
Pos. Count	2.00	2.00	2.00
Federal Fund	5,856,479	5,856,479	11,712,958
Pos. Count			
Other Funds			
Pos. Count	4.00	4.00	4.00
Gen. Fund	3,596,913	3,596,913	7,193,826

A. Workload or Program Request

- Description of request, reason for the request, and the desired outcomes or objectives to be accomplished.**

Establish a temporary Program Specialist position that would facilitate the development, delivery, and coordination of programs to serve the economically disadvantaged, immigrants and refugees. In order to fulfill its statutory mandates and continue to conscientiously administer (by the end of December 2006) and later monitor an unprecedented 105 contracts totaling \$35 million (including CIPs and an increased number of GIAs), OCS needs \$55,000.00 to fund one (1) program specialist position. The 105 contracts administered by OCS is approximately double the amount of contracts OCS had in FY 2004, without any increase in staff.

- Listing/description of positions requested, and funding requirements by cost category and source of funding.**

Position	MOF	FTE (T)	Amount
Program Specialist	A		\$55,000

1.00

3. For all lump sum requests, please provide a breakout indicating specific projects for all planned expenditures.

N/A

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

None

- VI. Identify restrictions carried over from FY 2006-2007 as well as additional restrictions due to Department of Budget and Finance budget ceilings for FY2008-FY2009.

- A. Description of the reduction, the reasons for the reduction and the impacts to the objectives to be accomplished by the program.

None

- B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

- VII. Capital Improvement Request for Fiscal Year 2008-2009

None

- VIII. Proposed Lapses of Capital Improvement Program Projects

None

Program Structure Number: 020105

Program ID and Title: LBR 905
Hawaii Career (Kokua) Information Delivery System

Page Reference in the Executive Budget Supplement, Vol I: None

I. Introduction

A. Summary of Program Objectives

To develop, deliver, and maintain a comprehensive and localized career and educational information delivery system for career decision making and career planning purposes for Hawaii's students and workers.

B. Description of Program Objectives

To plan, develop, implement and maintain a standards-compliant comprehensive statewide career information delivery system for the State of Hawaii, Career Kokua:

- Develops career information comprised of occupational, industry, educational, financial aid, job search, and related information for career development. The career information must be accurate, current, developmentally appropriate, relevant, specific, unbiased, and understandable.
- Develops career information products and services that are useful, and delivered in such a manner that users will be able to access, use, or navigate the components.
- Provides support, training, and technical assistance, and communicates with users to ensure that the needs and concerns of the end users using the component(s) are being met.
- Provides process component standards that apply to common information tools that facilitate the use of career information in career development.
- Provides assessments that include measures of personal attributes, traits, interests, skills, work values, and other factors that relate to career decision-making.
- Provides component search and sorting processes to help individuals find career opportunities and options in systematic ways.

- Provides career planning and management processes to help users with discovering, reflecting on, and documenting career and educational/training plans.
- Adheres to content component information standards.
- Adheres to integration standards so that products and services relate to or link career information content and processes using relationship frameworks that have integrity, quality, and transparency.
- Provides integrated components that are consistent with career development theory in their design and facilitate career development in their application.
- Uses equipment and technology that is reliable, widely available, cost effective, and appropriate for a wide variety of users.
- Uses an interface design that is sufficiently intuitive and attractive to enable and motivate a variety of users to explore options, make decisions, and create career and educational plans. The comprehensive system should also be easy for people to use independently.
- Is demonstrably effective with and accessible to people of varying ability, experience, and backgrounds.
- Provides mechanisms that localize key information or present information in a localized context.

C. Explain how the Program intends to meet its objectives within the Biennium Budget.

The Hawaii Career Information Delivery System (HCIDS) aka Career Kokua provides a comprehensive computerized system of local career and related educational information for the career planning and career decision making needs of students and job seekers in the state of Hawaii. It will meet its objectives by:

1. Developing and maintaining up-to-date and localized career, occupational, and related educational information;
2. Collecting and analyzing current information and developing it into usable formats for schools, career development organizations, and counseling agencies;
3. Consulting with, training, and supporting schools and user agencies on the use and integration of

- career information in counseling and instructional programs; and
4. Developing and managing computerized delivery systems.

II. Program Performance Results

A. Discuss the performance results achieved by each program in FY 2006.

1. 80% of users were satisfied with Career Kokua, its career exploration tools, and the assistance provided for decision making.
2. There were over 130,000 hits on the Career Kokua website during this year.
3. Career Kokua conducted and/or participated in over 20 user support and community outreach events such as workshops, career fairs, conferences, and presentations.

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

Results indicate user satisfaction with Career Kokua as a career exploration tool. The results also show positive measures for desirability and use of the program. Ease of use, usefulness of the program, and assistance with career decision making are also positively rated. Actual results demonstrated that Career Kokua and the DLIR are providing a worthwhile program that helps Hawaii's students and workers achieve economic well-being and security.

C. Explain how the effectiveness of the Program is measured (i.e., outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past year.

The effectiveness of the program is measured through a random sampling of User Surveys, Site Coordinator Surveys, computer statistical packages, and the number of community outreach and user support services provided. In the past two years, 90% of user survey respondents were satisfied with Career Kokua as a career exploration tool. Desirability of the program was also rated at 90%, with 93% of survey respondents saying that they "liked using Career Kokua" and 91% agreeing that Career Kokua provided the information they wanted. Ease of use of the program was also rated very high at 93%, while 92% agreed that Career Kokua is a worthwhile program. Eighty-seven percent (87%) of the survey respondents rated Career

Kokua as useful, exceeding the projected measure of 85%. The actual percentage for Assistance with Career Decision Making, at 89%, was well above the projected measure of 80%.

The User Survey results confirmed that Career Kokua is easy to use, is a useful tool, provides the information that users want, and provides assistance with various aspects of career decision making.

During FY2006, there were over 230 user sites utilizing Career Kokua serving over 207,000 users in Hawaii. Sixty-six (66) user sites subscribed to Career Kokua's publications and there were 270 subscriptions to the various Career Kokua computer software programs including Internet CK. During FY2006 there were over 130,755 hits on the Career Kokua web site. The number of user sites and subscriptions is increasing for FY2007 because of universal access.

During the last year, Career Kokua conducted 29 training workshops for over 155 teachers, counselors, and other career development personnel in the State. During National Career Development Month (November 2005), a special outreach to parents and students was delivered via exhibits and brochures in collaboration with the Hawaii public library system. At the annual Hawaii Career and College Fair, Career Kokua provides direct career assessment services and information to students, teachers, counselors, parents and adults, planning career changes or continued education.

D. Discuss actions taken by each Program to improve its performance results.

None

E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications.

None

III. Problems and Issues

A. Discuss Problems and Issues Encountered if Any.

Two computer programmer positions for Internet delivery are now vacant due to lack of funding. These positions were previously funded by federal projects that have either been cut or eliminated. These positions were necessary to develop and maintain the Career Kokua and

Hawaii Consumer Report Card System (CRCS) web sites. Although these web sites are now well established, there is a continuing need to maintain the web sites; especially to keep the databases and information files current and career assessments services up and running without problems and interruptions as schools and workforce development agencies have now integrated these web programs into their ongoing curriculum and services. Universal access to Career Kokua's web site was launched on July 1, 2006 and the demand for it is growing every week. The Career Kokua and CRCS information analysts will be updating the information but we need dedicated technical support for the programming of the updates, user interfaces and delivery media.

Other problems are keeping up-to-date with technological improvements for the delivery of up-to-date information and the ability to utilize these advancements. We rely on our programmers to advise us on how we can best deliver our information and programs to our users. The programmers also work with and advise our users so that they are able to program access for the Career Kokua and CRCS web services for the myriad of computer hardware and software that the various user populations have.

Being responsive to the needs of our users' has been a vital strength to our local career information delivery system (CIDS). Without technical and programming expertise on staff, maintenance and support will not be easy and we will no longer be able to innovate, further develop, or integrate the new programs that our users need.

B. Program Change Recommendations to Remedy Problems

None

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

None

IV. Expenditures for Fiscal Year 2006-2007

	Acts 178/05,160/06 FY 2006 - 2007	Collective * Bargaining	Transfers Restriction	Available Resources	Est. Total Expenditures
Pos. Count					
Personal Services	\$ 443,705	\$ 18,634		\$ 462,339	\$ 462,339
Current Expenses	126,445			126,445	126,445
Equipment					
Motor Vehicles					
Total	<u>\$ 570,150</u>	<u>\$ 18,634</u>	<u>\$ -</u>	<u>\$ 588,784</u>	<u>\$ 588,784</u>
Less:					
Pos. Count					
Special Fund					
Pos. Count					
Federal Fund	160,050			\$ 160,050	\$ 160,050
Pos. Count					
Other Funds					
Pos. Count					
Gen. Fund	\$ 410,100	\$ 18,634		\$ 428,734	\$ 428,734

* No Transfer In/Out

A. Explain all transfers within the Program ID and its impact on the Program.

None

B. Explain all transfers between Program IDs and its impact on the Program.

None

C. Explain all Restrictions and its Impact on the Program.

None

V. Biennium Budget Request for FY 2008 - FY 2009

	Budget Request FY2007-2008	Budget Request FY2008-2009	Biennium Budget FY2008-2009
Pos. Count			
Personal Services	\$ 464,603	\$ 464,603	\$ 929,206
Current Expenses	126,445	126,445	252,890
Equipment			
Motor Vehicles			
Total	\$ 591,048	\$ 591,048	\$ 1,182,096
Less:			
Pos. Count			
Special Fund			
Pos. Count			
Federal Fund	160,050	160,050	320,100
Pos. Count			
Other Funds			
Pos. Count			
Gen. Fund	\$ 430,998	\$ 430,998	\$ 861,996

A. Workload or Program Request

1. Description of request, reason for the request, and desired outcomes or objectives to be accomplished.

None

2. Listing/description of positions requested, and funding requirements by cost category and source of funding.

None

3. For all lump sum requests, please provide a 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

VI. Identify restrictions carried over from FY 2006-2007 as well as additional reductions due to the Department of Budget and Finance's budget ceilings for FY2008-FY2009.

A. Description of the reduction, the reasons for the

reduction and the impacts to the objectives to be accomplished by the program.

None

B. Listing/description of the positions cut including source of funding; please specify whether the positions were filled or vacant.

None

VII. Capital Improvement Request for FY2008-FY2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None