

GOVERNOR'S BUDGET EXECUTION POLICIES FISCAL YEAR 2017

Budget Execution Policies for FY 17 contained in this document are generally similar to those issued for FY 16, except for changes, deletions and/or additions in the following sections:

- 3. Allocations
- 18. Information Systems Technology and Telecommunication Services
- 25. Capital Improvement Program Expenditures
- 28. Submission Requirements and Due Dates

Questions on the specific policies and instructions contained in this document should be directed to the Department of Budget and Finance (B&F) through the B&F budget analyst(s) assigned to each department.

1. **Scope and Applicability.** The Governor's Budget Execution Policies and Instructions shall apply to all means of financing (MOF) appropriated and authorized by Act 119, SLH 2015, as amended by Act 124, SLH 2016 (the Supplemental Appropriations Act of 2016), and other specific appropriations authorized for expenditure in FY 17 by the 2016 Legislature or other legislative sessions.
2. **General Statement of Policies.** State agencies shall implement appropriation acts providing for State government programs in conformance with the purpose of such acts, and shall carry out such purposes efficiently, with due respect for the financial condition of the State and all applicable laws and policies.
 - a. Oversight and control shall be executed in accordance with Part II of Chapter 37, HRS; Section 37-74, HRS; and other applicable legislation and statutes.
 - b. Departments shall plan program operations and expenditures for the fiscal year at levels necessary to accomplish program goals within allocation ceilings approved for the departments, pursuant to Part II of Chapter 37, HRS (Allotment System).

Total expenditures and total permanent positions designated for each program in each fiscal year shall not exceed the sums and numbers appropriated or authorized, and allocated as provided in Exhibit 1, *FY 2017 Allocation*, except as otherwise provided by law.

- c. Expenditure plans shall be developed within allocated amounts consistent with legislative requirements and Executive priorities. These plans shall be prepared and submitted to B&F according to **Attachment B**.

- d. Program reports of affected activities, attainments, and expenditures corresponding to proposed allocations by allotment periods shall be submitted according to **Attachment B**.
- e. Special fund expenditure plans shall include estimates of transfers to the general fund as required by Sections 36-27 through 36-30, HRS (or as otherwise provided by law), for the payment of various assessments for special fund central services and departmental administrative expenses. Such assessments should be within allocated appropriations and treated as first charges against the respective funds, unless otherwise specified. Transfers shall be made to the general fund on a quarterly basis.
- f. Programs situated on ceded lands that derive revenues shall comply with Executive Order No. 06-06. Changes in activities on ceded lands and/or changes in the status of ceded lands that result in new revenues are subject to Executive Order No. 06-06. Transfers to the Office of Hawaiian Affairs shall be made on a quarterly basis.
- g. As appropriate, every effort shall be made to utilize authorized federal and other non-general revenue resources to provide services which meet similar objectives of programs for which State funds are authorized. All such non-general fund expenditures, however, must be within amounts appropriated and allocated, except where otherwise authorized by law. (*See section on "Federal Funds" in this attachment for further guidelines.*)

All agencies receiving federal funds for operational purposes shall review such operations for possible changes in anticipated federal or other grants. It is not to be assumed that State funds will replace any reduction in federal or other grant funds, nor should it be assumed that State funds will be increased to qualify for increases in available federal matching funds. Program need and statewide priority must be demonstrated.

- h. To control the growing energy demand and costs of State operations, agencies are urged to take appropriate steps to improve energy efficiency in State facilities. Agencies shall comply with Administrative Directive (A.D.) No. 06-01 (Energy and Resource Efficiency and Renewable Energy and Resource Development) and State energy policies in accordance with Chapter 196, HRS. Coordination of A.D. No. 06-01 shall be under the auspices of the Department of Business, Economic Development and Tourism (DBEDT).
- i. The implementation of program budgets shall be consistent with the overall theme, goals, objectives and policies of the priority guidelines contained within applicable approved functional plans, and as contained within Chapter 226, HRS.

3. **Allocations.**

Departments will receive their respective full-year budget allocations for FY 17.

Exhibit 1 contains each department's full-year allocation (net allocation), which reflects each department's FY 17 operating program appropriation (gross allocation) from Act 119, SLH 2015, as amended by Act 124, SLH 2016:

- General funds – 100% of non-discretionary appropriation plus, as applicable, \$5,000,000 of discretionary appropriation and 95% of balance of discretionary appropriation (adjusted by a 5% contingency restriction) less other allocation adjustments and 0% of vacation payout appropriation.
- Other than general funds – 100% of appropriation.
- Collective bargaining (CB) adjustments.

Exhibit 1 reflects included and excluded (if applicable) CB allocations for Bargaining Units (BU) 2, 3, 4, 5 (additional), 7, 8, 9, 11 (additional) and 14 for the applicable negotiated agreements. (Note: CB amounts for BUs 1, 5 (initial 4-year agreement), 6, 10, 11 (initial 4-year agreement) and 13 were part of the FY 17 budget base and are already included in each department's program appropriation.)

FY 17 departmental Requests for Allotments (**Form A-19**) shall reflect full-year allocations by program ID and MOF. Use **Form CB** to provide a summary breakdown of CB allocations by fund, appropriation symbol, Act, and included/excluded. Totals should be provided by fund.

4. **Funds Subject to Allotment.** All MOF appropriated or authorized by the Legislature for FY 17 shall be subject to the allotment process as provided by Section 37-33, HRS. Unencumbered allotment balances at the end of each allotment quarter shall revert to the related appropriation account, except for: the Department of Education (DOE) pursuant to general law; as otherwise provided by specific statute; pursuant to Section 37-40, HRS; or by procedures specified in **Attachment B** with respect to trust funds, federal funds and other federal funds.
5. **Allotment of Specific Appropriations and Appropriations for Vacation Payouts and Funds to Private Agencies.**
 - a. Specific appropriations and appropriations for vacation payouts and funds to private agencies shall be subject to the allotment system.
 - b. Expenditure of specific appropriations and appropriations for vacation payouts and operating Chapter 42F grants shall require the Governor's approval through B&F.

Operating Requests for Allotment (**Form A-19**) for specific appropriations may be submitted concurrently with the request for Governor's approval to expend, to be processed pending Governor's approval of the request to expend.

Requests to release vacation payout appropriations will be made on a case-by-case basis based on actual requirements, subject to the Governor's approval through B&F.

- c. All CIP allotments for Chapter 42F grants and other specific appropriations will be made on a case-by-case basis, subject to the Governor's approval through B&F. Prior to the submission of any CIP request for allotment, the expending agency or user department (when the user is different from the expending agency) must follow the applicable procedures for CIP implementation under **Item 25**, as applicable.
- d. Requests for the release of operating and CIP grants must include a copy of the grant application and indication of compliance with Chapter 42F, HRS, requirements. Use **Form F** for all individual grant allotment requests.

Note: Section 42F-107, HRS, requires the Executive Branch to give public notice, beginning on the 91st day after the effective date of the legislation, to the recipient of any grant awarded under Chapter 42F, HRS, of the status of a grant that is not yet released until a final determination is made on the status of the grant.

- e. Funds to private agencies shall not be allotted where it has been determined that the private agency has not complied with qualifying provisions and procedures of Chapters 9, 42F, 103D, or 103F, HRS, as applicable. Departments should consult with the Department of the Attorney General (AG) on the legal requirements to be fulfilled by grant recipients.
 - f. Pursuant to Section 42F-103(d), HRS, if a grant is used by an organization for the acquisition of land and the organization subsequently discontinues its activities, repayment to the State of the amount of the grant must be made.
6. **Deficiency Spending Prohibited.** There shall be no expenditure of funds in excess of amounts appropriated and allotted, nor shall agencies establish positions in excess of the numbers authorized in the budget and allotted, unless otherwise provided by specific legislation, and as provided elsewhere in these instructions.
7. **Lapsing of Funds.** Operating funds appropriated for FY 17 that are not expended or encumbered as of June 30, 2017 shall lapse on that date, except as provided for DOE, federal funds and other federal funds, or as otherwise provided by law. Federal funds and other federal funds appropriated for FY 17 for operating purposes that are not expended or encumbered as of June 30, 2019 shall lapse on that date.
8. **Delegation by Department Heads.**
- a. As permitted by applicable general laws, department heads may delegate authority to approve certain agreements and contracts (which have been deemed to be within the director's authority) to an appropriately designated deputy, officer, or manager in the director's respective department. The Comptroller of the Department of Accounting and General Services (DAGS) must be notified of such delegation in writing.

- b. Delegation of procurement authority shall be in accordance with Chapter 103D, HRS, Subchapter 3, Chapter 3-121, HAR, and Procurement Delegation No. 2010-01 and Amendment 1 and No. 2010-02, or as amended. Procurement Delegation Memoranda are available on DAGS' State Procurement Office (SPO) website: <http://spo.hawaii.gov> (click on *Manual for State & County Personnel*, then click on *Delegation*). Department heads shall ensure that procurement delegations of authority are current as submitted (Transmittal and SPO-036) to the Administrator, SPO. Forms are available on DAGS' SPO website: <http://spo.hawaii.gov> (click on *Forms*).
9. **Federal Funds.** All departments receiving federal funds for operations and CIP should not assume that State funds will replace the loss of any federal-aid money, nor should it be assumed that State funding will be increased to qualify for increases in available federal matching funds.
- a. All departments are required to notify B&F when a federal award is received within 14 calendar days of receipt. To notify B&F, awardees must enter information about the award into the Federal Awards Management System (FAMS), a feature of Datamart, and upload a PDF copy of the Federal Award Notice to create a FAMS Award Record. The notification requirement will be met after the Award Record is received and approved by B&F. Questions regarding FAMS should be directed to B&F's Office of Federal Awards Management.

The University of Hawaii (UH) is exempt from this notification requirement. All other exemption requests must be made in writing to the Director of Finance. All approved exemption requests will be posted on federalawards.hawaii.gov.
 - b. Pursuant to **Section 102** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, the Governor's prior approval is required to: 1) increase a program's federal fund ceiling as authorized by the Legislature; and 2) expend non-appropriated federal grant funds. Accordingly, all such requests for federal funds shall require the Governor's prior approval in the attached formats (**Forms E-1, E-2, and E-3**, as applicable).
 - c. A FAMS Award Record ID number shall be noted on the Request for Allotment (Form A-19) for operating and referenced in the CIP allotment request.
 - d. Each department with federal funds should refer to the B&F memorandum, "Assignment of Appropriation Symbols for FY 17 Federal Awards," to be sent under separate cover, which includes procedures for federal fund allotment requests. Policies and procedures regarding the management of federal funds are posted on federalawards.hawaii.gov.
 - e. Federal Fund Lapsing. Departments with federal fund or other federal fund appropriations which lapse June 30, 2017 or later may request Governor's approval to extend the lapse date of the federal and matching non-general funds as necessary to meet the intent of federal grant awards pursuant to **Section 103** of Act 119, SLH 2015, as amended by Act 124, SLH 2016 (**Forms E-4 and E-5**).

- f. Federal Fund Deposits. All federal funds received by departments shall be deposited into the State Treasury unless otherwise provided by federal funding conditions or specifically exempted from this provision by competent authority acknowledged by the Director of Finance.
- g. Recovery of Indirect Costs and Fringe Benefits from Federal Grants and Contracts. State agencies administering federal grants and contracts **shall** pursue the recovery of indirect costs and fringe benefits. Federal payments shall be deposited into the general fund. (Source code 0579 and the department's alpha code should be used.)

10. **Special and Revolving Fund Receipts and Expenditures.**

- a. All special and revolving funds must have been authorized and appropriated by law in order to be expended.
- b. Authorized and appropriated special and revolving funds can only be expended up to the level of receipts available in such funds.
- c. Special and revolving fund expenditures authorized in Act 119, SLH 2015, as amended by Act 124, SLH 2016, and other specific appropriations are limited to amounts appropriated and allocated, except as otherwise provided by law.
- d. **Appropriated** special and revolving funds authorized by law to expend in excess of appropriated amounts shall require the Governor's prior approval before making such expenditures. All requests for such expenditures shall be submitted to the Governor through B&F.

11. **Trust Funds.**

- a. Pursuant to Section 37-40, HRS, expenditures of trust funds are permitted up to levels of available receipts, except as otherwise provided by law, or except as limited by conditions of the trust agreement or fund.

Section 37-33, HRS, allows the Director of Finance, as required, to prescribe regulations for controlling expenditures and encumbrances of funds which have not been appropriated on a regular basis.

- b. Trust funds **appropriated** in Act 119, SLH 2015, as amended by Act 124, SLH 2016, which an agency seeks to expend in excess of appropriation levels, shall require the Governor's prior approval before making such expenditures. All requests for such expenditures shall be submitted to the Governor through B&F.

12. **Reimbursements from Federal or Other Funds.** All federal or other fund reimbursements shall be deposited into the general fund or the appropriate fund account that provided the original advance funding, except as otherwise provided by law. Programs shall ensure that appropriate and correct reimbursements from

federal and other funds are made for pension accumulation, Social Security, health insurance, other post-employment benefits (OPEB) and other fringe benefits. Documentation shall be submitted to B&F as reimbursements are processed.

Expenditure of reimbursements without legislative or statutory authorization or appropriation may be considered to be in violation of Sections 37-31 and 37-42, HRS.

13. **Gifts or Private Contributions to Programs.** Where specific special, trust, revolving or private funds have not been established for such purposes, agencies shall be responsible for demonstrating that such authority is consistent with applicable statutes and appropriate expenditure provisions of the State Constitution. The Governor's approval is required prior to the receipt and expenditure of such contribution or gift, unless otherwise provided by law.

Departments are reminded that Section 37-52.5, HRS, requires that a report listing all administratively established accounts or funds and their respective revenues, expenditures, encumbrances and ending balances, is due to the Legislature at least 20 days prior to the convening of each regular session. A copy of this report shall be sent to B&F.

14. **Workforce Control.**

- a. **Position Allocation Ceilings.** The number of permanent full-time equivalent (FTE) positions, which may be established and filled by each department, shall not exceed the total number **allocated in Exhibit 1** to each respective department, by MOF, and the numbers provided for project-funded positions in **Item 25.e.** (CIP Staff Services Cost).
- b. Establishment and Filling of Positions/Vacancies.

All departments should thoroughly assess and evaluate the need to establish and/or fill a position. All department heads are advised to seriously examine and weigh each request to establish and/or fill positions against their departmental budget, the overall fiscal condition of the State, and the value the position will give to the public, along with the need to sustain government services in the long term. Department heads are expected to be accountable for all decisions to establish and/or fill positions.

b.1 Department heads are delegated the authority to approve the following:

- Establishment and/or filling of authorized (permanent or temporary) and funded civil service positions as indicated in the department's FY 17 operating budget (BJ) details or CIP Staff Services Cost appropriation of Act 119, SLH 2015, as amended by Act 124, SLH 2016.
- Establishment and/or filling of authorized positions in DOE, Charter Schools, Hawaii State Public Library System (HSPLS), Hawaii Health Systems Corporation (HHSC) and UH.

- Establishment, filling and/or extension of positions that are 100% federally funded or 100% funded by non-appropriated trust funds.

All departments should exercise caution in the filling of federally funded positions. Future reductions to federal grant awards is always a possibility and departments should not assume that State funds will be available to support program costs which were previously federally funded.

- Establishment and/or filling of authorized exempt Hawaii State Hospital staff positions currently necessary to ensure Department of Justice compliance.
- Establishment and/or filling of authorized exempt Hawaii Youth Correctional Facility staff positions.
- Establishment and/or filling of authorized exempt Department of Health positions previously mandated by the Felix or Makin Consent Decrees and are currently necessary to ensure compliance.
- Establishment and/or filling of authorized exempt Department of Defense positions necessary to operate the Hawaii National Guard Youth Challenge Academy program.
- Establishment and/or filling of authorized exempt positions, which are exempt pursuant to Section 76-16(b), subsections (5), (7), and (16), HRS.
- Establishment, filling and/or extension of exempt positions, which are exempt pursuant to Section 76-16(b), subsection (10), HRS, provided positions are authorized and funded in the BJ details of Act 119, SLH 2015, as amended by Act 124, SLH 2016, and sufficient funding is available in FY 17.
- Extension of exempt positions with incumbents, provided positions are authorized and funded in FY 17.
- Establishment, filling and/or extension of student helper or student intern positions that are budgeted in the BJ details of Act 119, SLH 2015, as amended by Act 124, SLH 2016.
- Granting of temporary assignment for authorized positions to existing employees.
- Filling of authorized civil service positions identified for Reduction-in-Force placements, and/or for placements of disabled employees.

- b.2 Governor's approval, through B&F, is required for the following, unless specifically allowed under Item b.1.
- Establishment, filling and/or extension of exempt positions.
 - Establishment, filling and/or extension of positions authorized by general law or specific legislation which are not included in the budget.
 - Establishment, filling and/or extension of unauthorized positions but are allowed pursuant to **Section 128** of Act 119, SLH 2015, as amended by Act 124, SLH 2016.
- b.3 All vacancies permitted to be filled must be funded within currently approved departmental allocations.
- b.4 Proposed actions to establish or extend positions that are exempt from civil service pursuant to Section 76-16(b), subsections (2), (12), and (15), HRS, unless previously delegated to the departments, shall require the prior review and approval of Department of Human Resources Development (DHRD) before submission to the Governor, through B&F, for approval to fill or extend exempt positions and appointments beyond their not-to-exceed (NTE) dates.
- b.5 DHRD has provided the departments with delegated authority to review and approve civil service exemption for positions established under Section 76-16(b), subsections (3), (10), and (17), HRS. The Governor's approval is not required for extending these exempt positions and appointments beyond their NTE dates. The delegated authority to approve and extend positions under subsection (3) is applicable as long as the court order or decree is in effect and the positions cannot be filled through normal civil service recruitment procedures.
- b.6 Positions not Authorized by the Legislature. **Section 128** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, prohibits the expenditure of funds, including federal funds, to fill any permanent or temporary position not authorized by the Legislature. This prohibition does not apply to:
- Positions at UH and HHSC;
 - Positions entirely funded with federal monies;
 - Positions for special projects approved by the Governor;
 - Positions established by an agency or department pursuant to explicit statutory authorization to establish such positions; and

- Positions established by an agency or department for a program or project funded by an appropriation in an Act other than the general or supplemental appropriations Act.

Departments are required to provide a report, with specific details, to the Legislature and to B&F of each use of the provision within five days.

Departments are expected to comply with DHRD's July 14, 2015 memorandum, *Criteria, Instructions and Procedures for Special, Research and Demonstration Projects and Positions*, in establishing such projects and positions pursuant to Act 160, SLH 2015.

- b.7 Recruitment Above the Minimum Pay Rate (RAM) and Hire Above the Minimum Pay Rate (HAM). Prior approval from DHRD is required for RAM. The authority to HAM has been delegated to the departments, pursuant to DHRD's September 14, 2011 memorandum, *Delegation of Authority for Hiring Above the Minimum Pay Rate for Civil Service Positions*. Governor's approval is not required.
- b.8 Procedures for Approval. Position requests requiring the Governor's approval for establishing and/or filling shall be submitted in the attached formats (**Form B-2** for unauthorized or exempt positions).
- c. Position Variances. Program positions should be of the same position classification described in the BJ details of Act 119, SLH 2015, as amended by Act 124, SLH 2016. Any variance from such authorization must be supported by appropriate justification or legislative authorization, and must be consistent with policies in A.D. No. 90-13, dated February 5, 1990, and as further provided herein.
- c.1 Department heads are delegated the authority to change a position's classification series (position variance) where the cost difference is no more than 20% above the authorized budgeted amount.
- c.2 The Governor's prior approval through B&F is required for requests to change a position's classification series where the cost difference exceeds 20% of the authorized budgeted amount.
- c.3 Other requests to implement position variances from authorizations in Act 119, SLH 2015, as amended by Act 124, SLH 2016, or as authorized in general law, or in any other Act of the Legislature, shall also be submitted to the Governor for review in the manner prescribed above, to ensure consistency with program and legislative intent.
- c.4 UH, DOE, Charter Schools, HSPLS, and HHSC are exempt from the provisions of 14.c.

d. Other General Provisions.

- d.1 Each department shall provide for the most efficient and economical use of its workforce.
- d.2 Departments shall limit and monitor the use of overtime for each month. Monthly program reports shall be made available to B&F, upon request.
- d.3 All positions and personnel-related costs shall be funded within currently approved departmental allocations. Funding for positions shall conform to the MOF indicated in the BJ details.
- d.4 Reporting Requirement. Quarterly updates of department vacancies and positions filled shall be submitted to B&F as provided in the Quarterly Staffing Report, **Form V** (with instructions).

UH, DOE, Charter Schools, HSPLS, and HHSC are exempt from this requirement.

15. Transfer of Funds and/or Positions.

- a. Unless otherwise provided, **Section 107** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, authorizes, with the Governor's approval, transfers between operating appropriations within the same fund, within an expending agency, for operating purposes.
 - a.1 Other provisos in Act 119, SLH 2015, as amended by Act 124, SLH 2016, authorize transfers under certain conditions. To the extent possible, anticipated transfers should be identified in full-year expenditure plans and Form A-19s.
 - a.2 All requests for transfer authorization shall require the Governor's prior approval through B&F.
 - a.3 All requests for transfer shall include appropriate references to authorizing sections or statutes.
 - a.4 See Item 23, "Allotment Balances/Transfer of Funds," for other allotment limitations.
 - a.5 Pursuant to Section 37-74 (d)(2) and (3), HRS, specific transfer authority and responsibilities have been delegated to UH, DOE, Charter Schools, and HHSC (special funds).

- b. **Section 108** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, allows the **transfer of positions** within a department or agency, provided that: total position ceiling allocations are not exceeded; there is no change in the authorized MOF of the position count; and such transfers do not conflict with, or circumvent, other related laws.
 - b.1 All requests for transfer authorization shall require the Governor's prior approval through B&F.
 - b.2 Transfer requests shall include appropriate references to authorizing sections or statutes.
 - b.3 See Item 23, "Allotment Balances/Transfer of Funds," for other allotment limitations.
 - b.4 Proposed and actual transfers of vacant positions should be identified in the quarterly staffing report.
 - b.5 HHSC (special funded positions), UH, DOE, and Charter Schools are exempt from these provisions where specific transfer authority and responsibilities have been delegated to those agencies by general law.

16. **Contracts.**

- a. All contractual funding agreements are contingent on the availability of funds. Departments should exercise caution in entering into contracts with funding obligations that extend beyond the fiscal year.
- b. Unless otherwise provided by law, procurement of all approved goods, services, and construction, including purchase of health and human services, shall comply with applicable provisions of Chapter 103D, HRS, and Chapters 3-120 to 3-132, HAR, or Chapter 103F, HRS, and Chapters 3-140 to 3-149, HAR; SPO procurement circulars and directives; guidelines and directives issued by the AG and DAGS, as applicable; and any other pertinent requirements of statute, regulation, rule, order, or other directive.
- c. **Financing Agreements**
 - c.1 The applicability, scope and guidelines governing financing agreements may be found in E.M. No. 96-17, *Implementation of Act 119, SLH 1996, Relating to Municipal Leases*, dated November 15, 1996, and Chapter 37D, HRS.
 - c.2 Approval of the Director of Finance and the AG must be obtained prior to implementation of financing agreements subject to Chapter 37D, HRS (for either CIP or operating costs, regardless of amount or MOF).

- c.3 The sale, assignment, refinancing, or other disposition of any lease subject to Chapter 37D, HRS (including certificates of participation), shall require the prior approval of the Director of Finance.
- c.4 UH and HHSC shall comply with provisions of Section 37D-2, HRS, as applicable.

d. Staffing by Contracts (all MOF)

These personal services contracts provide:

- Services of an advisory nature relating to the functions of agency administration and management or program management; or
- Persons and/or organizations that are considered to have knowledge and special abilities not generally available within the agency; or
- Delivery of completed work, product, or services by or during a specified time.

Requests for these types of contracts require the Governor's approval, through B&F, and compliance with DHRD's and DAGS' requirements for contractual services. Departments are advised to contact DHRD and DAGS to obtain the latest applicable procedures relating to the approval process.

Exceptions. Approval authority is delegated to department heads to make the expenditures listed below (unless applicable to "financing agreements"). **Departments shall submit listings of all budgeted recurring routine expenditures to be authorized under Items d.11 through d.13 by July 22, 2016 (Form BRR).** Compliance with DHRD's and DAGS' requirements for contractual services must still be fulfilled. Departments should also consult with the AG and the SPO on other applicable requirements concerning contract amendments.

- d.1 Contracts which are 100% federally funded.
- d.2 Initial requests where total estimated costs will be **less than \$100,000.**
- d.3 Amendment to an existing contract where the original cost of which is **less than \$100,000** if the amendment results in the total cost (original contract plus all amendments) remaining less than \$100,000.
- d.4 Amendment to an existing contract where the original cost of which was **\$100,000 or more,** if the existing contract was approved by the Governor and the amendment does not exceed 10% of the cost of the original contract and \$100,000. Multiple contract amendments shall not exceed 10% of the cost of the original contract and \$100,000 in total.

- d.5 Non-cost amendment to an existing contract.
- d.6 Training contracts which are budgeted in BJ details for Act 119, SLH 2015, as amended by Act 124, SLH 2016.
- d.7 Medical services contracts.
- d.8 Legal services contracts approved by the AG.
- d.9 Services contracts for expert witnesses for the AG.
- d.10 Engineering and architectural services for Repair and Maintenance projects funded as operating costs.
- d.11 Budgeted recurring routine facility-related maintenance services necessary for ongoing operations. Examples include: maintenance of elevators/escalators, landscaping services, and janitorial services.
- d.12 Budgeted recurring routine IT maintenance services and licenses, subject to the Office of Enterprise Technology Services (ETS) approval as necessary.
- d.13 Budgeted recurring routine operational services. Examples include: security services, freeway service patrol, and helicopter services.
- d.14 Special repair and maintenance services to extend the life of facilities and other assets. Examples include: repainting, repaving, major repairs and rehabilitation of facilities.
- e. Audit contracts under DAGS' jurisdiction shall be subject to DAGS' procedures under Comptroller's Circular No. 1994-02 and do not require the Governor's prior approval. **Exception:** when departments elect to delegate such functions to DAGS under conditions of **Section 111** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, the Governor's approval through B&F to transfer funding for such audits is required.
- f. With the exception of licensed design professionals as defined under Chapter 464, HRS, professional services defined under Chapter 103D, HRS, shall be procured pursuant to source selections allowed in Chapter 103D, HRS. Licensed design professionals as defined in Chapter 464, HRS, shall only be procured pursuant to Section 103D-304, HRS, and Subchapter 7, Chapter 3-122, HAR, or Section 103D-307, HRS (Emergency Procurement), and Subchapter 10, Chapter 3-122, HAR.
- g. Engineering, architectural, and other contracts with independent contractors or personal services contractors **related to CIP implementation** shall be subject to the Governor's review via the regular Form A-15 allotment approval process.

- h. Hawaiian Home Lands' employee contracts exceeding six years pursuant to Section 202(b) of the Hawaiian Homes Commission Act shall be submitted to the Governor for approval through B&F.
- i. New contracts with the Research Corporation of the UH which equal or exceed \$100,000 or amendments to existing contracts which cause the total to equal or exceed \$100,000 require Governor's approval through B&F.
- j. Extension of contracts which have expired is not permitted. If a contract expires before an extension has been approved, departments shall initiate a new procurement process to enter into a new contract.
- k. Reports shall be made available to B&F, upon request.
- l. Preapproved exemptions from requirements of Chapter 103D and Chapter 103F, HRS, are identified on DAGS' SPO website: <http://spo.hawaii.gov> (Click *References*). For Chapter 103D, HRS, see Section 103D-102, *Application of this chapter*, and Chapter 3-120, HAR, for "Exhibit A" listing of exemptions. For Chapter 103F, HRS, see Section 103F-101, *Application of this chapter*. Any purchase made under an exemption shall not exceed the scope of the exemption. Exceeding the scope of the exemption is a procurement violation.

17. **Travel**. The following procedures and guidelines shall apply:

a. **Out-of-State**

- a.1 Approval for out-of-state travel for departmental personnel is delegated to department heads, subject to available funding, program necessity, and other applicable statewide travel policies.
- a.2 Out-of-state travel for department heads must be approved by the Governor.

b. **Intra-State**

Approval for all intra-state travel is delegated to department heads, subject to available funding, program necessity, and other applicable statewide travel policies. As permitted by applicable general laws, department heads may delegate authority to approve intra-state travel to appropriately designated program administrators in the department.

- c. Departments shall comply with DAGS' travel rules, Comptroller's Memoranda, and Procurement Circular 2007-03, *Intra-State and Out-of-State Travel Procedures*, Amendments 1 - 3, and any subsequent amendments. Travel information is available at <http://spo.hawaii.gov> (click on *Manual for State & County Personnel*, then click on *Travel Procedures*).

d. Reports of all travel shall be made available to B&F, upon request.

18. **Information Systems Technology (IT) and Telecommunication (TC) Services, Facilities and Resources.** All IT and TC services, facilities, and resources are functions of the ETS under the authority of the State Chief Information Officer (CIO).

a. ETS shall have general supervision, oversight and control over the acquisition and utilization of IT and TC facilities and resources within the Executive Branch and may grant exemptions from A.D. No. 11-02.

Note: A.D. No. 77-02, A.D. No. 87-01, and all amendments have been replaced by A.D. No. 11-02, dated September 29, 2011, *Cancellation of Administrative Directive No. 77-02.*

b. Applicable statutory provisions, such as Chapters 76 and 103D, HRS, shall be observed by departments and agencies, as applicable.

c. Departments or agencies contemplating acquisition of any IT or TC facility, service, hardware or software (including consulting services) must plan the acquisition project as required by A.D. No. 11-02 and submit the spend plans to the State CIO prior to the acquisitions. The plan will include all projected costs for the current year and budget year in a format prescribed by the CIO in order to capture the planned annual baseline of all statewide technology expenditures. These include all acquisition and support costs and expenditures, regardless of funding source, throughout the entire lifecycle.

d. All IT and TC acquisitions (hardware, software, maintenance contracts, consultant services, telecommunication services, other products or services, etc.) require the approval of the State CIO. ETS requires at least two work weeks advance time to complete its review and recommendation.

e. Authority to approve all IT or TC acquisitions (hardware, software, maintenance contracts, consultant services, telecommunication services, other products or services, etc.) that are less than \$100,000 is delegated to department heads and will not require State CIO approval. However, this delegation of authority to department heads shall require the submittal of the following forms and documentation regarding the IT or TC expenditure to ETS, as appropriate, regardless of MOF (e.g., general, federal, special, or revolving funds), type of cost (operating or CIP) or acquisition cost amounts:

- Hardware or software purchases - Form T205.
- Telecommunications, network, radio or microwave investments - Form ICSD-001 (Telecom Request).

- Maintenance contracts or consultant services - memorandum or appropriate project documents.
- f. All IT or TC acquisitions of \$100,000 or more must obtain prior approval from the State CIO. This dollar threshold applies to budgeted and unbudgeted acquisitions. The appropriate documents shall be submitted to request such acquisition approvals (same as forms and documentation for Item 18.e. above).
19. **Lease of Office Space.** Section 171-30, HRS, provides DAGS with the responsibility for the acquisitions of any office space in non-State owned buildings for use by State departments or agencies. Departments shall submit all requests for new leases and lease renewals through the Comptroller under procedures established by DAGS. All requests shall include current organizational charts approved by B&F (if an approved organizational chart is not available or if positions are not included on a B&F approved organizational chart, provide appropriate BJ details and/or an approved **Form HRD-1**) and completed DAGS' forms (including staff space computations and leasing information sheets).
20. **Risk Management and Insurance Administration.**
- a. Comptroller's Memorandum No. 89-06 (dated February 15, 1989) provides guidelines for and shall govern departmental procedures with respect to the operations and implementation of a comprehensive State risk management and insurance program.
 - b. Most appropriations for general fund agencies for risk management benefits have been centralized within AGS 203 (State Risk Management and Insurance Administration). Pursuant to **Section 113** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, agencies with appropriations for risk management costs are reminded to transfer funds to AGS 203 for administration and implementation.
21. **Procurement of Goods, Services, and Construction (Chapter 103D, HRS), and Purchase of Health and Human Services (Chapter 103F, HRS).**
- a. All department heads that are delegated procurement authority by the Chief Procurement Officer shall be in compliance with Chapter 103D, HRS, and its applicable Chapters 3-120 to 3-132, HAR, as issued by the Procurement Policy Board.
 - b. As required by Section 103D-310(c), HRS, the procuring officer shall verify vendor compliance upon award of a contract resulting from a procurement conducted pursuant to Chapter 103D, HRS, Sections 302 (Invitation for Bids), 303 (Request for Proposals), 304 (Professional Services), and 306 (Sole Source) and for contracts and procurements of \$2,500 or more awarded pursuant to Section 103D-305 (Small Purchases).

- c. All departments and agencies shall be in compliance with Chapter 103F, HRS, and its applicable rules in Chapters 3-140 to 3-149, HAR, as issued by the Procurement Policy Board, for the purchase of Health and Human Services (HHS).
 - c.1 Department heads are delegated the authority to approve **budgeted** HHS contracts.
 - c.2 The Governor's approval through B&F is required for **unbudgeted** HHS contracts.
- d. Price and Vendor List Contracts issued by SPO. All Executive departments and agencies may purchase their requirements for goods and services from SPO issued price and vendor list contracts, unless otherwise noted. HHSC, UH and DOE may utilize price and vendor lists as indicated on the applicable lists.
- e. Parceling is strictly prohibited. Section 103D-305, HRS, *Small purchases; prohibition against parceling*, states in part ". . . procurement requirements shall not be artificially divided or parceled so as to constitute a small purchase under this section." Section 3-131-1, HAR, defines parceling as "*the artificial division or intentional division of a purchase of same, like, or related items of goods, services, or construction into several purchases of smaller quantities, in order to evade the statutory competitive requirements.*" Further, Section 3-149-304, HAR, states "*The practice of parceling a large single purchase of health and human services into multiple smaller purchases in order to avoid conducting a competitive purchase of services, or to otherwise frustrate the purposes of chapter 103F, HRS, and these rules is forbidden.*"
- f. Except as otherwise provided, all purchases shall be governed by DAGS' guidelines and procedures.
- g. Equipment. "*Equipment*" is tangible property of a more or less permanent nature (other than land or buildings and improvements thereon) that is used in an operation or activity. Examples are machinery, tools, furniture and furnishing, and certain vehicles such as farm tractors, mowing machines, and plows required for the performance of program tasks. For budget purposes, "*equipment*" **excludes** general-use motor vehicles such as trucks, cars, and buses, which are covered under "*motor vehicles*."
 - g.1 Departments requesting purchase of equipment under A.D. No. 11-02 (relating to IT and TC services, facilities and resources) and as described in Item No. 18 shall: 1) obtain preliminary approval from ETS; then 2) submit such request to the Governor for approval through B&F, as applicable.
 - g.2 Department heads are delegated the authority to approve the purchase of equipment items which are:
 - 100% federally funded, or

- **budgeted** as an equipment cost element (all other MOF), or
 - **unbudgeted** (all other MOF) single purchase orders totaling less than \$100,000.
- g.3 The following documentation shall be provided to DAGS for the processing of purchase orders and contracts for budgeted equipment purchases of \$100,000 or more:
- Purchase orders - Include notation, signed by your department head, which indicates 1) that equipment is budgeted for FY 17 and 2) the Program ID in which the equipment is budgeted.
 - Contracts - Include memorandum from your department head, which indicates 1) that equipment is budgeted for FY 17 and 2) the Program ID in which the equipment is budgeted.
- g.4 The Governor's approval through B&F is required for **unbudgeted** single purchase orders of equipment totaling \$100,000 or more.
- h. Motor Vehicles. For budget purposes, "motor vehicles" include "passenger cars," "pickup trucks," "sports wagons," "vans," "buses," or any self-propelled vehicles designed for carrying or transporting passengers and/or property, and generally drawn upon a road or highway.
- h.1 Department heads are delegated the authority to approve the purchase of motor vehicles which are:
- 100% federally funded, or
 - **budgeted** as a motor vehicle cost element (all other MOF), or
 - **unbudgeted** (all other MOF) single purchase orders totaling less than \$100,000.
- h.2 The Governor's approval through B&F is required for **unbudgeted** single purchase orders of motor vehicles totaling \$100,000 or more.
- h.3 Motor vehicle purchases are subject to Chapter 103D, HRS, and the following:
- i. Oahu and Maui: All passenger cars, leased or purchased, new or used, shall require Comptroller's approval. Review for approval shall consider vehicle type, size, and availability from DAGS Automotive Management Division (DAGS-AMD) motor pools.

Hawaii, Kauai, Lanai and Molokai: For passenger cars purchased for these islands, agencies shall submit an annual listing of vehicles purchased during the fiscal year for review by the Comptroller for compliance with paragraph "iv" below.

- ii. Passenger vehicles shall conform to the standard specifications and criteria issued by DAGS-AMD. Exceptions to the standards shall require Comptroller's review and approval.
 - iii. Specifications for other than passenger vehicles, including exceptions to the DAGS-AMD standards, shall be the responsibility of the individual purchasing agency.
 - iv. Used motor vehicles require the approval of the head of the purchasing agency and, for passenger vehicles only, the approval of the Comptroller as provided above.
 - v. Used motor vehicles acquired from the SPO Surplus Property program are not subject to Chapter 103D, HRS, but shall comply with paragraph "iv" above.
 - vi. Agencies shall ensure compliance with Act 96, SLH 2006, on Energy and Section 103D-412, HRS, *Light Duty Motor Vehicle Requirements*.
- i. Agencies shall ensure applicable contracts are reported, in compliance with:
 - i.1 Executive Memorandum (E.M.) No. 06-01, *Transparency in Procurement*, dated January 20, 2006; and
 - i.2 Procurement Circular 2010-01, *Procurement Posting Awards, Notices, and Solicitations*, dated June 15, 2010, and any subsequent amendments.

22. **Request for Allotment of Funds (Operating)**.

- a. Within departmental fund allocations, department heads may implement legislatively authorized new programs or improve existing services authorized under Part II of Act 119, SLH 2015, as amended by Act 124, SLH 2016, or in other specific appropriation Acts, or which are consistent with program budgeting guidelines and objectives pursuant to Section 37-74, HRS.
- b. Appropriations used for the initiation of **authorized** new programs or for the improvement of existing services or which are consistent with Section 37-74, HRS, shall be reflected in the operational expenditure plan, where these items shall be separately identified in the narrative portion of the expenditure plan. All authorized new programs, or improvements to existing programs that are planned for implementation by the agency, must be within allocation ceilings and supported by appropriate evaluations or justifications.

- c. Program appropriations authorized under Part II of Act 119, SLH 2015, as amended by Act 124, SLH 2016, or in other specific appropriation measures, that are not planned for implementation in the fiscal year will be reflected in the “Estimated Balance” column on the Request for Allotment (Form A-19). (See **Attachment B** for guidelines and procedures.)
 - d. Full-year program operational expenditure plans and Form A-19s shall reflect accounts by “10” (payroll) and “20” (others), and must be consistent with the updated BJ details of Act 119, SLH 2015, as amended by Act 124, SLH 2016, or the provisions of the authorizing specific appropriation, as applicable.
23. **Allotment Balances/Transfer of Funds.** Requests for Allotment (**Form A-19**) and Requests for Transfer of Funds (**Form A-21**) shall be used, as appropriate, for adjustments of program allotment accounts. As applicable, agency requests for the transfer of funds shall be submitted to the Governor for approval through B&F. All such requests must be accompanied by a written justification stating the nature and reasons for the transfer, including its legal basis. Unless otherwise provided by other specific provisos in Act 119, SLH 2015, as amended by Act 124, SLH 2016, **Section 107** limits such transfers to operating funds between appropriations within the same fund, within an expending agency.
- a. Anticipated requests for transfer of funds (Form A-21) shall be identified in the full-year expenditure plans.
 - b. Provisions of this section shall apply to transfers made under **Section 107** cited above and to any transfer of funding between any agency or program authorized in Act 119, SLH 2015, as amended by Act 124, SLH 2016, including all MOF, except for: UH, DOE, Charter Schools, and special fund appropriation transfers in HHSC, as authorized by general law.
 - c. Pursuant to **Section 96** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, expenditures for programs to cope with natural disasters or other unforeseen emergencies shall be made only with a formal declaration of a natural disaster or emergency by the Governor.
24. **Transfer of Vacation Credits.** Pursuant to Section 78-23(b), HRS, transfer of funds representing accumulated vacation credits shall be made only when an employee is transferred between government jurisdictions as defined by Sections 78-1.5 and 76-11, HRS, or between positions within the same jurisdiction which are financed by different funds. Transfer of vacation funds shall not be made when the employee transfers between positions within the same jurisdiction, and if the transferred employee’s salary is to be paid from the same fund. The transfer of vacation funds can be reversed if the employee returns to his or her original position, within the same fiscal year. Vacation transfer funds are considered to be realizations to the general fund or the respective non-general fund.

25. **Capital Improvement Program Expenditures.** In general, departments are directed to consult guidelines and instructions in E.M. No. 97-07, "*Procedures for Requesting the Implementation of Capital Improvement Projects*," dated June 19, 1997. The following updated and/or amended guidelines shall also apply:
- a. Except as specifically authorized by legislative proviso, MOF authorized for capital improvement program (CIP) projects described in **Section 47** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, may not be changed or substituted by other MOF or by funding appropriated for other cost categories without legislative amendment or as otherwise provided by law.
 - b. G.O. bond funded CIP projects described in **Section 47** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, and requiring supplemental funding shall utilize funds transferred pursuant to the provisions of **Section 83** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, before requesting supplemental allotments from available project adjustment funds as provided by **Sections 85** and **89**, as applicable, of Act 119, SLH 2015, as amended by Act 124, SLH 2016.
 - c. **Expenditure Plans. Departments with CIP appropriations shall submit CIP expenditure plans for FY 17 (Form CEP) by July 22, 2016.**
 - c.1 The expenditure plans will serve as guidance for reviewing requests for allotments, CIP-related contracts, etc.
 - c.2 Requests for the allotment of critical projects may be submitted before the due date for expenditure plans.
 - c.3 Grants may be included in the expenditure plans.
 - c.4 Departments with CIP projects funded by special funds, G.O. bond funds with debt service costs to be paid from special funds, revenue bond funds, or revolving funds shall submit projected six-year financial plans for the respective fund responsible for cash or debt payments to B&F with their CIP expenditure plans.
 - c.5 Departments may substitute any internally used expenditure plans in lieu of Form CEP.
 - d. **CIP Allotment Procedures.** The following shall be observed for requests to allot funds.
 - d.1 All allotment requests must be consistent with the departmental CIP expenditure and appropriate financial plans.
 - d.2 Allotment requests may include more than one phase if supported with adequate justification.

- d.3 As the need to implement arises, allotment requests shall be submitted for the Governor's approval through B&F. This procedure also applies to requests to use the Governor's or UH's Project Adjustment Fund (PAF) pursuant to **Sections 85 and 89**, respectively, of Act 119, SLH 2015, as amended by Act 124, SLH 2016.
- d.4 Allotment requests for projects which require the use of budget provisos should include appropriate references to the proviso sections to be used in the "Subject" line of the request (e.g., ". . . as authorized by Act 119, SLH 2015, as amended by Act 124, SLH 2016, Item X.01, and Section XXX," where "Section XXX" refers to the proviso section) and should indicate the intended use of the provisos in the body of the request.
- d.5 New appropriation symbols for new cost elements, delegation, or PAF requests shall be requested from DAGS' Uniform Accounting and Reporting Branch in writing. The appropriation symbols shall be typed on the Allotment Advice (AA) (Form A-15) prior to submitting the request.
- d.6 AA numbers will be assigned by B&F upon receipt of request. Do not fill the anticipated date of the Governor's approval.
- d.7 Authorized grants must contain all appropriate supporting documents, including the grant application and indication of compliance with Chapter 42F, HRS, requirements. Departments should consult with the AG on the legal requirements to be fulfilled by grant recipients. Use **Form F** to request the allotment of CIP grants.
- d.8 Requests for advance draw-downs of CIP funds by third-party project managers is prohibited. Disbursement of funds shall be made only upon actual completion of work.
- d.9 Clarification on awarding a construction contract when the low bid is higher than the basic bid estimate and available appropriation.

If the low bid is higher than the basic bid estimate but funds are available within the construction allotment (e.g., contingency) with no intent to request release of additional construction funds, departments are allowed to award the construction contract.

If the low bid is higher than the basic bid estimate and available appropriation, departments are not to award the construction contract and must notify the Governor to recommend suitable funding alternatives. This includes: negotiations to reduce the low bid within the available appropriation; use of deductive alternates to reduce the low bid within the available appropriation; or use of other construction cost items (e.g., contingency) if the department intends to request release of additional construction funds.

d.10 Works of Art Special Fund - Transfers to the Works of Art Special Fund shall be in compliance with Chapter 103-8.5, HRS.

- e. CIP Staff Services Cost. All agencies, with an authorized project-funded staff ceiling, shall be funded via a separate appropriation in the budget identified for staff services only. The separate appropriation will be used only for staff salary related costs (e.g., overtime) and fringe benefits. Approved project-funded staff ceilings are as follows:

DOT Highways Division	366 positions
DOT Harbors Division	18 positions
DOT Airports Division	35 positions
DAGS	76 positions
DLNR	27.5 positions
DBEDT	19 positions
DOE – EDN 400	66 positions
HPHA	10 positions

- f. Grants. Upon the Governor's approval, the following procedures shall apply to all CIP appropriations to private organizations:

- f.1 The expending agency shall enter into a contract with the private organization as required by Chapter 42F, HRS. The contract shall provide that the State be reimbursed a pro rata share of the facility costs (monetary or pro rata share of the facility) should the private organization cease to satisfy the specified public purpose.
- f.2 The executed contract must be submitted to DAGS' Pre-audit Branch and will be used to encumber allotted funds.
- f.3 The private organization should request payment through the expending agency as work progresses on the project.
- f.4 Request for allotment of grants funded with G.O. bond funds shall be made only after the recipient organization has obtained commitments from all other funding sources for the project.
- f.5 State funds will be disbursed to the private organization by DAGS' warrant vouchers from expending agencies, with supporting documentation of work completed.
- f.6 The expending agency shall monitor compliance with Chapter 42F, HRS, and the public purpose and legislative intent of the grant.

- g. Pursuant to **Section 95** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, expenditures for CIP projects to cope with natural disasters or other unforeseen emergencies shall be made only with a formal declaration of a natural disaster or emergency by the Governor.

- h. CIP Lapsing. All funding for CIP described in **Section 47** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, that are unencumbered as of June 30, 2018 shall lapse as of that date. However, pursuant to **Section 90** of Act 119, SLH 2015, as amended by Act 124, SLH 2016, this lapsing date does not apply to non-general fund authorizations which are denoted as necessary to qualify for federal-aid financing and reimbursement, and which have been so designated by the Legislature that are unencumbered as of June 30, 2022 shall lapse as of that date.

As a reminder, non-general fund CIP authorizations from prior General Appropriation Acts, as amended, which were denoted as necessary to qualify for federal-aid financing and reimbursement, and which had been so designated by the Legislature that are unencumbered shall also lapse as follows:

- Act 164, SLH 2011, as amended by Act 106, SLH 2012, shall lapse as of June 30, 2018 (Section 59 of Act 134, SLH 2013, as amended by Act 122, SLH 2014).

Departments with federal fund or other federal fund appropriations which lapse June 30, 2017 or later may request Governor's approval to extend the lapse date of the federal and matching non-general funds as necessary to meet the intent of federal grant awards pursuant to **Section 103** of Act 119, SLH 2015, as amended by Act 124, SLH 2016 (**Forms E-4 and E-5**).

- i. Private Activity Uses of Bonds (PAB).

In order for G.O. and/or G.O. Reimbursable (G.O.R.) bonds to qualify for federal tax-exemptions, the Internal Revenue Code (IRC) requires that bond proceeds be used only for governmental purposes. Non-governmental (i.e., private activity uses) purposes do not meet IRC requirements in most situations. To better track the use (governmental versus non-governmental) of projects financed by G.O. and G.O.R. bond proceeds, expending agencies undertaking G.O. and G.O.R. funded projects are responsible for monitoring project use and reporting to B&F at certain stages of the project.

Form PAB must be completed for every project funded by G.O. or G.O.R. bonds and must be submitted as follows:

1. At initial request for allotment/release of G.O. or G.O.R. bond funding for project planning and/or design;
2. At subsequent request(s) for allotment/release of G.O. or G.O.R. bond funding for project land acquisition, construction, and/or equipment; and
3. Upon completion and acceptance of the project.

For each submittal, **Form PAB** shall be reviewed and updated, if necessary, and shall reflect a current date and signature.

If the use of a project changes at any time to include non-governmental purposes, departments are required to report the changes by updating the **Form PAB** for the project and submitting the updated form to B&F. This would include changes in use of the project that have occurred subsequent to its completion for the life of the bond.

Projects funded with G.O. or G.O.R. bonds that do not have the **Form PAB** submitted along with the request will be returned without action.

26. Operating Program Reports.

- a. Quarterly staffing reports (**Form V**) shall be submitted to B&F **no later than 14 days** after the end of each quarter.
- b. Quarterly reports for DOE and UH shall be submitted as provided by general law or as provided herein.

27. Other Administrative Reporting Requirements.

- a. Programs that have changes in revenues shall report such changes in the quarterly updates of revenue estimates (eRev).
- b. Program and departmental responses to provisos in Act 119, SLH 2015, as amended by Act 124, SLH 2016, requiring the development, performance, completion, or reporting of studies, reports, findings, evaluations, updates, notifications, and plans to the Legislature or appropriate authority shall follow requirements of the proviso.
- c. Act 100, SLH 1999, requires every department to develop and submit a report on the department's goals and objectives, policies, action plan, and timetable to meet those goals, including the process to measure achievement and performance. Section 7 of Act 100 provides detailed reporting requirements. Three copies of the report should be submitted to the Governor pursuant to the Governor's deadline for legislative reports.

28. Submission Requirements and Due Dates.

The following shall be submitted to B&F no later than July 22, 2016:

- a. Operational Expenditure Plan, Request for Transfer of Funds (**Form A-21**), Request for Allotment (**Form A-19**), and Summary of FY 17 Collective Bargaining Allocation (**Form CB**), FY 17 Budgeted Recurring Routine Expenditures (Operational Service Contracts) (**Form BRR**).

- b. CIP Expenditure Plan (**Form CEP**) and special fund, revenue bond fund or revolving fund financial plans, as applicable.

Attachments

Forms: B-2 (Request to Establish and Fill (or Extend) Unauthorized or Exempt Position)
BRR (FY 17 Budgeted Recurring Routine Expenditures (Operational Service Contracts))
CB (Summary of FY 17 Collective Bargaining Allocation)
CEP (CIP Expenditure Plan)
E-1, E-2, E-3, E-4 and E-5 (Federal Funds)
F (Allotment Request for Grant/Subsidy)
PAB (G.O. Bond Fund Appropriations)
V (Quarterly Staffing Report)

(Date)

TO: The Honorable David Y. Ige
Governor of Hawaii

THRU: The Honorable Wesley K. Machida, Director
Department of Budget and Finance

FROM: (Department Head, Title)
(Department)

SUBJECT: Request to Establish and Fill (or Extend) Unauthorized (and/or Exempt)
Position

Approval is requested to establish and fill (or extend) the following unauthorized (and/or exempt) position:

1. Position Title:
2. Description of functions and responsibilities:
 - Note if position is unique; i.e., only position in the organization that performs the particular function.
3. Program ID/title; Division/Branch/Section (as applicable); location:
4. Salary and means of financing (general, special, federal, etc.; for other than general fund, indicate specific fund source):
5. Nature of appointment:
 - a. Projected appointment date:
 - b. Civil service/exempt:
 - c. Duration position needs to be filled:
 - d. Part or full-time (40 hrs. per week) (If part-time, indicate number of hours to work per week.):
 - e. If exempt, attach a copy of Department of Human Resources Development or delegated approval:

6. Justification for establishing and filling (or extending) the position:
- Identify the authority to establish the position.
 - Provide specific, complete justification, including alternatives investigated; specific adverse impacts of delay in hiring; specific adverse, irreparable impact to services to the public, etc.
7. Attach organization chart reflecting where the requested position will be placed.
8. Department review of request:
- a. Reviewed and approved by division or attached agency administrator:

Name Telephone Date

Signature

- b. Reviewed and approved by department administrative services officer:

Name Telephone Date

Signature

- c. Reviewed and approved by department head:

Signature Telephone Date

RECOMMEND:

APPROVAL DISAPPROVAL DEFER

DIRECTOR OF FINANCE

DATE

Request to Establish and Fill (or Extend) Unauthorized (and/or Exempt) Position

Department

Date

Page 3

APPROVED

DISAPPROVED

DEFER

DAVID Y. IGE

Governor, State of Hawaii

DATE

- Operating
- CIP

FEDERAL FUND REQUEST

Form E-1
(August 2015)

REQUEST APPROVAL TO INCREASE APPROPRIATION CEILING FOR FEDERAL FUNDS

1. FAMS ID	2. Department	3. Division	4. Program ID/Org Code
5. Program Manager's Name		6. Program Manager's Phone No.	7. Program Manager's Email
8. CFDA No. (##.###)	9. CFDA Program Title		
10. Award Program or Project Title			
11. Federal Award ID or Other Identifying No.		12. Award Amount	
13. Appropriation Account Symbol		14. Appropriation Account Title	
15. (Check one) <input type="checkbox"/> Appropriation Authorized in General/Supplemental Appropriation Act Fiscal Year: _____ <input type="checkbox"/> Non-Appropriated Authorization Fiscal Year: _____			
16. Current Approved Appropriation		17. Additional Appropriation Requested	
18. Submitted By (Type Name)		Signature	Date
19. Department Head or Designee (Type Name)		Signature of Department Head or Designee	Date
20. Governor's Approval: <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED			
_____ David Y. Ige Governor, State of Hawaii		_____ Signature	_____ Date

ATTACHMENTS:

- 1. Federal Award Notice
- 2. Form E-3 (Copy)

ROUTING:

- 1. Dept. to Governor Date: _____
- 2. Governor to Department Date: _____
- 3. Operating - Send Approved E-1 to B&F with A-19
 CIP - Send Approved E-1 to DAGS with JV

(Date)

The Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki
Speaker of the House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear Senate President Kouchi and Speaker Souki:

Pursuant to Section 102 of Act 119, SLH 2015, as amended by Act 124, SLH 2016, the Department of _____ has requested approval to (*expend unappropriated federal funds*) or (*expend additional federal funds*) for (*Program Title, Program ID*) in the amount of \$_____.

Attached is a copy of our department's request.

Sincerely,

(NAME OF DEPARTMENT HEAD)
(TITLE)

Attachment

c: Honorable Jill N. Tokuda
Honorable Sylvia Luke
bc: Wesley K. Machida, Director

(Date)

The Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Joseph M. Souki
Speaker of the House of Representatives
Twenty-Eighth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear Senate President Kouchi and Speaker Souki:

Pursuant to Section 103 of Act 119, SLH 2015, as amended by Act 124, SLH 2016, the Department of _____ has requested approval to extend the appropriation account lapse dates for the federal award and matching non-general funds, as applicable, listed on Form E-4. The reasons for the request are noted on the form.

Attached is a copy of our department's request.

Sincerely,

(NAME OF DEPARTMENT HEAD)
(TITLE)

Attachment

c: Honorable Jill N. Tokuda
Honorable Sylvia Luke
bc: Wesley K. Machida, Director

(Date)

TO: The Honorable David Y. Ige
Governor of Hawaii

THRU: The Honorable Wesley K. Machida, Director
Department of Budget and Finance

FROM: (Department Head, Title)
(Department)

SUBJECT: Request to Allot and Expend a Grant Pursuant to Chapter 42F, HRS

1. Program I.D. and Title:
2. Expending Agency (if other than above):
3. Recipient Agency and Brief Description:

(Describe what the recipient agency does and whether it has been determined by the expending agency to meet the conditions of Section 42F-103, HRS, Standards for the award of grants and subsidies.)

4. Amount of Grant: \$ _____ for FY _____
Means of Financing: _____
Act ____, SLH ____, Section/Item No. _____ (as applicable)

5. Description of project/outcomes:

(Describe, as applicable (non-applicable sections may be deleted):

- a. *The specific use of the funds by the recipient; e.g., to supplement funding of a particular program, start a new program, etc. A "program" is considered to be a discrete set of activities that are provided for the benefit of a particular target group.*

- b. *The overall CIP project (include where the project would be located, i.e., whether on private property or government property), the intended target group, and the actual number of persons to be served by the completed project. For example, a community based home for the developmentally disabled (DD) would theoretically serve the entire DD population; however, the project itself would provide 8 beds to accommodate only 8 DD individuals.*
- c. *What are the measurable results expected from the grant at the end of the grant period?)*

6. Public purpose:

(Describe, as applicable (non-applicable sections may be deleted):

- a. *The program objective of the department that the grant supports; if the grant does not support the objective of the program to which funds were appropriated or any other program of the expending department, include a discussion on which program/department may be more appropriate.*
- b. *The activities for which the grant will be used and how the recipient will permit the community to benefit from those activities; or how the recipient will reduce the cost incurred by the recipient by providing a service available to some or all members of the public.*
- c. *The extent to which the services provided by the grant complement or duplicate services provided by the department, including services provided through purchase of service contracts under Chapter 103F, HRS, Purchases of Health and Human Services.*
- d. *A Form PAB should be filled out and attached to the request to release CIP funds. Are there any issues identified as a result of the information provided on the Form PAB?)*

7. Funding:

(Describe, as applicable (non-applicable sections may be deleted) :

- a. *What portion (plans, design, construction, equipment) of the overall CIP project will be funded by the requested release?*
- b. *Is the CIP grant intended to purchase land?*
 - i. *If yes, how are the conditions contained in Section 42F-103(d) being met?*

- c. *If the CIP grant only provides planning/design funds:*
 - i. *What is the total cost of construction and how will the construction phase be funded?*
 - ii. *Is there a commitment of non-State grant funds to cover construction costs?*
 - iii. *If no, what is the potential request to the State for grant funds to cover construction costs?*
- d. *Has the recipient received grants for any other CIP project? If yes, list the projects (including a description), the amounts by appropriation act/year, whether the funds were expended, and list any project that was completed using CIP grant funds in whole or in part.*
- e. *What is the total cost of the program/CIP project for which the recipient intends to use the grant?*
- f. *If this is to fund an ongoing program/CIP project, for how many fiscal years has the recipient been receiving grants for the program/CIP project? List the amounts released by prior appropriation act/year and means of financing.*
- g. *If the grant is to provide the State's matching portion of a program/CIP project, are the funds to be matched guaranteed?*
- h. *What are the other funding sources, if any, received by the recipient to support the program/project?*
- i. *Are the other sources sustainable?*
- j. *Was (or will) a grant request (be) submitted to the 2016 Legislature to continue to provide funding for the same program/CIP project as this request to release grant funds? If yes, briefly describe the request.*
- k. *What is the organization doing to become self-sufficient (i.e., manage without Chapter 42F grants)?*

Upon review, this department has determined that the recipient is qualified to be awarded a grant pursuant to the provisions of Section 42F-103, HRS, standards for the award of grants and subsidies.

The Department of the Attorney General has been consulted on the legal requirements to be fulfilled by the grant recipient and has indicated that the grant recipient meets the conditions of Chapter 42F, HRS.

Request to Allot and Expend a Grant Pursuant to Chapter 42F, HRS
Department of
Date
Page 4

Attached is a copy of the grant application and other applicable documents. (*Note: For CIP requests only, the allotment advice (Form A-15), Form PAB and Table R must also be included.*)

RECOMMEND:

APPROVAL DISAPPROVAL

Director of Finance

Date

APPROVED DISAPPROVED

DAVID Y. IGE
Governor, State of Hawaii

DATE

FORM PABDepartment of Budget
and Finance (rev. 9/13)**Questionnaire - General Obligation Bond Fund Appropriations****PART 1** Department and Project

1 Department

2 Project Name

3 Project CIP No.

4 Session Law (act no. and year)

5 Program Area Function

6 Item No.

7 Project Description and Estimated Useful Life

PART 2 Project Cost and Funding Sources

8 Does this request for funding require general obligation bond fund appropriations?

 Yes No

If "no" box is checked, no further information other than signature and date is required.

9 Has any appropriations been made for any portion of project prior to this request?

 Yes No

10 Funding sources for costs of project made by this request

a Direct Federal payment for construction and related capital costs

b General obligation bond fund appropriations

c General fund appropriations

d Other State of Hawaii and county funds

e Section 501(c)(3) funds

f Private funds

g Total capital costs made by this request

PART 3 Use of general obligation bond fund appropriations and use of project

11 Total amount made by this request for each purpose to which general obligation bond fund appropriations will be applied

a Total construction and related capital costs

b Total nonconstruction and noncapital State of Hawaii costs

c Total grants to counties

d Total grants to Section 501(c)(3) corporations

e Total grants to private persons and organizations and Federal government

f Private funds

g Total loans to Section 501(c)(3) corporations

h Total loans to private persons and organizations and Federal government

i Total use of general obligation bond fund appropriations

12 Total square footage and percentage of use of project for each purpose
to which general obligation bond fund appropriations will be applied

Square Footage

Percentage of Total

a Total common area

b Total area used by State of Hawaii and counties

c Total area used by Section 501(c)(3) corporations

d Total area used by private persons and organizations and Federal government in
trade or business

e Total area

PART 4 Payment of operating and debt service costs and management of project13 Will any lease or contract with a concessionaire or vendor be entered into in respect of
any portion of the project? If yes, attach schedule and copy of each contract. Yes No14 Will any lease, incentive payment contract or management contract be entered into in respect of
any portion of the project? If yes, attach schedule and copy of each contract. Yes No15 Will any payment be made (directly or indirectly) by the Federal government or any private person or
organization pursuant to contract or other arrangement in respect to any portion of the project?
If yes, attach schedule and copy of each contract. Yes No16 Please list the Department staff member(s) assigned to cooperate with the Department of Budget and Finance in its Project
monitoring responsibilities, including (i) facilitating prior Department of Budget and Finance review and approval for any contracts
with third parties relating to the Project or any transfer or sale of the Project and (ii) assisting with an annual review of the use
of the Project. (Attach a separate sheet providing name(s), phone number(s), and email address(es).)

Name of Signer

Signature

Date

Telephone Number

Instructions for Form PAB

Who must file this Form PAB. Anyone requesting any appropriation of general obligation bond funds must file this Form PAB.

Where to file. This Form PAB must be filed with the Budget, Program Planning and Management Division of the Department of Budget and Finance.

Purpose. The purpose of this Form PAB is to elicit information that will enable the State of Hawaii to allocate general obligation bond fund appropriations in a manner that will comply with applicable requirements of Federal income tax law and regulations.

Line 1. Enter the name of the Department making the request for general obligation bond fund appropriations.

Line 2. Enter the name of the project for which general obligation bond fund appropriations are being requested.

Line 3. Enter the CIP number for the project.

Line 4. Enter the act no. and year of Session Law act under which appropriations have been made or are to be made for the project.

Line 5. Enter the program area function (e.g., economic development).

Line 6. Enter the item number of the project.

Line 7. Enter the description of the project and its estimated useful life (e.g., Waianae Rental Housing, 30 years).

Line 8. Check the 'yes' box if any portion of the project is to be funded with general obligation bond fund appropriations. Otherwise, check the 'no' box, if the 'no' box is checked, no other information on Form PAB, other than the signature line, is required. Please sign, date and return this Form PAB.

Line 9. Check the 'yes' box if any appropriation has been made for any portion of the project prior to this request, and *attach the prior Form PAB or schedule containing all relevant details including the date, amount, and Session Law act and year.*

Line 10. With respect to the appropriations (regardless of the source of such appropriations) made by this request for funding of any portion of the project:

- a. Enter the amount made or expected to be made by the Federal government including reimbursements, for construction and related construction and acquisition costs in respect of the project.
- b. Enter the amount funded or expected to be funded from general obligation bond fund appropriations.
- c. Enter the amount funded or expected to be funded from general fund appropriations.
- d. Enter the amount funded or expected to be funded by other State of Hawaii funds or county funds.
- e. Enter the amount funded or expected to be funded by payments from corporations which are classified as section 501(CX3) corporations under the Internal Revenue Code.
- f. Enter the amount funded or expected to be funded by private persons and organizations.
- g. Enter the total of the amounts in a, b, c, d, e, and f of Line 10. Attach a schedule containing all details, including amounts and name and address of each person contributing to the funding of the project. Funding as used in this Line 10 means funding for capital and related acquisition items, including land, but does not include funding of operational and maintenance expenses or debt service payments after the in-service date of the project.

Line 11. With respect to the general obligation bond fund appropriations made by this request for funding of any portion of the project:

- a. Enter the total amount made or expected to be made for construction and related construction and acquisition costs of the project.

- b. Enter the total amount made or expected to be made to pay other State of Hawaii costs (e.g., a judgment claim, a contract settlement payment).
- c. Enter the total amount of grants made or expected to be made to counties in the State of Hawaii.
- d. Enter the total amount of grants made or expected to be made to section 501(CX3) corporations.
- e. Enter the total amount of grants made or expected to be made to private persons and organizations and the federal government.
- f. Enter the total amount of loans made or expected to be made to counties in the State of Hawaii.
- g. Enter the total amount of loans made or expected to be made to section 501(CX3) corporations.
- h. Enter the total amount of loans made or expected to be made to private persons and organizations and the federal government.
- i. Enter the total of the amounts in a, b, c, d, e, f, g and h of Line 11.

Attach a schedule containing all details, including amounts and name and address of recipients of bond fund appropriations.

Line 12. Enter, to the extent applicable (e.g., an office building), the total square footage and percentage of total square footage of the project used by various persons or organizations. All use, including indirect and incidental use, is to be included.

- a. The total common area (e.g., hallways, parking structure) used by all persons and organizations.
- b. The total area (excluding the common area) used exclusively by the State of Hawaii and counties in Hawaii.
- c. The total area (excluding the common area) used exclusively by section 501(CX3) corporations.
- d. The total area (excluding the common area) used exclusively by private persons and organizations (including concessionaires and vendors) and the Federal government in their trade or business.
- e. Enter the total of the amounts in a, b, c and d of Line 12.

Attach a schedule containing all details, including a breakdown by area used, and name and address of each user.

Line 13. Check the 'yes' box if any lease or contract with a concessionaire or vendor is expected to be entered into in respect of any portion of the project (e.g., vending machines, newsstand, store, pharmacy, pay telephones, onsite laundry services, cafeteria or other food services). *Attach a separate schedule containing all relevant details, including the date, the name and address of each concessionaire or vendor, the terms and provisions of the lease or contract, and a copy of the contract.*

Line 14. Check the 'yes' box if any lease, incentive payment contract or management contract is to be entered into in respect of any portion of the project. *Attach a separate schedule containing all relevant details, including the date, the name and address of each party to such lease or contract, the terms and provisions of the lease or contract, and a copy of the lease or contract.*

Line 15. Check the 'yes' box if any payment is expected to be made (directly or indirectly) by any private person or entity or the Federal government pursuant to contract or other arrangement in respect of any portion of the project. *Attach a separate schedule containing all relevant details, including the date, the name and address of each party to such contractor arrangement, the terms and provisions of the contract or arrangement, and a copy of the contractor a description of the arrangement.*

Line 16. Identify on a separate sheet the contact information for department staff member(s) assigned to cooperate with the Department of Budget and Finance in its project monitoring responsibilities.

Form V: Quarterly Staffing Report

Part I – Vacancies

Department: Self-explanatory.

Quarterly Update for _____: Identifies actions taken during the identified quarter-ending.

Contact Person/Phone: Self-explanatory.

Program ID: Program ID that the position is budgeted in; if unauthorized, indicate Program ID that provides funding. Positions transferred in/out to other programs should be noted here, and explained in comments.

Legal Authority: All positions must be “authorized budgeted positions” or “unauthorized” positions which may be filled pursuant to Section 128 of Act 119, SLH 2015, as amended by Act 124, SLH 2016, with Governor’s approval. Authorizations should be based on the legal authority of a specific statute, the general appropriations act, or other specific legislation in effect. Exempt positions must additionally cite the applicable subsection in Section 76-16, HRS. For positions to be filled pursuant to Section 128, note “unauthorized” in the comments.

Position Title as Budgeted: If authorized, provide position title as indicated in the operating budget (BJ) details; if unauthorized, provide position title as approved. Note: authorized positions should be within the same classification and of the same means of financing as budgeted.

Permanent/Temporary: Indicate if Permanent (P) or Temporary (T).

Civil Service or Exempt: Indicate if Civil Service (C) or Exempt (E).

Budgeted Salary: If authorized, provide salary as indicated in the operating budget (BJ) details. If unauthorized, provide salary as approved and indicate the source of funds (appropriation symbol) in the comments.

MOF: Position’s means of financing (must total 100% if multiple financing sources).

Date of Vacancy: Date position became vacant (applicable to positions previously established or filled).

Date Establish/Fill: Anticipated dates (month, day, year) of: 1) establishment and/or 2) filling. “Date to be established” applicable only to positions not yet established.

Comments: Provide explanation of differences from previous plans, authorized positions, unauthorized positions or other pertinent comments.

Part II – Positions Filled

Department: Self-explanatory.

Quarterly Update for _____: Identifies actions taken during the identified quarter-ending.

Contact Person/Phone: Self-explanatory.

Program ID: Program ID that the position is budgeted in; if unauthorized, indicate Program ID that provides funding. Positions transferred in/out to other programs should be noted here, and explained in comments.

Legal Authority: All positions must be “authorized budgeted positions” or “unauthorized” positions which may be filled pursuant to Section 128 of Act 119, SLH 2015, as amended by Act 124, SLH 2016, with Governor’s approval. Authorizations should be based on the legal authority of a specific statute, the general appropriations act, or other specific legislation in effect. Exempt positions must additionally cite the applicable subsection in Section 76-16, HRS. For positions to be filled pursuant to Section 128, note “unauthorized” in the comments.

Position Title as Budgeted: If authorized, provide position title as indicated in the operating budget (BJ) details; if unauthorized, provide position title as approved. Note: authorized positions should be within the same classification series and of the same means of financing as budgeted.

Position Title as Filled: Indicate title of position as filled if different from the position title as authorized in the operating budget (BJ) details.

Permanent/Temporary: Indicate if Permanent (P) or Temporary (T).

Civil Service or Exempt: Indicate if Civil Service (C) or Exempt (E).

Budgeted Salary: If authorized, provide salary as indicated in the operating budget (BJ) details. If unauthorized, provide salary as approved and indicate the source of funds (appropriate symbol) in the comments.

Actual Salary: Indicate actual salary being paid if different from the budgeted salary.

MOF: Position’s means of financing (must total 100% if multiple financing sources).

Date Filled: Date position was filled.

Comments: Provide explanation of all differences from previous plans, authorized positions, unauthorized positions or other pertinent comments.