

SUGGESTED PROGRAM REVIEW GENERAL APPROACH AND PROCESS

- The objective of the program review is to identify possible operating budget adjustments to meet the Tier 1, 2 and 3 target levels established for each department. The program review's focus is on departmental programs that are fully or partially funded by general funds.
- Because general fund support for programs have been significantly reduced over the past decade, departments should avoid imposing standard across-the-board "horizontal" budget adjustments. Instead, departments are strongly urged to identify proposed operating budget adjustments based on a review of its programs and services. The thrust of the program review is to have each department make honest and discerning assessments of its programs and services as compared to its primary mission (what it does and who it serves). The aim is twofold:
 - The first is to identify programs, services, and/or activities for possible elimination that, although well-intentioned, are of marginal benefit, low performing, or of lesser priority; and
 - The second is to identify cost saving opportunities in primary programs and services through tightening program eligibility, reducing program benefits, and/or cost shifting.
- It is recognized that difficult choices are involved in a program review, but the impacts of standard "horizontal" budget adjustments such as keeping positions vacant, deferral of payments, deferral of required maintenance, or unspecified lump sum adjustments may be worse.
- The program review is to be conducted at the program org code level (which is one level of detail down from the Program ID level that is reflected in the Executive Budget) because that is the lowest level of budget detail available on a statewide basis.
- The first step in the process is to review each of the program org codes using the "Criteria for Review of Programs and Services" on page 3. These criteria are intended to assist departments in assessing whether a particular program, service, or activity is a potential candidate for possible elimination. [NOTE: Programs and/or services that are specifically authorized or referenced in the Hawaii Revised Statutes should be included in this review - statutes can be amended as necessary.] If a program org code is assessed to fall under one (or more) of the criteria, a "X" should be recorded on Form PR in the applicable column(s) labeled "A" through "M" (corresponding to the criterion) for that particular program org code.

- The second step is to analyze each of the program org codes for cost saving opportunities using the framework contained in “Cost Saving Opportunities Analysis” on page 4. Departments should attempt to identify cost saving opportunities based on their primary missions and functions, and the current fiscal realities. If the cost savings analysis determines that there could be cost saving opportunities, a “X” should be recorded on Form PR in the applicable column(s) labeled “1” through “6” (corresponding to the analysis area) for that particular program org code. [NOTE: If comments are needed for a particular Program ID org code, a “X” should be recorded in the comments column and the comments recorded on a separate sheet in the file. Create as many comments “sheets” as necessary.]
- The third step is to develop specific budget adjustment proposals based on the reviews and analysis from the first two steps. Please use Forms X and Y as directed in the instructions to record the proposed operating budget adjustments. [NOTE: Estimated savings for FY 16 could be lower than in FY 17 due to lags/delays in implementing the adjustments. As such, departments may not be able to meet their planning targets in FY 16 but could meet their planning targets in FY 17.]

**SUGGESTED PROGRAM REVIEW
CRITERIA FOR REVIEW OF PROGRAMS AND SERVICES**

The following criteria are to be used to assist in identifying programs, services, or activities that can be considered for possible elimination:

- A. Program is not a required government function.
- B. Program may be privatized or accomplished by the private sector.
- C. Another level of government (federal or county) has primary authority and/or responsibility for the program.
- D. Requirements and/or objectives behind original establishment of program have been eliminated or significantly reduced but program and/or service continues.
- E. Program serves more as another layer of oversight than direct service delivery or critical service support.
- F. Program has limited impact and/or serves a largely advisory function.
- G. Program does not have enough resources to carry out services and/or perform activities effectively.
- H. Program is not cost effective to carry out.
- I. Program serves a limited target group/population.
- J. Program serves a target group/population that has other support.
- K. Program overlaps or duplicates program and/or service of another department/agency.
- L. Program can be carried out more efficiently and/or effectively by another department/agency.
- M. Program does not fit/mesh with primary mission of the department/agency.

SUGGESTED PROGRAM REVIEW COST SAVING OPPORTUNITIES ANALYSIS

The following are suggested areas to be analyzed to determine if there are cost saving opportunities that can be made in programs, services, or activities. Departments should be guided by their primary missions and functions, and the current fiscal realities.

1. Further opportunities for tightening program eligibility to reduce costs (such as lowering eligibility levels from 175% of the federal poverty level to 150%, or eliminating optional coverage groups)?
2. Further opportunities for reducing program benefits to reduce costs (such as reducing frequency of services, or eliminating low priority services), or for reducing types, levels, and/or frequency of activities (such as mowing lawns once a week instead of twice)?
3. Further opportunities for cost shifting through:
 - a. Establishing co-payments for program to defray expenses or to control service utilization?
 - b. Limiting or reducing program's share of general fund support?
 - c. Converting program to non-general funds?
4. Further opportunities for amending statutes and/or rules to implement program efficiencies (such as statutes requiring an aide in every school)?
5. Further opportunities for consolidating operations/offices for efficiency and economy (such as consolidating office space to reflect smaller number of authorized positions, or combining branches as a result of reduced staffing and/or program funding)?
6. Further opportunities for reducing low priority/discretionary expenditures?

Suggested FB 2015-17 Program Review
Department of Budget and Finance

Program ID/Org Code Title	Prog ID/ Org Code	Prog Struc./MOF	FY 15		Criteria for Review of Programs and Services													Comments						
			Perm.	Temp.	Cost Savings Opportunities																			
					\$	A	B	C	D	E	F	G	H	I	J	K	L	M	1	2	3	4	5	6

GUIDELINES FOR REVIEW OF GOVERNMENTAL FUNCTIONS

Another level of government (federal or county) has primary authority and/or responsibility for the program.
Criteria for Review of Programs and Services:

- A- Program is not necessarily a government function.
- B- Program may be privatized or accomplished by the private sector.
- C- Another level of government (federal or county) has primary authority and/or responsibility for the program.
- D- Requirements and/or objectives behind original establishment of program have been eliminated or significantly reduced but program and/or service continues.
- E- Program serves more as another layer of oversight than direct service delivery or critical service support.
- F- Program has limited impact and/or serves a largely advisory function.
- G- Program does not have enough resources to carry out services and/or perform activities effectively.
- H- Program is not cost effective to carry out.
- I- Program serves a limited target group/population.
- J- Program serves a target group/population that has other support.
- K- Program overlaps or duplicates program and/or service of another department/agency.
- L- Program can be carried out more efficiently and/or effectively by another department/agency.
- M- Program does not fit/mesh with primary mission of the department/agency.

Cost Saving Opportunities:

- 1- Further "reasonable" opportunities for tightening program eligibility to reduce costs (such as lowering eligibility levels from 175% of the federal poverty level to 150%, or eliminating optional coverage groups)?
- 2- Further "reasonable" opportunities for reducing program benefits to reduce costs (such as reducing frequency of services, or eliminating low priority services), or for reducing types, levels, and/or frequency of activities (such as moving lawns once a week instead of twice)?
- 3- Further "reasonable" opportunities for cost shifting through:
 - a. Establishing co-payments for program to de-fray expenses or to control service utilization?
 - b. Limiting or reducing program's share of general fund support?
 - c. Converting program to non-general funds?
- 4- Further "reasonable" opportunities for amending statutes and/or rules to implement program efficiencies (such as statutes requiring an aide in every school)?
- 5- Further "reasonable" opportunities for consolidating operations/offices for efficiency and economy (such as consolidating office space to reflect smaller number of authorized positions, or combining branches as a result of reduced staffing and/or program funding)?
- 6- Further "reasonable" opportunities for reducing low priority/discretionary expenditures?

Comments Attached

If additional space is required, please include comments on the additional tabs in the format provided.

*Should be submitted on legal (8 1/2" x 14") paper