



STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

August 26, 2008

FINANCE MEMORANDUM

MEMO NO. 08-09

TO: All Department Heads

FROM: Georgina K. Kawamura
Director of Finance

SUBJECT: Preliminary Instructions for Fiscal Biennium 2009-11 Executive Budget Preparation

Hawaii is currently going through a period of economic slowdown and the State's general fund revenues have continued to fall short of projections. Updated revenue estimates by the Council on Revenues for the period covering the current FB 2007-09 through the next FB 2009-11 show that total resources will be insufficient to meet the level of expenditures authorized in the 2008 Legislative Session (including the FY 09 Supplemental Budget and other specific appropriations). The general funds gap is projected to be over \$900 million. Under these extraordinary financial circumstances, immediate and substantial actions are needed to balance the General Fund.

The restriction on discretionary spending in FY 09 is among the first steps toward this goal. Additional measures will be necessary. Full instructions and policy guidelines for the preparation of the FB 2009-11 Executive Budget Request and the Program and Financial Plan for the period 2009-15 will be issued in the coming weeks. At this time, the following instructions are provided to alert you to the various initial steps that are required for budget preparation this year.

1. Critical review and assessment of your department's FY 09 budget base. The focus should be determining the level of essential services and the core functions of your department. Programs with lower priority should be identified for possible reduction or elimination. Many programs have received substantial funding increases since FB 2005-07 during a period when revenue growth was robust. Critical review of these new or expanded programs is now necessary.

Form OB (Review of FY 09 Operating Budget Base) is attached for your use; it should be completed and submitted with your department's FB 2009-11 Budget Request later.

2. Identification of issues having a significant fiscal impact. The objective is to have a clear understanding of the expected obligations, proposed actions for cost control, and good estimates for funding requirements in the biennium. Please use the attached list (if included) as a starting point for your department.
3. Identification of potential areas where general funds can be replaced with other funds. Where appropriate, departments should maximize efforts to use non-general funds to support their programs. Please use the attached list (if included) as a starting point for your department.

At this time, I urge you and your staff to concentrate on the tasks outlined above. They are an integral part of budget preparation this year and the information they provide will help speed up the budget review and recommendation process later.

Please contact the analyst(s) assigned to your department if there are questions. Your understanding and cooperation are greatly appreciated.

Attachments

FB 2009-11 Budget
 Review of FY 09 Operating Budget Base
 Department of ①

Program ID: ②
 Dept. Contact: ④

Program Title: ③
 Phone No.: ⑤

Program Objective: ⑥

Program Budget <u>⑦</u>			
MOF	FTE (P)	FTE (T)	FY 09 Allocation
Total			

A. Please list priority functions of the program and approximate percentage of total budget devoted to each function. ⑧

	<u>Priority Functions</u>	<u>FY 09 % of Budget</u>
1.		
2.		

B. Narrative description for each program function ⑨

1. Priority function (from listing above)
 - a. Description of priority function/activity
 - b. Justification of why function/activity is a priority
 - c. Benefit(s) to public expressed in terms of selected measures of effectiveness
 - d. Briefly indicate if funds/positions will be transferred in/out as a trade-off/transfer in FB 09 – 11 budget request.

2. Priority function (from listing above)
 - a.
 - b.
 - c.
 - d.

C. If this program has gone through significant expansion since FY 05, please list it below and provide the timeframe, purpose, and justification for the expansion. Also, indicate the estimated related expenditures for FY 05, FY 06, FY 07, FY 08 and FY 09, as applicable. ⑩

	<u>Program Expansion</u>	<u>Timeframe / Purpose / Justification / Expenditures</u>
1.		
2.		

D. Listing of position vacancies in program as of 8/31/08 (attach separate listing if necessary) ⑪

E. Funds transferred in/out of program in FY 08 and FY 09. Indicate amount and reason for transfers. ⑫

INSTRUCTIONS FOR FORM OB
REVIEW OF FY 09 OPERATING BUDGET BASE

1. Department Name
2. Program ID (e.g., AGR 132)
3. Program Title (e.g., Animal Disease Control)
4. Name of departmental contact
5. Phone number of departmental contact
6. Program Objective for this program as stated in the Executive Budget document submitted to the Legislature
7. FY 09 allocation for the program (\$, budgeted permanent and temporary positions) by each means of financing
8. (A) - Short description of priority function and % of total program budget, combining means of financing. Specific activities necessary to perform the function should be identified in the more detailed description of the function, under Item (B) (a). See attached example. List is not limited to two; however only the high priority functions should be identified (i.e., the percentage need not total 100%).
9. (B) - For each function listed in (A), complete items (a) through (d). Item (c) should focus on the key measure(s) of effectiveness associated with the specific program (show FY 09-FY 11). The FY 10 and FY 11 projections should reflect results utilizing the FY 09 Allocation \$. Item (d) requires a brief reference of trade-off/transfers to be included in your FB 09-11 budget request.
10. (C) - Short description of significant program expansion since FY 05, if applicable. Indicate if it is a new program (included in FY 06 budget or later). Provide the purpose and justification for the expansion, as well as related estimated annual expenditures in FY 05, FY 06, FY 07, FY 08 and FY 09, as applicable.
11. (D) - Vacancies in the program as of 8/31/08. Include position title, budgeted annual salary and MOF, date position became vacant.
12. (E) - Funds transferred in FY 08 (via Form A-21). For FY 09, identify transfers already made as well as PROPOSED transfers. Briefly indicate reason for transfer.