

## GOVERNOR'S BUDGET EXECUTION POLICIES FISCAL YEAR 2008

Except for the policies pertaining to 1<sup>st</sup> Quarter allocations and Grants/Subsidies to private organizations, other Budget Execution policies for FY 08 contained in this document are generally similar to those issued for FY 07.

A number of provisos in the budget (Act 213, SLH 2007) are deemed to be defective. The affected programs and agencies should seek an opinion from the Department of the Attorney General (AG) regarding the implementation of the following sections:

- Section 31 (HTH 100)
- Section 115 (AGS 879)
- Section 147 (Stadium Authority)

Questions on the specific policies and instructions contained in this document should be directed to the Department of Budget and Finance (B&F) through the B&F budget analyst(s) assigned to each department.

1. **Scope and Applicability.** The Governor's Budget Execution Policies and Instructions shall apply to all means of financing (MOF) appropriated and authorized by Act 213, SLH 2007 (the General Appropriations Act of 2007) and other specific appropriations authorized for expenditure in FY 08 by the 2007 Legislature or other legislative sessions.

**While funding allocations are being made at this time for the 1<sup>st</sup> Quarter of FY 08 only, the policies/guidelines/instructions included herein apply to all allocations and expenditures, including those to be made in subsequent quarters of FY 08.**

2. **General Statement of Policies.** State agencies shall implement appropriation acts providing for State government programs in conformance with the purpose of such acts, and shall carry out such purposes efficiently, with due respect for the financial condition of the State and all applicable laws.
  - a. Oversight and control shall be executed in accordance with Part II of Chapter 37, HRS; Section 37-74, HRS; and other applicable legislation and statutes.
  - b. Departments shall plan program operations and expenditures for the fiscal year at levels necessary to accomplish program goals within allocation ceilings approved for the department, pursuant to Part II of Chapter 37, HRS (Allotment System).

Total expenditures and total positions designated for each program in each fiscal year shall not exceed the sums and number appropriated or authorized, and allocated as provided in Exhibit 1, FY 2008 Allocation, except as otherwise provided by law.

- c. Expenditure plans shall be developed within allocated amounts consistent with legislative requirements and executive priorities. These plans shall be prepared and submitted to B&F according to **Attachment B**.

**Departments will be notified of the date when full-year expenditure plans must be submitted (subsequent to the full-year allocation of budget appropriations).**

- d. Program reports of affected activities, attainments, and expenditures corresponding to proposed allocations by allotment periods shall be submitted according to **Attachment B**.
- e. FY 08 departmental Requests for Allotments (Form A-19) shall reflect 1<sup>st</sup> Quarter allocations by program ID and MOF.
- f. Special fund expenditure plans shall include estimates of transfers to the general fund as required by Sections 36-27 through 36-30, HRS (or as otherwise provided by law), for the payment of various assessments for special fund central services and departmental administrative expenses. Such assessments should be within allocated appropriations and treated as first charges against the respective funds, unless otherwise specified. Transfers shall be made to the general fund on a quarterly basis.
- g. As appropriate, every effort shall be made to utilize authorized federal and other non-general revenue resources to provide services which meet similar objectives of programs for which State funds are authorized. All such non-general fund expenditures, however, must be within amounts appropriated and allocated, except where otherwise authorized by law. (*See section on "Federal Funds" in this attachment for further guidelines.*)

All agencies receiving federal funds for operational purposes shall review such operations for possible changes in anticipated federal or other grants. It is not to be assumed that State funds will replace any reduction in federal or other grant funds; nor should it be assumed that State funds will be increased to qualify for increases in available federal matching funds. Program need and statewide priority must be demonstrated.

- h. To control the growing energy demand and costs of State operations, agencies are urged to take appropriate steps to improve energy efficiency in State facilities. Agencies shall comply with Administrative Directive (A.D.) No. 06-01 (Energy and Resource Efficiency and Renewable Energy and Resource Development) and Act 96, SLH 2006 (Relating to Energy). Coordination of A.D. No. 06-01 shall be under the auspices of the Department of Business, Economic Development and Tourism (DBEDT).
- i. The implementation of program budgets shall be consistent with the overall theme, goals, objectives and policies of the priority guidelines contained within applicable approved functional plans, and as contained within Chapter 226, HRS.

3. **Allocations.**

**Exhibit 1** contains each department's 1<sup>st</sup> Quarter allocations and position ceilings for FY 08 based on appropriations from Act 213, SLH 2007.

Full-year allocations are targeted to be available by September 15, 2007, subject to revenue condition. Requests for exception from this policy will be reviewed on a case-by-case basis and must be submitted to the Governor through B&F no later than July 5, 2007.

**Due to revenue and fiscal concerns, budget restrictions are expected to be required for FY 08. The amounts and specific requirements will be announced at a later date.**

At this time, planned collective bargaining (CB) allocations are provided for information only. These funds will not be available until September 15, 2007.

4. **Funds Subject to Allotments.** All MOF appropriated or authorized by the Legislature for FY 08 shall be subject to the allotment process as provided by Section 37-33, HRS. Unencumbered allotment balances at the end of each allotment quarter shall revert to the related appropriation account, except for: the Department of Education (DOE) pursuant to general law; as otherwise provided by specific statute; pursuant to Section 37-40, HRS; or by procedures specified in **Attachment B** with respect to trust funds.

5. **Allotment of Funds to Private Agencies and Specific Appropriations.**

- a. Appropriations for grants, subsidies, purchase of service agreements (POS), and other specific appropriations shall be subject to the allotment system.
- b. Expenditure of grants, subsidies, and other specific appropriations shall require the Governor's prior approval through B&F. Form A-19s for specific appropriations shall be submitted after receiving the Governor's approval to expend.
- c. All allotments for grants and subsidies will be made on a case-by-case basis, subject to the Governor's approval through B&F. Due to revenue and fiscal concerns, allotments for **operating** grants and subsidies will not be made in the first two quarters of FY 08. Exceptions may be considered for public health and safety reasons or other critical needs.

Prior to the submission of any request for allotment, the expending agency or user department (when the user is different from the expending agency) must submit a comprehensive list of all operating and capital improvement grants/subsidies with a preliminary recommendation as specified in **Form D**. This form is due by October 1, 2007.

Thereafter, requests for the release of individual grants/subsidies must include a copy of the grant/subsidy application and indication of compliance with Chapter 42F, HRS, requirements. Use **Form F** for the individual grant/subsidy allotment requests.

Note: Section 42F-107, HRS, requires the Executive Branch to give public notice, beginning on the 91st day after the effective date of the legislation, to the recipient of any grant awarded under Chapter 42F, HRS, of the status of a grant that is not yet released until a final determination is made on the status of the grant.

- d. Funds to private agencies shall not be allotted where it has been determined that the private agency has not complied with qualifying provisions and procedures of Chapters 9, 42F, 103D, or 103F, HRS, as applicable. Departments should consult with the AG on the legal requirements to be fulfilled by grant recipients.
  - e. Pursuant to Act 184, SLH 2007, if a grant or subsidy is used by an organization for the acquisition of land and the organization subsequently discontinues its activities, repayment to the State of the amount of the grant/subsidy must be made.
- 6. **Deficiency Spending Prohibited.** There shall be no expenditure of funds in excess of amounts appropriated and allotted, nor shall agencies establish positions in excess of the numbers authorized in the budget and allotted, unless otherwise provided by specific legislation, and as provided elsewhere in these instructions.
  - 7. **Lapsing of Funds.** Operating funds appropriated for FY 08 not expended or encumbered as of June 30, 2008 shall lapse on that date, except as provided for DOE, or as otherwise provided by law.
  - 8. **Delegation by Department Heads.** As permitted by applicable general laws, department heads may delegate authority to approve certain expenditures (which have been deemed to be within the director's authority) to an appropriately designated deputy, officer, or manager in the director's respective department. The Comptroller of the Department of Accounting and General Services (DAGS) must be notified of such delegation in writing.

Delegation of procurement authority shall be in accordance with Chapter 103D, HRS, and Subchapter 3, Chapter 3-121, HAR. Department heads shall ensure that their current procurement delegations of authority are submitted to the Administrator, State Procurement Office (SPO).
  - 9. **Federal Funds.** All departments receiving federal funds for operations and CIP should not assume that State funds will replace the loss of any federal-aid money, nor should it be assumed that State funding will be increased to qualify for increases in available federal matching funds.
    - a. Pursuant to **Section 167** of Act 213, SLH 2007, the Governor's prior approval is required to: 1) increase a program's federal fund ceiling as authorized by the

Legislature, and 2) apply for and/or expend non-appropriated federal grant funds. Section 167 also requires that the expenditure be made for the “benefit of the public.” Accordingly, all requests for federal ceiling increases shall require the Governor’s prior approval through B&F in the attached memo formats (**Forms E-1, E-2, and E-3**, as applicable).

Departments are required to prepare and submit **Form E-3** (notice of federal fund approval), which B&F will finalize and transmit to the Legislature. To comply with reporting requirements, departments should submit a draft hardcopy with the request and e-mail an electronic file of **Form E-3** to the B&F analyst assigned to the department.

- b. Federal Fund Deposits. All federal funds received by departments shall be deposited into the State Treasury unless otherwise provided by federal funding conditions or specifically exempted from this provision by competent authority acknowledged by the Director of Finance.
- c. Recovery of Indirect Costs and Fringe Benefits from Federal Grants and Contracts. State agencies administering federal grants and contracts shall pursue the recovery of indirect costs and fringe benefits. Federal payments shall be deposited into the general fund. (Source code 0579 and the department’s alpha code should be used.)

10. **Special and Revolving Fund Receipts and Expenditures.**

- a. All special and revolving funds must have been authorized and appropriated by law in order to be expended.
- b. Authorized and appropriated special and revolving funds can only be expended up to the level of receipts available in such funds.
- c. Special and revolving fund expenditures authorized in Act 213, SLH 2007, and other specific appropriations are limited to amounts appropriated and allocated, except as otherwise provided by law.
- d. **Appropriated** special and revolving funds authorized by law to expend in excess of appropriated amounts shall require the Governor’s prior approval before making such expenditures. All requests for such expenditures shall be reviewed and approved by the AG before submittal to the Governor through B&F.

11. **Trust Funds.**

- a. Pursuant to Section 37-40, HRS, expenditures of trust funds are permitted up to levels of available receipts, except as otherwise provided by law, or except as limited by conditions of the trust agreement or fund.

Section 37-33, HRS, allows the Director of Finance, as required, to prescribe regulations for controlling expenditures and encumbrances of funds which have not been appropriated on a regular basis.

- b. Trust funds **appropriated** in Act 213, SLH 2007, which an agency seeks to expend in excess of appropriation levels, shall require the Governor's prior approval before making such expenditures. All requests for such expenditures shall be reviewed and approved for consistency with appropriate statutes by the AG before submittal to the Governor through B&F.

- 12. **Reimbursements from Federal or Other Funds.** All federal or other fund reimbursements shall be deposited into the general fund or the appropriate fund account that provided the original advance funding, except as otherwise provided by law. Programs shall ensure that appropriate and correct reimbursements from federal and other funds are made for pension accumulation, Social Security, health insurance, and other fringe benefits. Documentation shall be made available to B&F, upon request.

Expenditure of reimbursements without legislative or statutory authorization or appropriation may be considered to be in violation of Sections 37-31 and 37-42, HRS.

- 13. **Gifts or Private Contributions to Programs.** Where specific special, trust, revolving or private funds have not been established for such purposes, agencies shall be responsible for demonstrating that such authority is consistent with applicable statutes and appropriate expenditure provisions of the State Constitution. The Governor's approval is required prior to the receipt and expenditure of such contribution or gift, unless otherwise provided by law.

- 14. **Workforce Control.**

Only **authorized and funded** positions may be considered for establishment and filling (regardless of the MOF), unless otherwise provided by law. Note: Authorized positions are those authorized either in the budget (the General Appropriations Act or the Supplemental Appropriations Act), in specific legislation, or pursuant to HRS statutes.

- a. **Position Allocation Ceilings.** The number of permanent full-time equivalent (FTE) positions, which may be established and filled by each department, shall not exceed the total number **allocated** in Exhibit 1 to each respective department, by MOF, and the numbers provided for project-funded positions in **Item 25.g** (CIP Staff Services Cost).

Positions authorized by specific legislation are subject to **Item 14.b** below.

- b. **Establishment and Filling of Positions/Vacancies**

b.1 The Governor's prior approval through B&F is required for the establishment of positions and the filling of current and future vacancies. This requirement shall apply to:

- All positions, including: permanent, temporary, exempt, or CIP-funded.
- All positions included in the budget (Act 213, SLH 2007).
- All positions created by general law or specific legislation which are not included in Act 213, SLH 2007.
- Unauthorized positions that are allowed pursuant to **Section 191** of Act 213, SLH 2007. See **Item b.6** below.

b.2 Exceptions. The Governor's approval is not required for the following cases:

- Filling and extension of positions that are 100% federally funded, or 100% funded by non-appropriated trust funds.
- Filling of authorized positions in the University of Hawaii (UH), DOE, the Charter Schools, the Hawaii State Public Library System (HSPLS), and the Hawaii Health Systems Corporation (HHSC).
- Filling of Public Safety correctional facilities and correctional programs staff positions.
- Filling of positions in Child Protective Services.
- Filling of Hawaii State Hospital staff positions.
- Filling of Hawaii Youth Correctional Facility Staff positions.
- Filling of Department of Health and DOE positions mandated by the *Felix* Consent Decree.
- Granting of temporary assignment to existing employees.
- Establishment and filling of positions pursuant to Section 76-16(b), subsections (5), (7), (9), and (16), HRS.
- Filling of civil service positions identified for Reduction-in-Force placements, and/or for placements of disabled employees.
- Filling and/or extensions of **blanket** authorizations previously approved by the Governor. Documentation should be provided to B&F and/or Department of Human Resources Development (DHRD), upon request.

- b.3 All vacancies permitted to be filled must be funded within currently approved departmental allocations.
- b.4 Proposed actions to establish or extend positions that are exempt from civil service pursuant to Section 76-16(b), subsections (2), (12), and (15), HRS, unless previously delegated to the departments, shall require the prior review and approval of DHRD before submission to the Governor, through B&F, for approval to fill or extend exempt positions and appointments beyond their not-to-exceed (NTE) dates.
- b.5 DHRD has provided the departments with delegated authority to review and approve civil service exemption for positions established under Section 76-16(b), subsections (3), (10), and (17), HRS. The Governor's approval is not required for extending these exempt positions and appointments beyond their NTE dates.
- b.6 **Positions not Authorized by the Legislature.** **Section 191** of Act 213, SLH 2007, prohibits the expenditure of funds, including federal funds, to fill any position not authorized by the Legislature. This prohibition does not apply to:
- Positions at UH and HHSC;
  - Positions entirely funded with federal monies;
  - Positions established pursuant to Section 76-16(b), subsections (3), (13), (21), and (23), HRS; or
  - Where an agency has explicit statutory authorization to establish positions to accomplish necessary functions.
- Departments are required to submit a report, with specific details, to the Legislature within ten days of each use of this exception.
- b.7 **Procedures for Approval.** All position requests requiring the Governor's approval for establishing and/or filling shall be submitted in the attached formats (**Form B-1 for authorized positions or B-2 for unauthorized positions**).
- c. **Position Variances.** Program positions should be of the same position classification series described in BJ details of the approved budget. Any variance from such authorization must be supported by appropriate justification or legislative authorization, and must be consistent with policies in A.D. No. 90-13, dated February 5, 1990, and as further provided herein.

- c.1 Department heads are delegated the authority to change a position's classification series (position variance) where the cost difference is no more than 20% above the authorized budgeted amount.
- c.2 The Governor's prior approval through B&F is required for requests to change a position's classification series where the cost difference exceeds 20% of the authorized budgeted amount.
- c.3 Other requests to implement position variances from authorizations in Act 213, SLH 2007, or as authorized in general law, or in any other Act of the Legislature, shall also be submitted to the Governor for review in the manner prescribed above, to ensure consistency with program and legislative intent.
- c.4 UH, DOE, Charter Schools, HSPLS, and HHSC are exempt from the provisions of 14.c.

d. Other General Provisions

- d.1 Each department shall provide for the most efficient and economical use of workforce.
- d.2 Departments shall limit and monitor the use of overtime for each month. Monthly program reports shall be made available to B&F, upon request.
- d.3 All positions and personnel-related costs shall be funded within currently approved departmental allocations.
- d.4 Reporting Requirement. Quarterly updates of department vacancies shall be submitted to B&F as provided in **Form A** (with instructions).

UH, DOE, Charter Schools, HSPLS, and HHSC are exempt from this requirement.

15. Transfer of Funds and/or Positions.

- a. Unless otherwise provided, **Section 171** of Act 213, SLH 2007, authorizes, with the Governor's approval, transfers between operating appropriations within the same fund, within an expending agency, for operating purposes.
  - a.1 Other provisos in Act 213, SLH 2007, authorize transfers under certain conditions. To the extent possible, anticipated transfers should be identified in full-year expenditure plans and A-19s.
  - a.2 All requests for transfer authorization shall require the Governor's prior approval through B&F.

- a.3 All requests for transfer shall include appropriate references to authorizing sections or statutes.
  - a.4 See Item 23, "Allotment Balances/Transfer of Funds," for other allotment limitations.
  - a.5 Pursuant to Section 37-74 (d)(2) and (3), HRS, specific transfer authority and responsibilities have been delegated to the UH, DOE, Charter Schools, and HHSC (special funds).
  - b. **Section 172** of Act 213, SLH 2007, allows the **transfer of positions** within a department or agency, provided that: total position ceiling allocations are not exceeded; there is no change in the authorized MOF of the position count; and such transfers do not conflict with, or circumvent, other related laws.
    - b.1 All requests for transfer authorization shall require the Governor's prior approval through B&F.
    - b.2 Transfer requests shall include appropriate references to authorizing sections or statutes.
    - b.3 See Item 23, "Allotment Balances/Transfer of Funds," for other allotment limitations.
    - b.4 Proposed and actual transfers of vacant positions should be identified in the quarterly vacancy report.
    - b.5 HHSC (special funded positions), UH, DOE, and Charter Schools are exempt from these provisions where specific transfer authority and responsibilities have been delegated to those agencies by general law.
    - b.6 **Section 211** of Act 213, SLH 2007, prohibits the allocation or assignment of federally funded positions to any program other than the program for which the federal funds are appropriated.
16. **Contracts.**
- a. All contractual funding agreements are contingent on the availability of funds. Departments should exercise caution in negotiating contracts with funding obligations that extend beyond the fiscal year.
  - b. Procurement of all approved goods, services, and construction, including purchase of health and human services, shall comply with applicable provisions of HRS Chapters 103D or 103F; SPO procurement circulars and directives; guidelines and directives issued by the AG and DAGS, as applicable; and any other pertinent requirements of statute, regulation, rule, order, or other directive.

c. Financing Agreements

- c.1 The applicability, scope and guidelines governing financing agreements may be found in E.M. No. 96-17, *Implementation of Act 119, SLH 1996, Relating to Municipal Leases*, dated November 15, 1996, and Chapter 37D, HRS.
- c.2 Approval of the Director of Finance and the AG must be obtained prior to implementation of financing agreements subject to Chapter 37D, HRS (for either CIP or operating costs, regardless of amount or MOF).
- c.3 The sale, assignment, refinancing, or other disposition of any lease subject to Chapter 37D, HRS (including certificates of participation), shall require the prior approval of the Director of Finance.
- c.4 UH and HHSC shall comply with provisions of Section 37D-2, HRS, as applicable.

d. Staffing by Contracts (all MOF)

These contracts provide:

- Services of an advisory nature relating to the functions of agency administration and management or program management; or
- Persons and/or organizations that are considered to have knowledge and special abilities not generally available within the agency; or
- Delivery of completed work, product, or services by or during a specified time.

Requests for these types of contracts require the Governor's approval, through B&F, and compliance with DHRD and DAGS requirements for contractual services. Departments are advised to contact DHRD and DAGS to obtain the latest applicable procedures relating to the approval process.

Exceptions. Approval authority is delegated to department heads to make the expenditures listed below (unless applicable to "financing agreements"); however, compliance with DHRD and DAGS requirements for contractual services must still be fulfilled.

- d.1 Initial requests where total estimated costs will be less than \$50,000.
- d.2 Amendment to an existing contract where the original cost of which is less than \$50,000. However, if the amendment results in the total cost exceeding this amount, the amendment requires the Governor's approval through B&F. (Note: Non-cost amendments to an existing contract do not require the

Governor's approval.) Departments should consult with the AG and the SPO on other applicable requirements concerning contract amendments.

- d.3 Medical services contracts.
- d.4 Legal services contracts approved by the AG.
- d.5 Services contracts for expert witnesses for the AG.
- d.6 Engineering and architectural services for Repair and Maintenance projects funded as operating costs.
- d.7 Routine maintenance services necessary for ongoing operations. Examples include: maintenance of elevators/escalators, landscaping services, and janitorial services.
- d.8 Special repair and maintenance services to extend the life of facilities and other assets. Examples include: repainting, repaving, major repairs and rehabilitation of facilities.
- e. Audit contracts under DAGS jurisdiction shall be subject to DAGS procedures under Comptroller's Circular No. 1994-02 and do not require the Governor's prior approval. Exception: when departments elect to delegate such functions to DAGS under conditions of **Section 174** of Act 213, SLH 2007, the Governor's approval through B&F to transfer funding for such audits is required.
- f. Design consultants are subject to the provisions of Chapter 103D, HRS, for procurement of professional services. Design and/or professional services furnished by licensees under Chapter 464, HRS, shall only be procured pursuant to Section 103D-304, HRS, and Subchapter 7, Chapter 3-122, HAR (excluding the small purchase process), or Section 103D-307, HRS (Emergency Procurement).
- g. Engineering, architectural, and other contracts with independent contractors or personal services contractors **related to CIP implementation** shall be subject to the Governor's review via the regular A-15 allotment approval process.
- h. Hawaiian Home Lands employee contracts exceeding six years pursuant to Section 202(b) of the Hawaiian Homes Commission Act shall be submitted to the Governor for approval through B&F.
- i. Extension of contracts which have expired is not permitted. If a contract expires before an extension has been approved, departments shall initiate a new procurement process to enter into a new contract.
- j. Reports shall be made available to B&F, upon request.

- k. Exemptions from Chapter 103D and Chapter 103F, HRS, requirements are identified on DAGS' SPO website: "[www.spo.hawaii.gov](http://www.spo.hawaii.gov)"

17. **Travel**. The following procedures and guidelines shall apply:

a. **Out-of-State**

Approval for out-of-state travel for departmental personnel is delegated to department heads, subject to available funding, program necessity, and other applicable statewide travel policies.

b. **Intra-State**

Approval for all intra-state travel is delegated to department heads, subject to available funding, program necessity, and other applicable statewide travel policies.

- c. Departments shall continue to comply with DAGS travel rules and procedures.
- d. Reports of all travel shall be made available to B&F, upon request.
- e. Department heads shall notify the Governor's chief of staff of any out-of-state travel to be taken by them.

18. **Information Systems Technology (IT) and Telecommunication (TC) Services, Facilities and Resources**. All IT and TC services, facilities, and resources are functions of the Information and Communication Services Division (ICSD) of DAGS, under the authority of the Comptroller.

- a. DAGS shall have general supervision and control over the acquisition and utilization of IT and TC facilities and resources within the Executive Branch and may grant exemptions from A.D. No. 77-02, as amended, and A.D. No. 87-01, as amended.

Note: A.D. No. 77-02 was amended by E.M. No. 1993-11 (delegation of IT and TC personnel actions), dated December 14, 1992, and E.M. No. 1994-08 (delegation of certain computer hardware and software acquisitions), dated August 31, 1994, and was clarified by Director of Finance memorandum dated October 18, 1994. A.D. No. 87-01 was clarified by Director of Finance memo dated February 1, 1993 (DOE), and August 31, 1994 (cellular and pager equipment).

- b. Applicable statutory provisions, such as Chapters 76, 77 and 103D, HRS, shall be observed by departments and agencies, as applicable.
- c. All IT and TC consulting services and all other IT and TC related services must obtain A.D. No. 77-02 and A.D. No. 87-01 approval from the Comptroller.

Only IT or TC related consulting service requests that have been approved and/or cleared by the Comptroller should be submitted to the Governor, through B&F, for approval, in accordance with Item 16 as provided herein.

Note: The required review and approval by the Comptroller pursuant to A.D. No. 77-02 or A.D. No. 87-01, shall be conducted and completed by ICSD. ICSD requires at least two work weeks advance time to complete its review and recommendation.

- d. Departments or agencies contemplating acquisition of any IT or TC facility, service, hardware or software must plan the acquisition project as required by A.D. No. 77-02 or A.D. No. 87-01.
  - e. Ongoing IT services, such as hardware or software maintenance, should be considered as operational expenses and shall not require A.D. No. 77-02 or A.D. No. 87-01 approval, but shall comply with applicable provisions provided herein.
  - f. Other IT or TC products or services that are not operational expenses and are not included within A.D. No. 77-02 or A.D. No. 87-01 policy and procedures, shall require prior approval by the Comptroller to assure compliance with the State's strategic direction for IT/TC, as are all acquisitions of IT/TC items.
19. **Lease of Office Space.** Section 171-30, HRS, provides DAGS with the responsibility for the acquisitions of any office space in nonstate owned buildings for use by State departments or agencies. Departments shall submit all requests for new leases and lease renewals through the Comptroller under procedures established by DAGS. All requests shall include current organizational charts approved by B&F and completed DAGS forms (including staff space computations and leasing information sheets).
20. **Risk Management and Insurance Program.**
- a. Comptroller Memo No. 89-06 (dated February 15, 1989) provides guidelines for and shall govern departmental procedures with respect to the operations and implementation of a comprehensive State risk management and insurance program.
  - b. Effective FY 08, most appropriations for general fund agencies for risk management benefits have been centralized within AGS 203 (State Risk Management and Insurance Administration). Pursuant to Section 176 of Act 213, SLH 2007, agencies with appropriations for risk management costs are reminded to transfer funds to AGS 203 for administration and implementation.
21. **Procurement of Goods, Services, and Construction (HRS Chapter 103D), and Purchase of Health and Human Services (HRS Chapter 103F).**
- a. All departments and agencies that are delegated the authority to purchase by the Chief Procurement Officer shall be in compliance with Chapter 103D, HRS, and

its applicable rules in Chapters 3-120 to 3-132, HAR, as issued by the Procurement Policy Board.

Other exemptions from Chapter 103D, HRS, requirements are identified on DAGS' SPO website: "[www.spo.hawaii.gov](http://www.spo.hawaii.gov)"

- b. All departments and agencies shall be in compliance with Chapter 103F, HRS, and its applicable rules in Chapters 3-140 to 3-149, HAR, as issued by the Procurement Policy Board, for the purchase of health and human services.
  - b.1 Department heads are delegated the authority to approve **budgeted** POS contracts.
  - b.2 The Governor's approval is required for **unbudgeted** POS contracts.
- c. Price and Vendor Lists. All departments and agencies, except HHSC, UH and DOE, are required to purchase their requirements for goods and services from SPO issued price and vendor lists, unless otherwise noted (e.g., Western States Contracting Alliance price and vendor lists). Chief Procurement Officers for HHSC, UH and DOE may enter into a cooperative agreement with the SPO to utilize SPO price and vendor lists.
- d. "Parceling" as defined by Section 103D-305, HRS, is strictly prohibited. Section 103D-305, HRS (small purchase; prohibition against parceling), provides that "*procurement requirements shall not be artificially divided or parceled so as to constitute a small purchase under this section.*"
- e. Except as otherwise provided, all purchases shall be governed by DAGS' guidelines and procedures.
- f. Equipment. "*Equipment*" is tangible property of a more or less permanent nature (other than land or buildings and improvements thereon) that is used in an operation or activity. Examples are machinery, tools, furniture and furnishing, and certain vehicles such as farm tractors, mowing machines, and plows required for the performance of program tasks. For budget purposes, "*equipment*" **excludes** general-use motor vehicles such as trucks, cars, and buses, which are covered under "*motor vehicles*."
  - f.1 Requests to purchase equipment under A.D. No. 77-02 or A.D. No. 87-01 (relating to IT and TC services, facilities and resources) shall: 1) obtain preliminary approval from ICSD; then 2) submit such request to the Governor for approval through B&F.
  - f.2 The Governor's approval is required for **unbudgeted** single purchase orders of equipment totaling over \$50,000.

- f.3 Department heads are delegated the authority to approve the purchase of **budgeted** equipment items that are reflected on the BJ tables.
- g. **Motor Vehicles.** For budget purposes, “motor vehicles” include “passenger cars,” “pickup trucks,” “sports wagons,” “vans,” “buses,” or any self-propelled vehicles designed for carrying or transporting passengers and/or property, and generally drawn upon a road or highway.
  - g.1 The Governor’s approval is required for **unbudgeted** single purchase orders of motor vehicles totaling over \$50,000.
  - g.2 Department heads are delegated the authority to approve the purchase of **budgeted** motor vehicle items that are reflected on the BJ tables, pursuant to Chapter 103D, HRS, subject to the following:
    - i. **Oahu and Maui:** All passenger cars, leased or purchased, new or used, shall require Comptroller’s approval. Review for approval shall consider vehicle type, size, and availability from DAGS Automotive Management Division (**DAGS-AMD**) motor pools.

**Hawaii and Kauai:** For passenger cars purchased for these islands, agencies shall submit an annual listing of vehicles purchased during the fiscal year for review by the Comptroller for compliance with paragraph “iv” below.
    - ii. Passenger vehicles shall conform to the standard specifications and criteria issued by **DAGS-AMD**. Exceptions to the standards shall require Comptroller’s review and approval.
    - iii. Specifications for other than passenger vehicles, including exceptions to the DAGS-AMD standards, shall be the responsibility of the individual purchasing agency.
    - iv. Used motor vehicles require the approval of the head of the purchasing agency and, for passenger vehicles only, the approval of the Comptroller as provided above.
    - v. Used motor vehicles acquired from the SPO Surplus Property program are not subject to Chapter 103D, HRS, but shall comply with paragraph “iv” above.
    - vi. Agencies shall ensure compliance with Act 96, SLH 2006, on Energy, and the DBEDT *Departmental Guidelines for Acquisition of New Vehicles*.
- h. Agencies shall ensure applicable contracts are reported, in compliance with:

- h.1 Executive Memorandum No. 06-01, *Transparency in Procurement*, dated January 20, 2006;
- h.2 Procurement Circular 2006-01, *Procurement Reporting System*, dated January 20, 2006, and any future amendments; and
- h.3 Procurement Circular 2005-02, *Reporting of Health and Human Services Purchases Pursuant to Chapter 103F, HRS*, dated April 27, 2005, and any future amendments.

22. **Request for Allotment of Funds (Operating).**

- a. Within departmental fund allocations, department heads will be allowed to implement legislatively authorized new programs or to improve existing services authorized under Part II of Act 213, SLH 2007, or in other specific appropriation acts, or which are consistent with program budgeting guidelines and objectives pursuant to Section 37-74, HRS.
- b. Appropriations used for the initiation of **authorized** new programs or for the improvement of existing services or which are consistent with Section 37-74, HRS, will be reflected in the operational expenditure plan, where these items shall be separately identified in the narrative portion of the expenditure plan. All authorized new programs, or improvements to existing programs, that are planned for implementation by the agency must be within allocation ceilings and supported by appropriate evaluations or justifications.
- c. Program appropriations authorized under Part II of Act 213, SLH 2007, or in other specific appropriation measures, that are not planned for implementation in the fiscal year will be reflected in Column 10 on the Request for Allotment (Form A-19). (See **Attachment B** for guidelines and procedures.)
- d. Full-year program operational expenditure plans and A-19s should show accounts by "10" (payroll) and "20" (others), and must be consistent with updated BJ details of Act 213, SLH 2007, or with provisions of the authorizing specific appropriation, as applicable.

23. **Allotment Balances/Transfer of Funds.** Requests for Allotment (Form A-19) and Requests for Transfer of Funds (Form A-21) will be used, as appropriate, for adjustments of program allotment accounts. As applicable, agency requests for the transfer of funds shall be submitted to the Governor for approval through B&F. All such requests must be accompanied by a written justification stating the nature and reasons for the transfer, including its legal basis. Unless otherwise provided by other specific provisos in Act 213, SLH 2007, **Section 171** of Act 213, SLH 2007, limits such transfers to operating funds between appropriations within the same fund within an expending agency.

- a. Anticipated A-21 transfers shall be identified in the full-year expenditure plans.

- b. Provisions of this section shall apply to transfers made under **Section 171** cited above and to any transfer of funding between any agency or program authorized in Act 213, SLH 2007, including all MOF, except for: UH, DOE, Charter Schools, and special fund appropriation transfers in HHSC, as authorized by general law.
  - c. Pursuant to **Section 161** of Act 213, SLH 2007, expenditures for programs to cope with natural disasters or other unforeseen emergencies shall be made only with a formal declaration of a natural disaster or emergency by the Governor.
24. **Transfer of Vacation Credits.** Pursuant to Section 78-23(b), HRS, transfer of funds representing accumulated vacation credits shall be made only when an employee is transferred between government jurisdictions as defined by Sections 78-1.5 and 76-11, HRS, or between positions within the same jurisdiction which are financed by different funds (MOF). Transfer of vacation funds shall not be made when the employee transfers between positions within the same jurisdiction, and if the transferred employee's salary is to be paid from the same fund. The transfer of vacation funds can be reversed if the employee returns to his or her original position, within the same fiscal year. Vacation transfer funds are considered to be realizations to the general fund or the respective non-general fund.
25. **CIP Expenditures.** In general, departments are directed to consult guidelines and instructions in E.M. No. 97-07, "*Procedures for Requesting the Implementation of Capital Improvement Projects*," dated June 19, 1997. The following updated and/or amended guidelines shall also apply:
- a. Except as specifically authorized by legislative proviso, MOF authorized for CIP described in **Section 125** of Act 213, SLH 2007, may not be changed or substituted by other MOF or by funding appropriated for other cost categories without legislative amendment or as otherwise provided by law.
  - b. General Obligation (G.O.) bond CIPs described in **Section 125** of Act 213, SLH 2007, and requiring supplemental funding shall utilize funds transferred pursuant to the provisions of **Section 152** of Act 213, SLH 2007, before requesting supplemental allotments from available project adjustment funds as provided by **Sections 153 and 154** of Act 213, SLH 2007.
  - c. **Implementation Plans.** CIP Implementation Plans for Appropriations or Authorizations (**Form C**) shall be submitted for the Governor's review through B&F.
- c.1 **Form C: CIP Requiring Allotments in FY 08**
- Departments with CIP appropriations must submit a CIP implementation plan for FY 08 listing **all authorized projects for which departments plan to request allotments in FY 08**, including projects submitted by the Executive and projects added by the Legislature. This implementation

plan should also include projects authorized by prior Acts still in effect which expect allotment for FY 08.

- Projects should be listed in order of departmental priority (No. 1 being the most important, etc.). **Each project should be assigned a unique priority number.** (Do not use priority # 1a, 1b, etc.).
  - Legislative projects identified should include a separate explanation for each project providing background information on the project, and an explanation of the need to be funded in FY 08 (Form C-1a).
  - Authorized grants must contain all appropriate supporting documents, including the grant application and indication of compliance with Chapter 42F, HRS, requirements. Departments should consult with the AG on the legal requirements to be fulfilled by grant recipients. Use Form F to request the allotment of CIP grants.
- c.2 Allotment of lump sum and statewide appropriations can be requested by individual projects or in batches with adequate justification for the use of funds.
- c.3 Any existing report format that contains the required information may be submitted; otherwise, the sample format (**Forms C**) should be used.
- c.4 The implementation plans will serve as guidance for reviewing requests for allotments, CIP-related contracts, etc., and shall be submitted to B&F no later than **August 15, 2007**.
- Requests for the allotment of critical projects may be submitted before the due date for implementation plans.
  - Grants may be added to the implementation plans after this date, if necessary.
- d. Implementation plans for CIP projects funded by special funds, G.O. with debt service costs to be paid from special funds, revenue bond funds, or revolving funds shall include projected six-year *financial plans* for the respective fund responsible for cash or debt payments.
- e. All allotment requests must be consistent with the departmental implementation and appropriate financial plans.
- f. **CIP Allotment Procedures**. The following shall be observed for requests to allot funds.
- f.1 The department's CIP implementation plan required under **Item 25.c** above shall be submitted to the Governor for review through B&F.

- f.2 Allotment requests may include more than one phase if supported with adequate justification.
- f.3 As the need to implement arises, projects shall be individually submitted for the Governor's approval through B&F. This procedure also applies to requests to use the Governor's Project Adjustment Fund (PAF) pursuant to **Section 154** of Act 213, SLH 2007.
- New appropriation symbols for new cost elements, delegation, or PAF requests shall be requested from DAGS-UARB in writing. The appropriation symbols shall be typed on the AA prior to submitting the request.
  - AA numbers will be assigned by B&F upon receipt of request. Do not fill the anticipated date of the Governor's approval.
- f.4 Requests for advance draw-downs of CIP funds by third-party project managers shall be prohibited. Disbursement of funds shall be made only upon actual completion of work.
- g. CIP Staff Services Cost. All agencies with an authorized project-funded staff ceiling shall be funded via a separate appropriation in the budget identified for staff services only. The separate appropriation will be used only for staff salary related costs (e.g., overtime) and fringe benefits. Approved project funded staff ceilings are as follows:
- |                       |               |
|-----------------------|---------------|
| DOT Highways Division | 366 positions |
| DOT Harbors Division  | 12 positions  |
| DOT Airports Division | 23 positions  |
| DAGS                  | 76 positions  |
| DLNR                  | 27 positions  |
| DBED                  | 19 positions  |
| DOE – EDN 100         | 5 positions   |
| DOE – EDN 400         | 61 positions  |
- h. Grants. In addition to the Governor's approval pursuant to **Item 25.c**, the following procedures shall apply to all CIP appropriations to private organizations:
- h.1 The expending agency shall enter into a contract with the private organization as required by Chapter 42F, HRS. The contract shall provide that the State be reimbursed a pro rata share of the facility costs (monetary or pro rata share of the facility) should the private organization cease to satisfy the specified public purpose.
- h.2 The executed contract must be submitted to DAGS' Preaudit Branch and will be used to encumber allotted funds.

- h.3 The private organization should request payment through the expending agency as work progresses on the project.
- h.4 Request for allotment of grants funded with G.O. bonds shall be made only after the recipient organization has obtained commitments from all other funding sources for the project.
- h.5 State funds will be disbursed to the private organization by DAGS warrant vouchers from expending agencies, with supporting documentation of work completed.
- h.6 The expending agency shall monitor compliance with Chapter 42F, HRS, and the public purpose and legislative intent of the grant.
- i. Pursuant to **Section 161** of Act 213, SLH 2007, expenditures for CIPs to cope with natural disasters or other unforeseen emergencies shall be made only with a formal declaration of a natural disaster or emergency by the Governor.
- j. CIP Lapsing. All funding for CIP described in **Section 125** of Act 213, SLH 2007, that are unencumbered and/or unexpended as of June 30, 2010 shall lapse as of that date. However, pursuant to **Section 157** of Act 213, SLH 2007, this lapsing date does not apply to:
  - Non-general fund authorizations which are denoted as necessary to qualify for federal aid financing and reimbursement, and which have been so designated by the Legislature; and
  - State Educational Facilities Improvement (SEFI) funded projects appropriated for more than three years for the construction and acquisition of public school facilities.
- k. Private Activity Uses of Bonds (PAB)

Private entities and/or activities funded by G.O. and/or G.O. reimbursable (G.O.R.) bond funds must meet appropriate Internal Revenue Code requirements to preserve the tax-exempt status of interest on such bonds. Expending agencies responsible for such authorizations shall ensure that such requirements have been met.

Form PAB must be completed for every project funded by G.O. and G.O.R. bonds listed in the department's CIP expenditure plan, and must be submitted with the CIP expenditure plan.

26. **Operating Program and Expenditure Reports.**

- a. Quarterly vacancy reports (**Form A**) shall be submitted to B&F **no later than 14 days** after the end of each quarter.

- b. Quarterly reports for DOE and UH shall be submitted as provided by general law or as provided herein.

27. **Other Administrative Reporting Requirements and Fines.**

- a. Programs that have changes in revenues shall report such changes in the quarterly updates of revenue estimates.
- b. Program and departmental responses to provisos in Act 213, SLH 2007, requiring the development, performance, completion, or reporting of studies, reports, findings, evaluations, updates, notifications, and plans to the Legislature or appropriate authority shall follow requirements of the proviso and procedures outlined in the "*Legislative Guidelines*," to be issued for the Executive Branch for the 2008 Session of the State Legislature.
- c. Act 100, SLH 1999, requires every department to develop and submit a report on the department's goals and objectives, policies, action plan, and timetable to meet those goals, including the process to measure achievement and performance. Section 7 of Act 100 provides detailed reporting requirements. Three copies of the report should be submitted to the Governor pursuant to the Governor's deadline for legislative reports.

28. **Submission Requirements and Due Dates.**

- a. 1<sup>st</sup> Quarter operating A-19s shall be submitted to B&F no later than **July 5, 2007.**
- b. The CIP Implementation Plan, pursuant to Item 25.c, shall be submitted to the Governor, through B&F, no later than **August 15, 2007.**
- c. The List of Grants and Subsidies, pursuant to Item 5.c, shall be submitted to the Governor, through B&F, no later than **October 1, 2007.**

Attachments

Forms: A (Quarterly Vacancy Staffing Report)  
B-1, B-2 (Request for Position Action)  
C, C-1a (CIP Implementation Plan, Legislative CIP)  
D (List of Grants and Subsidies)  
E-1, E-2, E-3 (Federal Funds)  
F (Allotment Request for Grant/Subsidy)  
PAB (G.O. Bond Fund Appropriations)

### Form A: Quarterly Vacancy Staffing Report

Department: Self-explanatory.

Quarterly Update for \_\_\_\_\_: Identifies actions taken during the identified quarter-ending.

Contact Person/Phone: Self-explanatory.

Program ID: Program ID that the position is budgeted in. Positions transferred in/out to other programs should be noted here, and explained in comments.

Position Title as Budgeted: Self-explanatory. Note: authorized positions should be within the same classification series and of the same means of financing as budgeted.

Legal Authority: All positions must be “authorized and funded positions.” Authorizations should be based on the legal authority of a specific statute, the general appropriations act, or other specific legislation in effect. Exempt positions must additionally cite the applicable subsection in Section 76-16, HRS.

Permanent/Temporary: Self-explanatory.

Civil Service or Exempt: Indicate if Civil Service or Exempt.

Budgeted Salary: Self-explanatory.

MOF: Position’s means of financing (must total 100% if multiple financing sources).

Date of Vacancy: Date position became vacant (applicable to positions previously established or filled).

Date Establish/Fill: Anticipated dates (month, day, year) of: 1) establishment and/or 2) filling. “Date to be established” applicable only to positions not yet established.

Comments: Self-explanatory. Explanation of differences from previous plans, budgeted positions, or other pertinent comments.



## REQUEST FOR POSITION ACTION

**A. Originating Department:**

B&amp;F No.:

## 1. TYPE OF ACTION REQUESTED:

- ☐ A. Creation of New Position  
☐ B. Fill Vacant Position  
☐ C. Extend Position  
☐ D. Other:

## 2. PROGRAM AFFECTED (Program ID/Org Code of position; Division/Branch/Section (as applicable); and location):

☐ Requested Position Action does not exceed appropriated FTE of program

## 3. TYPE OF POSITION

- ☐ A. Permanent                      ☐ D. Temporary – Length and Period:  
☐ B. Full Time                        ☐ E. Part-Time – FTE:  
☐ C. Civil Service                   ☐ F. Exempt from Civil Service – Legal Authority:

## 4. MEANS OF FINANCING:

SPECIFIC NON-GENERAL FUND:

## 5. POSITION NO., TITLE, AND PAY RANGE:

## 6. DATE OF VACANCY AND REASON FOR VACANCY:

## 7. JUSTIFICATION FOR ACTION REQUESTED (Attach additional sheet if more space required):

**B. Department Review of Request**

Division Head Signature

Date

ASO Signature

Date

Department Head Signature

Date

**C. Department of Budget and Finance**BPPM Review: ☐ Approval ☐ Disapproval ☐ Defer

BC Initial:

Division Head Initial:

RECOMMENDATION: ☐ APPROVED ☐ DISAPPROVED

Remarks:

Date

Director of Finance

**D. Office of the Governor**
☐ APPROVED    ☐ DISAPPROVED    ☐ OTHER – SEE REMARKS BELOW

Remarks:

Date

Governor

(Date)

TO: The Honorable Linda Lingle  
Governor of Hawaii

THRU: The Honorable Georgina K. Kawamura, Director  
Department of Budget and Finance

FROM:

SUBJECT: Request to Establish and Fill (or Extend) Unauthorized Position

Approval is requested to establish and fill (or extend) the following unauthorized position:

1. Position Title:
2. Description of functions and responsibilities:
  - Note if position is unique; i.e., only position in the organization that performs the particular function.
3. Program ID/title; Division/Branch/Section (as applicable); location:
4. Salary and means of financing (general, special, federal, etc.; for other than general fund, indicate specific fund source):
5. Nature of appointment:
  - a. Projected appointment date:
  - b. Civil service/exempt:
  - c. Duration position needs to be filled:
  - d. Part or full-time (40 hrs. per week) (If part-time, indicate number of hours to work per week.):
  - e. If exempt, attach a copy of Department of Human Resources Development or delegated approval:

6. Justification for establishing and filling (or extending) the position:

- Identify the authority to establish the position.
- Provide specific, complete justification, including alternatives investigated; specific adverse impacts of delay in hiring; specific adverse, irreparable impact to services to the public, etc.

7. Attach organization chart reflecting where the requested position will be placed.

8. Department review of request:

a. Reviewed and approved by division or attached agency administrator:

\_\_\_\_\_  
Name Telephone Date

\_\_\_\_\_  
Signature

b. Reviewed and approved by department administrative services officer:

\_\_\_\_\_  
Name Telephone Date

\_\_\_\_\_  
Signature

c. Reviewed and approved by department head:

\_\_\_\_\_  
Signature Telephone Date

RECOMMEND:

☐ APPROVAL      ☐ DISAPPROVAL      ☐ DEFER

\_\_\_\_\_  
DIRECTOR OF FINANCE

\_\_\_\_\_  
DATE

☐ APPROVED

☐ DISAPPROVED

☐ DEFER

---

LINDA LINGLE

Governor, State of Hawaii

---

DATE



INFORMATION ON  
CIP INITIATED BY THE LEGISLATURE

1. Project Title:
2. Act No. and Item No. (list all applicable appropriations):
3. Description & Scope of Project:
4. Appropriation      Plans:  
                                 Land:  
                                 Design:  
                                 Construction:  
                                 Equipment:  
                                 Total:  
                                 MOF
5. Estimated Total Project Cost:
6. Source and status of other funding required for Project( if total project cost differs from Appropriation):
7. Facilities/Projects/Services to be provided/supported by this project:
8. Target Group(s) to be served or benefit from this project:
9. Description of the public purpose served by this project and/or service:
10. Explain need to be funded in FY 08:

## FY 08 - Grants and Subsidies

**Contact Person:**  
**Phone:**

6/20/2007

(Date)

TO: The Honorable Linda Lingle  
Governor of Hawaii

THRU: The Honorable Georgina K. Kawamura, Director  
Department of Budget and Finance

FROM:

SUBJECT: Request to Increase Expenditure Levels for Federal Funds

1. Program I.D. and Title:
2. Title of Fund (including applicable Public Law):
3. Authorized Appropriation in General/Supplemental Appropriations Act: \$\_\_\_ for  
FY \_\_\_\_
4. Current Approved Allocation, if different from Item 3:
5. Additional Amount Being Requested for Expenditure:
6. Date program first notified that federal funds may be available:
7. Date that additional federal funds were known to be available:
8. Source of Additional Funds (Item 5), and the Reason Additional Appropriation was  
not Sought During Preceding Legislative Session:
9. Public Benefit of Additional Federal Funds and Intended Program Use of Additional  
Funds:

RECOMMEND:

☐ APPROVAL

☐ DISAPPROVAL

\_\_\_\_\_  
DIRECTOR OF FINANCE

\_\_\_\_\_  
DATE

☐ APPROVED

☐ DISAPPROVED

\_\_\_\_\_  
LINDA LINGLE  
Governor, State of Hawaii

\_\_\_\_\_  
DATE

(Date)

TO: The Honorable Linda Lingle  
Governor of Hawaii

THRU: The Honorable Georgina K. Kawamura, Director  
Department of Budget and Finance

FROM:

SUBJECT: Request to Apply for and Expend Federal Grant (Non-Appropriated Federal Fund) or Request to Expend Federal Grant (Non-Appropriated Federal Fund)

1. Program I.D. and Title:
2. Expending Agency (If other than above):
3. Title of Grant:
4. Amount of Grant: \$\_\_\_ for FY \_\_\_
5. Date program first notified that federal funds may be available:
6. Date that additional federal funds were known to be available:
7. Reason Additional Appropriation was not Sought During Preceding Legislative Session:
8. Public Benefit of Grant:
9. Intended Program Use of Grant:
10. Will program be continued after this grant? (Y/N)  
If yes, how will it be funded?

11. General Fund Impact (e.g., matching requirements, future general fund assumption of program costs, maintenance, positions, etc.):

RECOMMEND:

☐ APPROVAL

☐ DISAPPROVAL

\_\_\_\_\_  
DIRECTOR OF FINANCE

\_\_\_\_\_  
DATE

☐ APPROVED

☐ DISAPPROVED

\_\_\_\_\_  
LINDA LINGLE  
Governor, State of Hawaii

\_\_\_\_\_  
DATE

(Date)

The Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
State Capitol  
Honolulu, Hawaii 96813

Dear Senator Hanabusa:

Pursuant to Section 167 of Act 213, SLH 2007, the Department of \_\_\_\_\_ has requested approval to (*expend additional federal funds/apply for and expend unappropriated federal grant funds/expend unappropriated federal grant funds*) for the *Program Title (ID ###)* by \$ \_\_\_\_\_. These funds were not appropriated because:

Attached is a copy of the department's request.

Aloha,

GEORGINA K. KAWAMURA  
Director of Finance

Attachment

c: Honorable Rosalyn H. Baker

(Date)

The Honorable Calvin K. Y. Say  
Speaker of the House of Representatives  
Twenty-Fourth State Legislature  
State Capitol  
Honolulu, Hawaii 96813

Dear Representative Say:

Pursuant to Section 167 of Act 213, SLH 2007, the Department of \_\_\_\_\_ has requested approval to (expend additional federal funds/apply for and expend unappropriated federal grant funds/expend unappropriated federal grant funds) for the Program Title (ID ###) by \$ \_\_\_\_\_. These funds were not appropriated because:

Attached is a copy of the department's request.

Aloha,

GEORGINA K. KAWAMURA  
Director of Finance

Attachment

c: Honorable Marcus R. Oshiro

(Date)

TO: The Honorable Linda Lingle  
Governor of Hawaii

THRU: The Honorable Georgina K. Kawamura, Director  
Department of Budget and Finance

FROM:

SUBJECT: Request to Allot and Expend a Grant or Subsidy Pursuant to Chapter 42F,  
Hawaii Revised Statutes

1. Program I.D. and Title:

2. Expending Agency (if other than above):

3. Recipient Agency:

4. Amount of Grant/Subsidy: \$ \_\_\_\_\_ for FY \_\_\_\_\_  
Means of Financing:

5. Public Purpose of Grant/Subsidy:

(Describe the services provided by the recipient and intended target group(s) and how this meets a public purpose; where applicable, describe whether the services complement or duplicate services currently provided by a State agency.)

6. Intended use of Grant/Subsidy by the Recipient:

(Describe the specific use of the funds by the recipient, e.g., to supplement funding of a particular program, start a new program, etc. A "program" is considered to be a discrete set of activities that are provided for the benefit of a particular target group.)

7. Services to be Supported by the Grant/Subsidy and the target group(s) to be served:

(Describe the activities for which the grant/subsidy will be used and how the recipient will permit the community to benefit from those activities; or, how the recipient will reduce the costs incurred by the recipient in providing a service available to some or all members of the public)

8. Total Cost of Program for which Grant/Subsidy will be used:

(Identify the total cost of the program for which the recipient intends to use the grant/subsidy.)

9. Other Sources of funding (by amount and contributor) for the total cost indicated in item #8:

(Provide information on the status of the other sources, i.e., whether commitments have been made.)

10. Grant/subsidy funding received by the recipient for this program in the previous two fiscal bienniums:

This department has reviewed and determined that the recipient is qualified to be awarded a grant or subsidy pursuant to the provisions of Section 42F-103, Hawaii Revised Statutes, standards for the award of grants and subsidies.

The Department of the Attorney General has been consulted on the legal requirements to be fulfilled by the grant/subsidy recipient and has indicated that the grant/subsidy recipient meets the conditions of Chapter 42F, Hawaii Revised Statutes.

Attached is a copy of the grant/subsidy application. *(NOTE: if this is a request to release a CIP grant/subsidy, the allotment advice, Table R, and other applicable documents must also be submitted with this request.)*

**FORM PAB**Department of Budget  
and Finance (rev. 7/94)**Questionnaire - General Obligation Bond Fund Appropriations****PART 1** Department and Project**1** Department**2** Project Name**3** Project CIP No.**4** Session Law (act no. and year)**5** Program Area Function**6** Item No.**7** Project Description**PART 2** Project Cost and Funding Sources**8** Does this request for funding require general obligation bond fund appropriations?☐ Yes☐ No

If "no" box is checked, no further information other than signature and date is required.

**9** Has any appropriations been made for any portion of project prior to this request?☐ Yes☐ No**10** Funding sources for costs of project made by this request**a** Direct Federal payment for construction and related capital costs**b** General obligation bond fund appropriations**c** General fund appropriations**d** Other State of Hawaii and county funds**e** Section 501(c)(3) funds**f** Private funds**g** Total capital costs made by this request**PART 3** Use of general obligation bond fund appropriations and use of project**11** Total amount made by this request for each purpose to which general obligation bond fund appropriations will be applied**a** Total construction and related capital costs**b** Total nonconstruction and noncapital State of Hawaii costs**c** Total grants to counties**d** Total grants to Section 501(c)(3) corporations**e** Total grants to private persons and organizations and Federal government**f** Private funds**g** Total loans to Section 501(c)(3) corporations**h** Total loans to private persons and organizations and Federal government**i** Total use of general obligation bond fund appropriations**12** Total square footage and percentage of use of project for each purpose  
to which general obligation bond fund appropriations will be applied

Square Footage

Percentage of Total

**a** Total common area**b** Total area used by State of Hawaii and counties**c** Total area used by Section 501(c)(3) corporations**d** Total area used by private persons and organizations and Federal government in  
trade or business**e** Total area**PART 4** Payment of operating and debt service costs and management of project**13** Will any lease or contract with a concessionaire or vendor be entered into in respect of  
any portion of the project? If yes, attach schedule and copy of each contract.☐ Yes☐ No**14** Will any lease, incentive payment contract or management contract be entered into in respect of  
any portion of the project? If yes, attach schedule and copy of each contract.☐ Yes☐ No**15** Will any payment be made (directly or indirectly) by the Federal government or any private person or  
organization pursuant to contract or other arrangement in respect to any portion of the project?  
If yes, attach schedule and copy of each contract.☐ Yes☐ No

Name of Signer

Signature

Date

Telephone Number

## Instruction for Form PAB

**Who must file this Form PAB.** Anyone requesting any appropriation of general obligation bond fund must file this Form PAB.

**Where to file.** This Form PAB must be filed with the Budget, Program Planning and Management Division of the Department of Budget and Finance.

**Purpose.** The purpose of this Form PAB is to elicit information that will enable the State of Hawaii to allocate general obligation bond fund appropriations in a manner that will comply with applicable requirements of Federal income tax law and regulations.

**Line 1.** Enter the name of the Department making the request for general obligation bond fund appropriations.

**Line 2.** Enter the name of the project for which general obligation bond fund appropriations are being requested.

**Line 3.** Enter the CIP number for the project.

**Line 4.** Enter the act no. and year of Session Law Act under which appropriations have been made or are to be made for the project.

**Line 5.** Enter the program area function (e.g., economic development).

**Line 6.** Enter the item number of the project.

**Line 7.** Enter the description of the project (e.g., Waianae Rental Housing).

**Line 8.** Check the 'yes' box if any portion of the project is to be funded with general obligation bond fund appropriations. Otherwise, check the 'no' box, if the 'no' box is checked, no other information on Form PAB, other than the signature line, is required. Please sign, date and return this Form PAB.

**Line 9.** Check the 'yes' box if any appropriation has been made for any portion of the project prior to this request, and *attach the prior Form PAB or schedule containing all relevant details including the date, amount, and Session Law act and year.*

**Line 10.** With respect to the appropriations (regardless of the source of such appropriations) made by this request for funding of any portion of the project:

- a. Enter the amount made or expected to be made by the Federal government including reimbursements, for construction and related construction and acquisition costs in respect of the project.
- b. Enter the amount funded or expected to be funded from general obligation bond fund appropriations.
- c. Enter the amount funded or expected to be funded from general fund appropriations.
- d. Enter the amount funded or expected to be funded by other State of Hawaii funds or county funds.
- e. Enter the amount funded or expected to be funded by payments from corporations which are classified as section 501(CX3) corporations under the Internal Revenue Code.
- f. Enter the amount funded or expected to be funded by private persons and organizations.
- g. Enter the total of the amounts in a, b, c, d, e, and f of Line 10. Attach a schedule containing all details, including amounts and name and address of each person contributing to the funding of the project. Funding as used in this Line 10 means funding for capital and related acquisition items, including land, but does not include funding of operational and maintenance expenses or debt service payments after the in-service date of the project.

**Line 11.** With respect to the general obligation bond fund appropriations made by this request for funding of any portion of the project:

- a. Enter the total amount made or expected to be made for construction and related construction and acquisition costs of the project.
- b. Enter the total amount made or expected to be made to pay other State of Hawaii costs (e.g., a judgment claim, a contract settlement payment).
- c. Enter the total amount of grants made or expected to be made to counties in the State of Hawaii.
- d. Enter the total amount of grants made or expected to be made to section 501(CX3) corporations.
- e. Enter the total amount of grants made or expected to be made to private persons and organizations and the federal government.
- f. Enter the total amount of loans made or expected to be made to counties in the State of Hawaii.
- g. Enter the total amount of loans made or expected to be made to section 501(CX3) corporations.
- h. Enter the total amount of loans made or expected to be made to private persons and organizations and the federal government.
- i. Enter the total of the amounts in a, b, c, d, e, f, g and h of Line 11.

*Attach a schedule containing all details, including amounts and name and address of recipients of bond fund appropriations.*

**Line 12.** Enter, to the extent applicable (e.g., an office building), the total square footage and percentage of total square footage of the project used by various persons or organizations. All use, including indirect and incidental use, is to be included.

- a. The total common area (e.g., hallways, parking structure) used by all persons and organizations.
- b. The total area (excluding the common area) used exclusively by the State of Hawaii and counties in Hawaii.
- c. The total area (excluding the common area) used exclusively by section 501(CX3) corporations.
- d. The total area (excluding the common area) used exclusively by private persons and organizations (including concessionaires and vendors) and the Federal government in their trade or business.
- e. Enter the total of the amounts in a, b, c and d of Line 12.

*Attach a schedule containing all details, including a breakdown by area used, and name and address of each user.*

**Line 13.** Check the 'yes' box if any lease or contract with a concessionaire or vendor is expected to be entered into in respect of any portion of the project (e.g., vending machines, newsstand, store, pharmacy, pay telephones, onsite laundry services, cafeteria or other food services). *Attach a separate schedule containing all relevant details, including the date, the name and address of each concessionaire or vendor, the terms and provisions of the lease or contract, and a copy of the contract.*

**Line 14.** Check the 'yes' box if any lease, incentive payment contract or management contract is to be entered into in respect of any portion of the project. *Attach a separate schedule containing all relevant details, including the date, the name and address of each party to such lease or contract, the terms and provisions of the lease or contract, and a copy of the lease or contract.*

**Line 15.** Check the 'yes' box if any payment is expected to be made (directly or indirectly) by any private person or entity or the Federal government pursuant to contract or other arrangement in respect of any portion of the project. *Attach a separate schedule containing all relevant details, including the date, the name and address of each party to such contractor arrangement, the terms and provisions of the contract or arrangement, and a copy of the contractor a description of the arrangement.*