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 Worker Misclassification Prevention and Detection 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
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 Worker Misclassification Prevention & Detection
Legal Authority Social Security Act, As Amended

Contact Name: Nora Iba
Phone: 586-9970

Fund type (MOF) N
Appropriation Acct. No. S-503-L

Intended Purpose: To enable Hawaii UI to better meet USDOL requirements for misclassification detection and increase our enforcement activities for worker misclassification.

Source of Revenues: CFDA 17.225

Current Program Activities/Allowable Expenses: To implement a new UI Tax Field Audit Application to improve the efficiency of the audit performance and reduce audit processing time. The application will enhance the audit selection process by identifying employers and directing audits towards employers most likely to have misclassified workers or underreported wages.

Purpose of Proposed Ceiling Adjustment (if applicable):

Variance:

Financial Data

<table>
<thead>
<tr>
<th></th>
<th>FY 2015 (actual)</th>
<th>FY 2016 (actual)</th>
<th>FY 2017 (actual)</th>
<th>FY 2018 (estimated)</th>
<th>FY 2019 (estimated)</th>
<th>FY 2020 (estimated)</th>
<th>FY 2021 (estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriation Ceiling</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Cash Balance</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>64,763</td>
<td>190,313</td>
<td>244,924</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Transfers

List each net transfer in/out or projection in/out; list each account number

<table>
<thead>
<tr>
<th></th>
<th>From S-16-211</th>
<th>From S-17-211</th>
<th>From S-18-211</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Total Transfers</td>
<td>64,763</td>
<td>190,313</td>
<td>244,924</td>
</tr>
<tr>
<td>Ending Cash Balance</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Encumbrances

Unencumbered Cash Balance | 0 | 0 | 0 | 0 | 0 |

Additional Information:

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

Form 37-47 (rev. 10/17/14)