

Action Plan

Division, Branch: Quality Assurance Division, Measurement Standards Branch

Program Objective:

To minimize losses and inaccuracies to client groups due to incorrect or fraudulent measuring equipment or processes or due to substandard products.

PRIORITY GOALS & OBJECTIVES

Departmental Objective Being Pursued:

To improve compliance with laws and rules and provision of certification services.

Goal 1: Increase the pricing accuracy compliance rate for price scanners to 95 percent.

National media coverage on the issue of the accuracy of price scanners showed several large national retail chain stores having poor performance rates. The Department participated in the 1998 Price Check II survey to examine the pricing accuracy of stores with electronic checkout scanners. The survey covered the whole nation with participation from 36 states and the Virgin Islands. The results of the survey, released by the Federal Trade Commission, ranked Hawaii in tenth place with 82.93% of the stores passing. Although Hawaii ranked well nationally, there is still a need for improvement.

Routine inspections by the program in FY 98 showed that the average annual compliance rate for pricing accuracy was 56% of the stores inspected meeting the 2% tolerance rate for pricing errors, which included both overcharges and undercharges. The 1998 Legislature amended the law to make only overcharges a violation. The average annual compliance rate for pricing accuracy improved to 77 % in FY 99, 84 % in FY 00, and 87% in FY 01. The Department of Commerce and Consumer Affairs prevailed in civil action against one local store that had a history of poor compliance and unresponsiveness.

It is estimated that there are in excess of 290 large stores and 550 small stores with price scanners statewide. Increasing the pricing accuracy compliance rate of these scanners will require evaluating program priorities and as necessary shifting resources, increasing surveillance frequency on stores with poor performance, working with the stores to seek voluntary compliance, issuing non-compliance notices, conducting administrative proceedings to administer penalties, and working with Department of Commerce and Consumer Affairs to handle unresponsive stores. Inspecting the greater than expected number of newly identified stores with price scanners is expected to reduce the overall compliance rate from FY 01, and cause at least a one year setback in meeting the original goal established.

The performance measure that will be used to assess the progress toward achieving the goal is as follows:

1. Percent of stores meeting 2% tolerance for pricing accuracy.

TIMETABLE TO ACCOMPLISH GOAL

| <u>Identify Target/Task</u> | <u>FY02</u> | <u>FY03</u> | <u>FY04</u> | <u>FY05</u> | <u>FY06</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| 1. Evaluate & prioritize activities | X | X | X | X | X |
| 2. Conduct more surveillance on poor performance stores | X | X | X | X | X |
| 3. Work with stores to get voluntary compliance | X | X | X | X | X |
| 4. Issue non-compliance notices | X | X | X | X | X |
| 5. Conduct administrative proceedings to administer penalties | X | X | X | X | X |
| 6. Work with Dept. of Commerce & Consumer Affairs to handle unresponsive stores | X | X | X | X | X |
| 7. Percent of stores inspected meeting 2% tolerance | 80 | 85 | 90 | 95 | 95 |

Goal 2: Increase the percent of registered measuring devices inspected annually from 68 percent to 100 percent.

The program currently conducts routine inspections of weighing devices, taximeters and other linear devices, and fuel dispensers and other volumetric devices. There are 18,277 registered measuring devices statewide. There is an 87 percent average compliance rate for the different types of devices. The inspections, however, only cover a portion of the registered devices throughout the state. On Kauai, for the past 5 years, and West Hawaii, for the past year, only taximeters have been inspected due to reduced staffing. New truck mounted and cart mounted gasoline provers have been purchased to improve speed of testing gasoline pumps.

A law passed in FY 98 would allow the department to adopt rules for the registration of service agencies to assist in conducting routine inspections of measuring devices to assist the program. The department would still have to train and regulate the activities of the service agencies and take regulatory action on devices that were found in non-compliance.

The tasks involved are to evaluate program priorities and as necessary shift resources, update the list of registered measuring devices to eliminate non-commercial registered devices, amend the rules to allow service agencies to assist in routine inspection of measuring devices, develop a training program for service agencies, and train the service agencies.

The performance measure that will be used to assess the progress toward achieving the goal is as follows:

1. Percentage of registered devices inspected annually.

TIMETABLE TO ACCOMPLISH GOAL

| <u>Identify Target/Task</u> | <u>FY02</u> | <u>FY03</u> | <u>FY04</u> | <u>FY05</u> | <u>FY06</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| 1. Evaluate and prioritize activities | x | x | x | x | x |
| 2. Purge measuring device registration list | x | x | x | x | x |
| 3. Amend rules allowing service agency assistance in inspections | | x | | | |
| 4. Develop training program for service agencies | | x | | | |
| 5. Percent of devices inspected annually | 75 | 75 | 100 | 100 | 100 |