December 14, 2018

The Honorable Ronald D. Kouchi,
President and Members of the Senate
Thirtieth State Legislature
State Capitol, Room 409
Honolulu, HI 96813

The Honorable Scott K. Saiki, Speaker
and Members of the House of
Representatives
Thirtieth State Legislature
State Capitol, Room 431
Honolulu, HI 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting two (2) copies of the Department of Labor and Industrial Relations (DLIR) UI Program and Integrity and Performance and System Improvements Non-General Fund Report for the fiscal year ending June 30, 2018, as required by section 37-47, Hawaii Revised Statues (HRS).

In accordance with section 93-16, HRS, I am also informing you that the report may be viewed electronically at http://labor.hawaii.gov/find-a-report/.

Sincerely,

Leonard Hoshijo
Director

Enclosure

Equal Opportunity Employer/Program
Auxiliary aids and services are available upon request to individuals with disabilities.
TDD/TTY Dial 711 then ask for (808) 586-8866
Report on Non-General Fund Information
for Submittal to the 2019 Legislature

Department: Labor and Industrial Relations
Prog ID(s): LBR 171 / LA
Name of Fund: UI Program Integrity and Performance and System Improvements
Legal Authority: Social Security Act, As Amended

Contact Name: Nora Iba
Phone: 586-9970

Legal Authority
UI Program Integrity and Performance and System Improvements
Social Security Act, As Amended

Fund type (MOF) N
Appropriation Acct. No. S-267-L

Intended Purpose: To design and implement applications to 1) prevent overpayments of UI benefits to individuals who are incarcerated and not qualified to receive UI benefits and 2) to procure and develop a report and payment receiving solution to improve UI program integrity, reduce the improper payment rate and improve overpayment recovery. Funds will be used to implement 2014 Program Integrity and Performance and System Improvements under Section 302 of the Social Security Act activities for worker misclassification.

Source of Revenues: CFDA 17.225

Current Program Activities/Allowable Expenses: 1) To hire a contractor to design an application to crossmatch a UI file of active claims with files obtained from the Department of Public Safety containing newly incarcerated individuals. 2) To hire a contractor to design a full scale UI Employer Web Application which allows liable employers to view UI account history and file quarterly wage data online and make contribution payments through an ACH process.

Purpose of Proposed Ceiling Adjustment (if applicable):

Variances:

<table>
<thead>
<tr>
<th>Financial Data</th>
<th>FY 2015 (actual)</th>
<th>FY 2016 (actual)</th>
<th>FY 2017 (actual)</th>
<th>FY 2018 (actual)</th>
<th>FY 2019 (estimated) 500,000</th>
<th>FY 2020 (estimated) 500,000</th>
<th>FY 2021 (estimated)</th>
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<tbody>
<tr>
<td>Appropriation Ceiling</td>
<td>598,390</td>
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<td>Beginning Cash Balance</td>
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<td>0</td>
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<td>Revenues</td>
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<td>Expenditures</td>
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<td>358,762.00</td>
<td>20,894.00</td>
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<td>Transfers</td>
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Additional Information:

Amount Req. by Bond Covenants
Amount from Bond Proceeds
Amount Held in CODs, Escrow Accounts, or Other Investments