



EXECUTIVE CHAMBERS

HONOLULU

DAVID Y. IGE
GOVERNOR

June 22, 2015

EXECUTIVE MEMORANDUM

MEMO NO. 15-01

TO: All Department Heads

SUBJECT: Interim Budget Execution Policies and Instructions for FY 16

In its most recent report of June 1, 2015, the Council on Revenues (COR) raised its projected FY 15 general fund tax revenue growth rate from 5.5% to 7.5%. The increase in the growth rate was based primarily on the expected reduction in tax revenue payments resulting from the slower processing of individual tax returns due to additional screening being done by the Department of Taxation to prevent the payment of fraudulent refund claims, as evidenced by the preliminary FY 15 actual general fund tax collections through April 2015, which increased 9.5% compared to the same period last year.

However, even with the delay in tax refund processing, tax revenue collections through May were only up 6.3%. Thus, in order to meet the COR's projected growth rate of 7.5%, general fund revenues for June must reach about \$522 million. For comparison purposes, June 2014 general fund revenues were about \$430 million and, historically, revenue collections for the month of June have not surpassed \$490 million.

Thus, revenue collections for June 2015 must be historically high to reach the COR's projected growth rate. Consequently, although FY 15 general fund tax revenues have shown positive growth for most of the fiscal year, there is now uncertainty regarding year-end general fund revenue collections meeting the COR's FY 15 projection. If actual tax collections fall short, this will have a ripple effect that will negatively impact tax revenue projections in all subsequent fiscal years.

At this point, we must be prudent and prepared, as it is our responsibility to ensure that the State's fiscal health is maintained through FY 16 and beyond. It is crucial to recognize that State expenditures have been outpacing revenues; therefore, we must be certain that our expenditures are necessary and justifiable.

We must also position the State to meet growing commitments to address our unfunded liabilities in the Employees' Retirement System and Employer-Union Health Benefits Trust Fund. Uncertainties on the national and worldwide level, including federal cutbacks, continued economic volatility in Europe, slowdowns in Asia and unrest in the Middle East give us added reasons to keep a watchful eye on our finances.

As such, to ensure that our fiscal actions are appropriate given the uncertainty regarding general fund revenues, the issuance of full-year budget execution policies for FY 16 is being delayed.

During the interim, the following actions are hereby authorized:

1. On July 1, 2015, departments will receive their respective budget allocations for the first quarter only.

The attached Exhibit 1 contains your department's First Quarter allocation, which is:

- General funds: One-fourth of FY 16 discretionary operating program appropriation less a 10% restriction and/or one-fourth of the FY 16 non-discretionary operating program appropriation from Act 119, SLH 2015, as applicable.
 - Non-general funds: One-fourth of the FY 16 operating program appropriation from Act 119, SLH 2015.
2. Departments should exercise caution with expenditures, especially when initiating new initiatives, as final allocations have not been established. Allocations for subsequent quarters will be made upon further consideration of revenue and expenditure requirements.
 3. Release of general fund specific appropriations and grants authorized for expenditure in FY 16 by the 2015 Legislature or other legislative sessions will be considered after full-year allocations have been made and shall be subject to a 5% restriction and a 5% contingency restriction. However, departments may submit requests for release of non-general fund specific appropriations and grants, including those for capital improvements, which will be reviewed on a case-by-case basis.
 4. Except for allocation amounts, all other current budget execution policies as contained in Executive Memorandum (E.M.) No. 14-06, *FY 15 Budget Execution Policies and Instructions* (dated September 2, 2014), remain in effect.
 5. Capital Improvement Program policies and procedures as contained in E.M. No. 97-07, *Procedures for Requesting the Implementation of Capital Improvement Projects* (dated June 19, 1997), shall continue to be followed.

Your appropriate attention to this matter is appreciated. Questions on the specific policies and procedures should be directed to the Department of Budget and Finance analyst assigned to your department or the appropriate agency referenced.

DAVID Y. IGE
Governor, State of Hawaii

FY 2016 ALLOCATION
 DEPARTMENT OF AGRICULTURE
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation (Operating)	GO Bond Funds (CB)
Appropriation	182,68	128,82	-	2,00	-	-	-	-	-	17,50	-	331,00	-
	14,419,365	19,193,110	237,294	1,575,360	-	-	812,962	152,139	-	13,251,537	-	49,641,767	-
1st Quarter Allocation	182,68	128,82	-	2,00	-	-	-	-	-	17,50	-	331,00	-
	3,210,606	4,798,278	59,324	393,840	-	-	203,241	38,035	-	3,312,884	-	12,016,208	-

Restrictions - TO BE DETERMINED

FY 2016 ALLOCATION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation (Operating)	GO Bond Funds (CB)*
Appropriation	553,000	64,000	5,500	-	-	-	5,000	35,000	-	49,000	-	711,500	
	103,171,174	26,331,937	8,528,807	1,206,936	-	-	1,211,540	37,563,707	-	38,368,627	-	216,382,628	
1st Quarter Allocation	553,000	64,000	5,500	-	-	-	5,000	35,000	-	49,000	-	711,500	
	23,634,929	6,582,984	2,132,202	301,734	-	-	302,885	9,390,927	-	9,592,132	-	51,937,793	

RESTRICTIONS - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF THE ATTORNEY GENERAL
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	348,611	24,600	5,200	157,860	-	-	-	101,110	-	27,400	-	664,780	-
	29,038,673	3,226,526	5,428,548	19,072,927	-	-	6,171,826	11,096,847	-	6,542,028	-	80,577,375	-
1st Quarter Allocation	348,611	24,600	5,200	157,860	-	-	-	101,110	-	27,400	-	664,780	-
	6,480,701	806,632	1,357,137	4,768,232	-	-	1,542,957	2,774,212	-	1,635,507	-	19,365,378	-

RESTRICTIONS - TO BE DETERMINED

FY 2016 ALLOCATION
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (OB)*
Appropriation	79.50	28.50	5.00	-	-	-	-	-	-	34.00	-	147.00	-
	10,054,705	214,113,632	6,850,000	15,989,710	-	-	88,000,000	-	-	20,663,552	-	355,671,599	-
1st Quarter Allocation	79.50	28.50	5.00	-	-	-	-	-	-	34.00	-	147.00	-
	2,262,309	59,528,408	1,712,500	3,997,428	-	-	22,000,000	-	-	5,165,888	-	88,666,533	-
Restrictions	RESTRICTIONS - TO BE DETERMINED												

FY 2016 ALLOCATION
 DEPARTMENT OF BUDGET AND FINANCE
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	137.75	-	-	-	-	-	65.00	1.75	-	-	105.00	309.50	
	2,283,242,313	1,547,739	478,486	5,675	-	-	14,051,335	4,140,882	-	102,919	13,014,314	2,316,583,663	
1st Quarter Allocation	137.75	-	-	-	-	-	65.00	1.75	-	-	105.00	309.50	
	570,174,706	386,935	119,622	1,419	-	-	3,512,834	1,035,221	-	25,730	3,253,579	578,510,046	

RESTRICTIONS - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 (Interim June 2015)

General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
-	482,000	-	-	-	-	8,000	-	-	-	-	490,000	-
-	75,283,433	-	250,000	-	-	2,659,674	-	-	-	-	78,193,107	-
-	482,000	-	-	-	-	8,000	-	-	-	-	490,000	-
-	18,820,858	-	62,500	-	-	664,919	-	-	-	-	19,548,277	-

Restrictions - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF DEFENSE
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	145.60	-	9.50	94.15	-	-	-	-	-	-	-	249.25	-
	17,527,452	-	45,459,063	53,288,307	-	-	-	-	-	-	-	116,274,822	-
1st Quarter Allocation	145.60	-	9.50	94.15	-	-	-	-	-	-	-	249.25	-
	3,956,176	-	11,364,766	13,322,077	-	-	-	-	-	-	-	28,643,019	-
Restrictions	RESTRICTIONS - TO BE DETERMINED												

FY 2016 ALLOCATION
 DEPARTMENT OF EDUCATION
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (GB)*
Appropriation	19,313,25	737,50	5,00	-	-	-	-	-	-	8,00	-	20,063,75	-
	1,530,655,758	56,159,324	250,220,049	7,792,000	-	-	17,640,000	7,761,985	-	32,834,438	-	1,903,063,554	-
1st Quarter Allocation	19,313,25	737,50	5,00	-	-	-	-	-	-	8,00	-	20,063,75	-
	375,934,872	14,039,831	62,555,012	1,948,000	-	-	4,410,000	1,940,496	-	8,208,610	-	469,036,821	-

Restrictions - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF EDUCATION - PUBLIC LIBRARIES
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	549,50	-	-	-	-	-	-	-	-	-	-	549,50	-
	32,559,945	3,500,000	1,365,244	-	-	-	-	-	-	-	-	37,425,189	-
1st Quarter Allocation	549,50	-	-	-	-	-	-	-	-	-	-	549,50	-
	7,330,989	875,000	341,311	-	-	-	-	-	-	-	-	8,547,300	-

RESTRICTIONS - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF EDUCATION - CHARTER SCHOOLS
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	16.12 79,392,862	-	1.88 2,004,550	-	-	-	-	-	-	-	-	18.00 81,397,412	
1st Quarter Allocation	16.12 19,813,216	-	1.88 501,138	-	-	-	-	-	-	-	-	18.00 20,314,354	

Restrictions - TO BE DETERMINED

FY 2016 ALLOCATION
 OFFICE OF THE GOVERNOR
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	24.00	-	-	-	-	-	-	-	-	-	-	24.00	-
	3,749,146	-	311,348	-	-	-	-	-	-	-	-	4,060,494	-
1st Quarter Allocation	24.00	-	-	-	-	-	-	-	-	-	-	24.00	-
	843,559	-	77,837	-	-	-	-	-	-	-	-	921,396	-

RESTRICTIONS - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF HAWAIIAN HOME LANDS
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	9,632,000	115,000 13,517,243	4,000 23,317,601	-	-	-	81,000 11,037,323	-	-	-	-	200.00 57,504,167	
1st Quarter Allocation	2,167,200	115,000 3,379,311	4,000 5,829,400	-	-	-	81,000 2,759,331	-	-	-	-	200.00 14,135,242	

Restrictions - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF HUMAN SERVICES
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	1,129.57	0.56	1,068.12	-	-	-	-	-	-	43.00	-	2,241.25	
	1,165,722,528	5,939,604	1,825,150,955	17,731,799	10,000	-	-	7,659,859	-	10,083,864	-	3,032,298,609	
1st Quarter Allocation	1,129.57	0.56	1,068.12	-	-	-	-	-	-	43.00	-	2,241.25	
	288,344,945	1,484,901	456,287,739	4,432,950	2,500	-	-	1,914,965	-	2,529,966	-	754,988,966	

Restrictions - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	97,000	-	-	-	-	-	-	1,000	-	-	-	98,000	-
1st Quarter Allocation	16,073,362	700,000	-	-	-	-	-	5,061,281	-	-	-	21,834,643	-
	97,000	-	-	-	-	-	-	1,000	-	-	-	98,000	-
	3,813,268	175,000	-	-	-	-	-	1,265,320	-	-	-	5,253,588	-

Restrictions - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF HEALTH
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	2,105,56	129,50	266,46	74,40	-	-	-	7,00	-	41,20	-	2,624,12	
	431,853,165	206,514,185	87,164,911	47,372,726	-	-	-	3,801,275	-	210,661,846	-	967,368,108	
1st Quarter Allocation	2,105,56	129,50	266,46	74,40	-	-	-	7,00	-	41,20	-	2,624,12	
	105,046,279	51,628,546	21,791,228	11,843,182	-	-	-	950,319	-	52,665,462	-	243,925,016	

RESTRICTIONS - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF HEALTH - HAWAII HEALTH SYSTEMS CORPORATION
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	107,440,000	2,835,25	-	-	-	-	-	-	-	-	-	2,835,25	-
1st Quarter Allocation	24,174,000	556,636,816	-	-	-	-	-	-	-	-	-	664,076,816	-
Restrictions		2,835,25	-	-	-	-	-	-	-	-	-	2,835,25	-
		139,159,204	-	-	-	-	-	-	-	-	-	163,333,204	-

RESTRICTIONS - TO BE DETERMINED

FY 2016 ALLOCATION
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
(Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	181.11	31.00	379.75	77.64	-	-	-	-	-	-	-	669.50	
	17,765,118	394,128,068	44,512,444	8,887,349	-	-	-	2,753,875	-	70,000	-	468,116,854	
1st Quarter Allocation	181.11	31.00	379.75	77.64	-	-	-	-	-	-	-	669.50	
	3,940,902	98,532,017	11,128,111	2,221,837	-	-	-	688,469	-	17,500	-	116,528,896	

RESTRICTIONS - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF LAND AND NATURAL RESOURCES
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)*
Appropriation	426,25	332,00	22,75	7,50	-	-	-	-	-	-	-	788,50	
	31,408,520	60,853,735	11,708,038	16,696,175	-	-	380,701	1,846,262	-	621,153	-	123,514,584	
1st Quarter Allocation	426,25	332,00	22,75	7,50	-	-	-	-	-	-	-	788,50	
	7,033,168	15,213,434	2,927,010	4,174,044	-	-	95,175	461,566	-	155,288	-	30,059,685	

RESTRICTIONS - TO BE DETERMINED

FY 2016 ALLOCATION
 OFFICE OF THE LIEUTENANT GOVERNOR
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	9,000	-	-	-	-	-	-	-	-	-	-	9,000	-
1st Quarter Allocation	1,596,179	-	-	-	-	-	-	-	-	-	-	1,596,179	-
Restrictions	359,140	-	-	-	-	-	-	-	-	-	-	359,140	-

RESTRICTIONS - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF PUBLIC SAFETY
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	2,632,10	8,00	-	-	-	-	-	59,00	-	10,00	-	2,709,10	
	243,244,983	2,950,860	1,315,989	1,059,315	-	209,721	75,065	5,495,624	-	11,131,174	-	265,482,731	
1st Quarter Allocation	2,632,10	8,00	-	-	-	-	-	59,00	-	10,00	-	2,709,10	
	60,407,056	737,715	328,997	264,829	-	52,430	18,766	1,373,906	-	2,782,794	-	65,966,493	

RESTRICTIONS - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF TAXATION
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	384.00	-	-	-	-	-	-	-	-	-	-	384.00	-
	28,622,923	1,063,104	-	-	-	-	-	-	-	-	-	29,686,027	-
1st Quarter Allocation	384.00	-	-	-	-	-	-	-	-	-	-	384.00	-
	6,440,158	265,776	-	-	-	-	-	-	-	-	-	6,705,934	-

Restrictions - TO BE DETERMINED

FY 2016 ALLOCATION
 DEPARTMENT OF TRANSPORTATION
 (Interim June 2015)

General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
-	2,235.70	7.00	0.80	-	-	-	-	-	-	-	2,243.50	-
-	838,023,289	27,507,447	745,734	423,067	-	-	-	-	-	-	866,699,537	-
-	2,235.70	7.00	0.80	-	-	-	-	-	-	-	2,243.50	-
-	209,505,822	6,876,862	186,434	105,767	-	-	-	-	-	-	216,674,885	-

Restrictions - TO BE DETERMINED

FY 2016 ALLOCATION
 UNIVERSITY OF HAWAII
 (Interim June 2015)

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)
Appropriation	6,556,09	599,25	82,56	-	-	-	-	-	-	53,75	-	7,291,65	
	427,574,683	572,472,459	12,736,688	-	-	-	-	-	-	104,184,973	-	1,116,988,803	
1st Quarter Allocation	6,556,09	599,25	82,56	-	-	-	-	-	-	53,75	-	7,291,65	
	103,784,116	143,118,115	3,184,172	-	-	-	-	-	-	26,046,243	-	276,132,646	

Restrictions - TO BE DETERMINED