



EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE
GOVERNOR

September 16, 2010

EXECUTIVE MEMORANDUM

MEMO NO. 10-04

TO: All Department Heads

SUBJECT: Second Interim Budget Execution Policies and Instructions for
FY 11 - Second Quarter Allocation Only

The State's recovery from the severe recession has been tempered by the slow and unpredictable national recovery. Improvements on the national level have often been offset by subsequent declines. Locally, we have seen increases in visitor arrivals and continued decreases in unemployment rates, which bode well for Hawaii's economy. It appears, however, that recovery will take a little more time than we had earlier anticipated.

At their September 8, 2010 meeting, the Council on Revenues changed its FY 11 general fund tax revenue forecast downward from 6.2 percent to 2 percent, while increasing FY 12 from 5.8 percent to 10 percent, reflecting the slower recovery period. Preliminary general fund tax collections for the first two months of FY 11 indicate that revenues have decreased by 22.8 percent (net of 4.7 percent increase adjusted by \$187.4 million in deferred tax refunds paid out in July 2010) over the prior year.

While we are still cautiously optimistic about the State's economic recovery, we must be patient as the State recovers from a significant decline in revenues, culminated by the 9.5 percent decrease in FY 09. We must continue to exercise prudence with our expenditures in light of the fiscal uncertainties that remain. Our management of public resources should always be thoughtful and appropriate.

Full year budget execution policies for FY 11 are still pending. During the interim, the following actions are hereby authorized:

1. Effective immediately, departments will receive their respective budget allocations for the first two quarters of FY 11.

- a. The revised Exhibit 1 contains your department's First and Second Quarter allocation, which is one-half of FY 11 operating program appropriations from Act 180, SLH 2010. The new allocation also reflects adjustments that were previously authorized.
 - b. Requests for exception from this policy will be reviewed on a case-by-case basis and must be submitted to the Governor's Office through the Department of Budget and Finance (B&F).
2. Allocations for subsequent quarters will be made upon further consideration of revenue and expenditure requirements.
 3. Except for allocation amounts, all other current budget execution policies as contained in the following Executive Memoranda will continue until further notice.
 - Executive Memorandum (E.M.) No. 08-03, *FY 09 Budget Execution Policies and Instructions* (dated June 23, 2008).
 - E.M. No. 08-05, *Amendments to E.M. No. 08-03* (dated August 26, 2008).
 - E.M. No. 09-06, *Third Interim Budget Execution Policies and Instructions for FY 10* (dated November 10, 2009).

Questions on the specific policies and instructions should be directed to B&F or the appropriate agency referenced.

Your continued hard work and dedication to maintain State services during these uncertain times is sincerely appreciated.

LINDA LINGLE

Exhibit 1

FY 2011 ALLOCATION (INTERIM SEPTEMBER 2010)

DEPARTMENT OF AGRICULTURE
(Sept. 2010)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation
Appropriation	143.68	105.32	2.00	-	-	-	9.00	-	21.00	-	281.00
	9,267,118	16,618,193	1,967,580	-	-	812,962	1,441,619	-	11,398,362	-	41,505,834
1st Qtr Allocation	143.68	105.32	2.00	-	-	-	9.00	-	21.00	-	281.00
	2,316,780	4,154,548	491,895	-	-	203,241	360,405	-	2,849,591	-	10,376,460
2nd Qtr Allocation	2,316,780	4,154,548	491,895	-	-	203,241	360,405	-	2,849,591	-	10,376,460
Restrictions	RESTRICTIONS - TO BE DETERMINED										
TOTAL	143.68	105.32	2.00	-	-	-	9.00	-	21.00	-	281.00
	4,633,560	8,309,096	983,790	-	-	406,482	720,810	-	5,699,182	-	20,752,920

FY 2011 ALLOCATION (INTERIM SEPTEMBER 2010)

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
(Sept. 2010)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation
Appropriation	69.50 5,727,950	29.50 163,320,867	10.00 30,978,994	-	-	21,923,698	-	44,889,136	33.00 16,146,921	-	142.00 282,987,566
1st Qtr Allocation (revised)	69.50 1,431,988	29.50 40,830,217	10.00 12,503,592	-	-	5,480,925	-	11,222,284	33.00 4,036,730	-	142.00 75,505,736
2nd Qtr Allocation	1,431,988	40,830,217	6,158,467	-	-	5,480,925	-	11,222,284	4,036,730	-	69,160,611
Restrictions	RESTRICTIONS - TO BE DETERMINED										
TOTAL	69.50 2,863,976	29.50 81,660,434	10.00 18,662,059	-	-	10,961,850	-	22,444,588	33.00 8,073,460	-	142.00 144,666,347

FY 2011 ALLOCATION (INTERIM SEPTEMBER 2010)

DEPARTMENT OF BUDGET AND FINANCE
(Sept. 2010)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation
Appropriation	129,25	51,00	-	-	-	36,00	1,75	-	-	99,00	317,00
	1,604,113,625	9,249,331	-	-	-	11,195,581	101,603	-	-	10,603,291	1,635,263,431
1st Qtr Allocation (revised)	129,25	51,00	-	-	-	36,00	1,75	-	-	99,00	317,00
	452,247,262	2,312,333	-	-	-	3,361,847	25,401	-	-	2,650,823	460,597,666
2nd Qtr Allocation	383,955,454	2,312,333	-	-	-	2,611,245	25,401	-	-	2,650,823	391,555,256
Restrictions	RESTRICTIONS - TO BE DETERMINED										
	129,25	51,00	-	-	-	36,00	1,75	-	-	99,00	317,00
TOTAL	836,202,716	4,624,666	-	-	-	5,973,092	50,802	-	-	5,301,646	852,152,922

FY 2011 ALLOCATION (INTERIM SEPTEMBER 2010)

DEPARTMENT OF EDUCATION - PUBLIC LIBRARIES
(Sept. 2010)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation
Appropriation	555.55	-	-	-	-	-	-	-	-	-	555.55
	28,847,163	3,125,000	1,365,244	-	-	-	-	1	-	-	33,337,408
1st Qtr Allocation	555.55	-	-	-	-	-	-	-	-	-	555.55
	7,211,791	781,250	341,311	-	-	-	-	-	-	-	8,334,352
2nd Qtr Allocation	7,211,791	781,250	341,311	-	-	-	-	-	-	-	8,334,352
Restrictions											
	555.55	-	-	-	-	-	-	-	-	-	555.55
TOTAL	14,423,582	1,562,500	682,622	-	-	-	-	-	-	-	16,668,704

RESTRICTIONS - TO BE DETERMINED

FY 2011 ALLOCATION (INTERIM SEPTEMBER 2010)

DEPARTMENT OF EDUCATION - CHARTER SCHOOLS
(Sept. 2010)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation
Appropriation	53,761,508	-	-	-	-	-	-	2,835,696	-	-	56,597,204
1st Qtr Allocation (revised)	32,256,905	-	-	-	-	-	-	2,835,696	-	-	35,092,601
2nd Qtr Allocation	16,128,452	-	-	-	-	-	-	-	-	-	16,128,452
Restrictions	RESTRICTIONS - TO BE DETERMINED										
TOTAL	48,385,357	-	-	-	-	-	-	2,835,696	-	-	51,221,053

FY 2011 ALLOCATION (INTERIM SEPTEMBER 2010)

DEPARTMENT OF HAWAIIAN HOME LANDS
(Sept. 2010)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation
Appropriation	-	106.00	-	-	-	76.00	-	-	-	-	182.00
	-	12,102,420	9,601,391	-	-	156,031,476	-	-	-	-	177,735,287
1st Qtr Allocation	-	106.00	-	-	-	76.00	-	-	-	-	182.00
	-	3,025,605	2,400,348	-	-	39,007,869	-	-	-	-	44,433,822
2nd Qtr Allocation	-	3,025,605	2,400,348	-	-	39,007,869	-	-	-	-	44,433,822
Restrictions											
RESTRICTIONS - TO BE DETERMINED											
TOTAL	-	106.00	-	-	-	76.00	-	-	-	-	182.00
	-	6,051,210	4,800,696	-	-	78,015,738	-	-	-	-	88,867,644

FY 2011 ALLOCATION (INTERIM SEPTEMBER 2010)

DEPARTMENT OF HUMAN SERVICES
(Sept. 2010)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation
Appropriation	1,249.59	-	1,150.91	-	-	-	-	-	30.00	-	2,430.50
	774,389,540	617,587	1,081,236,372	10,000	-	-	44,689,880	105,081,522	7,620,241	-	2,013,645,142
1st Qtr Allocation (revised)	1,249.59	-	1,150.91	-	-	-	-	-	30.00	-	2,430.50
	322,443,515	154,397	382,748,522	2,500	-	-	11,172,470	70,589,801	1,905,060	-	789,016,265
2nd Qtr Allocation	150,648,675	154,397	232,829,283	2,500	-	-	11,172,470	29,182,122	1,905,060	-	503,411,286
Restrictions	RESTRICTIONS - TO BE DETERMINED										
TOTAL	1,249.59	-	1,150.91	-	-	-	-	-	30.00	-	2,430.50
	473,092,190	308,794	615,577,805	5,000	-	-	22,344,940	99,771,923	3,810,120	-	1,292,427,551

FY 2011 ALLOCATION (INTERIM SEPTEMBER 2010)

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
(Sept. 2010)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation
Appropriation	182.10	8.00	447.78	-	-	-	-	-	-	-	637.88
	12,460,480	390,875,085	80,858,072	-	-	-	2,668,125	152,858	50,000	-	487,064,620
1st Qtr Allocation	182.10	8.00	447.78	-	-	-	-	-	-	-	637.88
	3,115,120	97,718,771	20,214,518	-	-	-	667,031	38,215	12,500	-	121,766,155
2nd Qtr Allocation	3,115,120	97,718,771	20,214,518	-	-	-	667,031	38,215	12,500	-	121,766,155
RESTRICTIONS - TO BE DETERMINED											
TOTAL	182.10	8.00	447.78	-	-	-	-	-	-	-	637.88
	6,230,240	195,437,542	40,429,036	-	-	-	1,334,062	76,430	25,000	-	243,532,310

FY 2011 ALLOCATION (INTERIM SEPTEMBER 2010)

DEPARTMENT OF LAND AND NATURAL RESOURCES
(Sept. 2010)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation
Appropriation	421.25 23,376,673	300.00 57,821,828	16.75 16,794,742	-	-	-	-	-	1.00 719,585	-	739.00 98,712,828
1st Qtr Allocation	421.25 5,844,168	300.00 16,028,586	16.75 6,523,895	-	-	-	-	-	1.00 179,896	-	739.00 28,576,545
2nd Qtr Allocation	5,844,168	12,786,737	1,873,476	-	-	-	-	-	179,896	-	20,684,277
Restrictions	RESTRICTIONS - TO BE DETERMINED										
TOTAL	421.25 11,688,336	300.00 28,815,323	16.75 8,397,371	-	-	-	-	-	1.00 359,792	-	739.00 49,260,822

FY 2011 ALLOCATION (INTERIM SEPTEMBER 2010)

DEPARTMENT OF PUBLIC SAFETY
(Sept. 2010)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation
Appropriation	2,473,20	8,00	7,00	-	-	-	59,00	-	8,00	-	2,555,20
	213,097,406	2,508,518	1,627,199	-	209,721	75,065	4,736,775	-	7,899,326	742,980	230,896,990
1st Qtr Allocation	2,473,20	8,00	7,00	-	-	-	59,00	-	8,00	-	2,555,20
	53,274,352	627,130	406,800	-	52,430	18,766	1,184,194	-	1,974,832	185,745	57,724,249
2nd Qtr Allocation	53,274,352	627,130	406,800	-	52,430	18,766	1,184,194	-	1,974,832	185,745	57,724,249
Restrictions											
	2,473,20	8,00	7,00	-	-	-	59,00	-	8,00	-	2,555,20
TOTAL	106,548,704	1,254,260	813,600	-	104,860	37,532	2,368,388	-	3,949,664	371,490	115,448,498

RESTRICTIONS - TO BE DETERMINED

FY 2011 ALLOCATION (INTERIM SEPTEMBER 2010)

DEPARTMENT OF TRANSPORTATION
(Sept. 2010)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation
Appropriation	-	2,144.50	9.00	-	-	-	-	-	-	-	2,153.50
	-	640,655,622	47,647,598	423,067	-	-	-	-	-	-	688,726,287
1st Qtr Allocation	-	2,144.50	9.00	-	-	-	-	-	-	-	2,153.50
	-	160,163,906	11,911,900	105,767	-	-	-	-	-	-	172,181,573
2nd Qtr Allocation	-	160,163,906	11,911,900	105,767	-	-	-	-	-	-	172,181,573
Restrictions											
	-	2,144.50	9.00	-	-	-	-	-	-	-	2,153.50
TOTAL	-	320,327,812	23,823,800	211,534	-	-	-	-	-	-	344,363,146

RESTRICTIONS - TO BE DETERMINED

FY 2011 ALLOCATION (INTERIM SEPTEMBER 2010)

UNIVERSITY OF HAWAII
(Sept. 2010)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation
Appropriation	6,474.09	483.25	97.66	-	-	-	-	-	157.75	-	7,212.75
	360,687,276	363,091,863	10,750,227	-	-	-	-	22,000,000	106,549,953	-	863,079,319
1st Qtr Allocation	6,474.09	483.25	97.66	-	-	-	-	-	157.75	-	7,212.75
	90,171,819	90,772,966	2,687,557	-	-	-	-	5,500,000	26,637,488	-	215,769,830
2nd Qtr Allocation	90,171,819	90,772,966	2,687,557	-	-	-	-	5,500,000	26,637,488	-	215,769,830
Restrictions											
	6,474.09	483.25	97.66	-	-	-	-	-	157.75	-	7,212.75
TOTAL	180,343,638	181,545,932	5,375,114	-	-	-	-	11,000,000	53,274,976	-	431,539,660

RESTRICTIONS - TO BE DETERMINED