



## EXECUTIVE CHAMBERS

HONOLULU

LINDA LINGLE  
GOVERNOR

March 31, 2003

### EXECUTIVE MEMORANDUM

MEMO NO. 03-04

TO: All Department Heads

SUBJECT: FY 03 Spending Moratorium

Commencement of the war with Iraq is expected to result in precipitous revenue losses for Hawaii and almost every state in the nation, accelerating national, as well as global tendencies toward economic decline.

In anticipation of significant revenue shortfalls resulting from the war's negative effect on our economy, our responsibilities are clear. **Spending must be strictly limited to settling non-discretionary obligations, but curtailed in all other areas.**

Accordingly, effective during the period April 1, 2003 through June 30, 2003, the following expenditure guidelines shall apply to **all discretionary operating authorizations and appropriations funded by general, special, or revolving funds.** These guidelines shall supplement previous Executive Memo (EM) Nos. 02-02 ("*Fiscal Year 2003 Budget Execution Policies and Instructions*," dated June 25, 2002), 02-07 ("*Vacant Positions*," dated December 30, 2002), 02-08 and 03-02 (both referencing "*Amended FY 03 General Fund Allocations*," dated December 30, 2002 and February 7, 2003, respectively).

#### **Policy Summary:**

1. Effective April 1, 2003 through June 30, 2003, there shall be no expenditures or commitment of expenditures made (contracts or encumbrances) for the following general, special, or revolving funded discretionary items:
  - a. Equipment and Furniture
  - b. Training
  - c. Supplies
  - d. Motor Vehicles
  - e. All new consultant/personal service contracts not otherwise exempted (including new contracts costing less than \$25,000. This supersedes Item 11d, Attachment A, EM No. 02-02).

2. **Exceptions**. This spending moratorium shall **not** apply to:
  - a. Federally-funded or trust-funded items or programs.
  - b. The Department of Education (including Hawaii State Public Libraries), University of Hawaii, Hawaii Health Systems Corporation, Hawaii State Hospital, Public Safety Institutions, Hawaii Youth Correctional Facility, Hansen's Disease Facilities, and Animal Quarantine.
  - c. Non-discretionary authorizations and/or appropriations for debt service, State risk insurance, currently filled positions, fringe benefit costs, *Felix* and other court-ordered costs, public welfare, and funding for child and adult mental health costs.
  - d. Supplies and equipment required for maintenance of State facilities and budgeted by the Department of Accounting and General Services and Department of Transportation, Airports and Harbors Divisions.
3. **Request for Exemption**. Exemptions for other specific expenditures must be approved by the Department of Budget and Finance.
4. Where guidelines and/or instructions conflict with previously issued Executive Memos, policies stated herein shall prevail.

I cannot overemphasize the importance of your cooperation during these trying times and in the days ahead. Your continued willingness to accept the responsibilities and obligations of public service is very much appreciated.

LINDA LINGLE