



EXECUTIVE CHAMBERS

HONOLULU

June 16, 2011

NEIL ABERCROMBIE
GOVERNOR

EXECUTIVE MEMORANDUM

MEMO NO. 11-06

TO: All Department Heads

SUBJECT: 2011 Program Review

House Bill No. 200, H.D. 1, S.D. 1, C.D. 1, Relating to the State Budget, contains a \$50 million "fiscal constraints" reduction for FY 12 and FY 13 that must be allocated statewide. The Legislature's intent in imposing the lump-sum reduction was to "provide the Governor with the maximum flexibility to allocate the reduction among the executive branch of government" with the understanding that these allocated reductions were to be made "in conjunction with the Governor's efforts to reprioritize state government."

The Objective

The objective of the 2011 Program Review is to identify \$50 million in specific general fund reductions for FY 12 and FY 13 based on a systematic review of State programs and services. This review will be the first step in the Administration's more global effort to reprioritize and retool State government as envisioned in the New Day Plan.

General fund support for programs have been significantly reduced over the past decade, and consequently, the Administration wants to avoid imposing standard across-the-board "horizontal" budget adjustments that would further hobble hard hit, departmental operations. Instead, the thrust of the 2011 Program Review is to have each department make honest and discerning assessments of its programs and services as compared to its primary mission (what it does and who it serves). The aim is twofold:

- The first is to identify programs, services, and/or activities for possible elimination that, although well-intentioned, are of marginal benefit, low performing, or of lesser priority; and

- The second is to identify cost saving opportunities in primary programs and services through tightening program eligibility, reducing program benefits, or cost shifting.

The Process

The general approach and process for the 2011 Program Review is outlined in **Attachment A**. This review will focus on departmental programs that are fully or partially funded by general funds. Departments with programs wholly funded by non-general funds are encouraged to conduct their own modified reviews of such programs with the aim towards increasing program efficiency and effectiveness.

To provide an impetus to facilitate a rigorous review of departmental programs, planning targets are being established for each department with general-funded programs (see **Attachment B**). The planning targets are high because the intent is to evaluate each of the proposed adjustments on a statewide basis to yield \$50 million in reductions rather than having each department bear proportional reductions.

Department Deadlines

June 27, 2011. Departments will submit, if necessary, significant budget issue discussion paper(s) to the Department of Budget and Finance (B&F).

July 8, 2011. Departments will submit its program review worksheet and proposed budget reductions to B&F.

Difficult and painful decisions must be made for this review. We cannot afford to continue the status quo, continuing to cut resources from programs which are already hurting and, in some cases, unable to properly function. Let us work together to provide our State with a government that is focused and efficient in serving Hawaii's people and leading them towards the Hawaii we have envisioned in the New Day Plan.

Your full cooperation and serious efforts will be appreciated.

NEIL ABERCROMBIE
Governor, State of Hawaii

Attachments