

BENJAMIN J. CAYETANO
GOVERNOR



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STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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EMPLOYEES' RETIREMENT SYSTEM
HAWAII PUBLIC EMPLOYEES HEALTH FUND
OFFICE OF THE PUBLIC DEFENDER
PUBLIC UTILITIES COMMISSION

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION

November 21, 2001

FINANCE MEMORANDUM

MEMO NO. 01-22

TO: All Department Heads

FROM: Neal Miyahira
Director of Finance

SUBJECT: Recommendations on FY 02 Restrictions, FY 03 Reductions, and FY 03 Supplemental Budget

On November 14, the Council on Revenues confirmed the severity of our economic downturn by significantly lowering its revenue projections for the State through the Fiscal Biennium 2002-03. Based on these updated projections, if no action is taken, expenditures will significantly exceed projected revenues each year from FY 02 thru 06.

The bottom line is that we have no choice; **spending must be curtailed**, not only for the current fiscal year, but for FY 03 as well.

Within this context, the following Budget and Finance recommendations are attached for your review and action:

1. FY 02 General Fund Restrictions – to be implemented on January 1, 2002.
2. FY 03 General Fund Reductions – to be included in FY 03 supplemental budget.
3. FY 03 Supplemental Budget – to include FY 03 reductions. The recommendations do not include non-G.O. bond CIP, which will be transmitted later.

Please review the aforementioned B&F recommendations and, if necessary, call Marie Quartero of my office at 586-1518 to arrange for a meeting with the Governor on December 11 or 12 to discuss any of the recommendations. Formats for transmitting details of your FY 02 restrictions and FY 03 reductions will be sent to your budget staff shortly.

Attached is the tentative schedule to finalize the FY 02 restrictions, FY 03 reductions, and FY 03 supplemental budget.

There will be many complex issues to be resolved and difficult decisions to be made in order to ensure the well-being of our people and our State during these trying times. Your cooperation and dedication to these tasks at hand are truly appreciated.

Attachment

c: Honorable Benjamin J. Cayetano

FY 03 SUPPLEMENTAL BUDGET SCHEDULE

Departments informed of Budget and Finance recommendations (non-GO bond CIP recommendations to be transmitted later)	November 21, 2001
Departments submit details of FY 02 restrictions and FY 03 reductions to Budget and Finance (departments to prepare and submit LPs as needed)	December 6, 2001
Departments meet with Governor (as needed) to discuss FY 02 restrictions, FY 03 reductions, and FY 03 supplemental budget	December 11-12, 2001
Final decisions by Governor	December 13, 2001
Departments submit updated budget tables to reflect FY 03 reductions and FY 03 supplemental budget based on Governor's decisions	December 19, 2001
Budget and Finance submits FY 03 supplemental budget to printer	December 28, 2001
Program and Financial Plan (PFP) document submitted to Legislature	January 14, 2002
2002 Legislative session convenes	January 16, 2002

DEPARTMENTAL ATTACHMENTS ARE AVAILABLE UPON REQUEST.