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

November 14, 2006

FINANCE MEMORANDUM

MEMO NO. 06-11

TO: All Department Heads

FROM: Georgina K. Kawamura
Director of Finance

SUBJECT: Program Memoranda for Major Programs in the Statewide Program Structure

Pursuant to Chapter 37-70, HRS, the Governor is required to submit to the Legislature a Program Memorandum (PM) for each of the 11 major programs along with the Budget and the Program and Financial Plan. The purpose of the PM is to provide the Legislature and public with an overview of what is being requested for the program and important factors influencing the future of the program. Each PM provides: 1) an overview of each major program; 2) a discussion of the costs and effectiveness of the recommended programs; 3) a discussion of major changes that are being recommended for the program during the planning period; 4) a discussion of emerging conditions, trends and issues that may influence the program; and 5) a discussion of selected problems for possible study.

The PM can be a very effective tool in helping to familiarize the Legislature with the Executive Branch's perspective on program issues if sufficient effort is given in its formulation. From its inception, formulation of the PM has been a joint undertaking between your department and the Department of Budget and Finance (B&F). Involvement of your staff ensures that the topics discussed in the memoranda are given both depth and breadth of coverage, and that your department's views and concerns have a forum with the Legislature and the public.

I desire to continue the close cooperation that has existed during the development of previous PMs, and I hope that the arrangement of my staff working with your PPB Coordinator and/or program managers will be satisfactory.

The schedule for the development of the Program Memoranda is as follows:

Departments and B&F develop Program Memoranda	Nov. 16 - Dec. 8, 2006
Departments submit drafts of Program Memoranda to B&F	Dec. 8, 2006
B&F reviews and finalizes Program Memoranda	Dec. 8, 2006 - Jan. 2, 2007
B&F submits Program Memoranda to printer	Jan. 3, 2007
B&F submits Program Memoranda to Legislature	Jan. 17, 2007

A standardized format for the PM is attached. Electronic files of FB 2005-07 program area narratives may be requested from the budget analyst assigned to your department and used for reference.

Your cooperation in this matter will be appreciated.

Attachment

FORMAT AND GUIDELINES FOR DEVELOPMENT OF
PROGRAM MEMORANDUM NARRATIVE

NOTE: All program memoranda should include Sections I through V; if a section is not applicable, it should be so indicated. Some sub-programs may have less narrative than others, depending upon their involvement within the program area.

The following format should be used for each program memorandum:

PROGRAM AREA
(e.g., ECONOMIC DEVELOPMENT)

I. OVERVIEW

Provide an overview of this program area, including discussion (unless otherwise noted) of:

- Placement of the program area within the statewide program structure
- Objectives of the program
- Level II programs (sub-programs) within the program area
- Number of lowest level programs (Level III and IV, as applicable) within the program area
- Organizational entities (i.e., departments) involved in the program
- Important program relationships
- Significant activities
- Important external developments affecting the program
- Significant discrepancies between previously planned cost and effectiveness levels and those actually achieved
- Trends and comparisons in costs, effectiveness, or activity data over the budget and planning period
- Operating and capital investment costs (discussion and table)
- Significant measures of effectiveness (table)
- Other relevant tables and graphs

II. COSTS AND EFFECTIVENESS OF THE RECOMMENDED PROGRAMS

Provide a discussion (unless otherwise noted) of each sub-program within the program area, including:

- Placement of the sub-program within the program
- Objective of the sub-program
- Lower level programs within the sub-program
- Organizational entities involved in the sub-program
- Important sub-program relationships
- Significant activities
- Operating and capital investment costs (discussion and table)
- Other relevant tables and graphs

III. PROGRAM CHANGE RECOMMENDATIONS

Provide a brief statement of each major recommended change (e.g., operating and capital improvement budget requests, program structure changes, legislative proposals) within the program area for each sub-program and discuss the anticipated consequences of each change on the program's costs and performance (measures of effectiveness) over the planning period.

IV. EMERGING CONDITIONS, TRENDS, AND ISSUES

By sub-program, discuss significant conditions, trends and issues expected to impact the State in the upcoming biennium and planning period and the possible alternatives for dealing with specific potential problems caused by the emerging conditions, trends and issues.

V. SELECTED PROBLEMS FOR POSSIBLE STUDY

Discuss the most urgent problems from Section IV that should be studied to develop alternative courses of action to increase program effectiveness.

TYPING GUIDELINES FOR PROGRAM MEMORANDUM

FONT: Courier New, 12 pitch
MARGINS: Left = 1.25"; Right, Top, and Bottom = 1"
PROGRAM AREA HEADINGS: Centered, all capitals
SECTION (I, II, III, IV) HEADINGS: Centered, all capitals
SUB-PROGRAM HEADINGS: Flush left, all capitals
TEXT: Generally, flush left, no indents
SPACING: 2 spaces after headings; 1 space between