



EXECUTIVE CHAMBERS
HONOLULU

BENJAMIN J. CAYETANO
GOVERNOR

June 25, 2002

EXECUTIVE MEMORANDUM

MEMO NO. 02-02

TO: All Department Heads

SUBJECT: Fiscal Year 2003 Budget Execution Policies and Instructions

Budget execution policies and procedures for FY 03 are similar to guidelines issued for FY 02.

Departments are advised to exercise continuing restraint in their expenditures, since actual revenue collections to date have been significantly lower than projections. No general fund restrictions will be imposed at this time. However, it is likely that the Council on Revenues will reassess these trends, and may lower its revenue projections at its next meeting. Any such adjustment may result in expenditure restrictions.

Exhibit 1 contains your department's FY 03 allocation and position ceilings, which reflects adjustments to collective bargaining authorizations, and adjustments for items vetoed.

Attachments A and B contain executive expenditure policies, guidelines and procedures, which provide the most reasonable approach to effectuating legislative intent, given current circumstances. It is expected that you and your program managers will carefully monitor all your expenditures and review your program and financial requirements relative to the fiscal condition of the State. As required in FY 02, departments will be asked to prepare annual plans of expenditure for position vacancies, out-of-state travel, and major purchases, to encourage responsible fiscal planning and expenditure accountability.

I am confident that responsible fiscal choices will be made in the spirit of this memorandum even where no specific policies are provided.

Your cooperation and discipline are appreciated during these challenging times. Any questions regarding specific policies and instructions should be directed to the Department of Budget and Finance or the appropriate agency referenced.

BENJAMIN J. CAYETANO

Exhibit I
Attachments A, B, C
Forms A, B, C, D, E