



EXECUTIVE CHAMBERS

HONOLULU

April 27, 2011

NEIL ABERCROMBIE
GOVERNOR

EXECUTIVE MEMORANDUM

MEMO NO. 11-04

TO: All Department Heads

SUBJECT: Sixth Interim Budget Execution Policies and Instructions for
FY 11 - General Fund Expenditure Freeze

On March 29, 2011, the Council on Revenues (COR) reduced its FY 11 general fund tax revenue growth projection from 0.5% to -1.6%. *However, general fund tax revenues in FY 11 for the nine months ended March 2011 indicate that general fund collections are 5.5% less than the same period last fiscal year.* As we approach the end of the fiscal year, our State's financial condition remains vulnerable to the impact of the disaster in Japan and uprisings in the Middle East and Northern Africa. As such, it is imperative to take further action at this time to ensure the fiscal health of the State.

As you know, there is already a 2% restriction imposed on all general fund discretionary allocations. **Effective immediately, the following further applies to all general fund positions and allocations until the end of FY 11:**

- **Hiring freeze on all positions**

All prior approvals to fill (including blanket approvals) general fund positions are rescinded, except in cases where a job offer has already been made.

Exceptions: School-level educational officer and instructional positions for the Department of Education and instructional positions for the University of Hawaii for the 2011-2012 school year.

Extension of exempt positions with incumbents, provided the positions are authorized and funded for FY 12.

- **No discretionary purchases**

Non-allowable purchases include, but are not limited to, stocking up on office supplies, new equipment (i.e., not replacement) or replacement of existing equipment (e.g., computer upgrades).

Exceptions: Ongoing contracts and purchase orders, and purchase of service contracts necessary for continuation of services in FY 12, provided funds are available.

- **No out-of-state travel**

Questions regarding this policy should be directed to the Department of Budget and Finance.

In all instances, our spending must be stringent and prudent. The upcoming days will be extremely challenging but we can do this if everyone pulls together in a spirit of shared sacrifice.

NEIL ABERCROMBIE
Governor, State of Hawaii