

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

November 9, 2017

FINANCE MEMORANDUM

MEMO NO. 17-19

TO: All Department Heads

FROM: Wesley K. Machida *Wesley Machida*
Director of Finance

SUBJECT: Department of Budget and Finance's Recommendations on FY 19
Supplemental Budget Requests

Your department's FY 19 Supplemental Budget requests for operations and capital improvement program (CIP) projects, as applicable, have been jointly reviewed with the Governor's Office with due regard to program requirements, the Administration's priorities, and the State's fiscal condition. The Department of Budget and Finance's (B&F) recommendations on your department's requests are attached.

Please review these recommendations. Bear in mind, however, that the amount of general fund budget requests by far exceeded the State's limited general fund resources. Further, departments should be aware that reductions to the B&F recommended amounts may be necessary due to revenue constraints.

Appointments to appeal any of the proposed actions have already been scheduled. The Governor and I will be meeting with departments to discuss concerns regarding these recommendations on the following dates:

- Tuesday, November 14, 2017 from 12:30 p.m. to 4:30 p.m.;
- Thursday, November 16, 2017 from 8:30 a.m. to 12:30 p.m.; and
- Friday, November 17, 2017 from 11:30 a.m. to 4:30 p.m.

Your appeal should focus on higher priority requests which are critical and sustainable. Due to the State's uncertain general fund revenues, tradeoffs are required for operating budget appeals for general funds. General fund appeals must identify tradeoffs from the B&F recommended amounts or your department's FY 19 appropriations (Act 49, SLH 2017) to be considered. For operating and CIP appeals for other means of financing, especially general obligation bond funds, tradeoffs are highly encouraged.

Departments with budget appeals should prepare an appeal list using the revised Form B (*Department Summary of Operating Budget Adjustment Requests*) or Form S (*Department Summary of Proposed CIP Lapses and New CIP Requests*), which reflects B&F's recommendations. Please refer to the attached sample layouts for the operating and CIP appeal lists, Summary of Operating Trade-offs from FY 19 Appropriations, and comments for operating appeals (comments for CIP appeals should be made on the Form S appeal list). Electronic files will be e-mailed to your department by your B&F analyst.

Appeal lists and supporting attachments should adhere to the following guidelines:

- Keep all original budget requests intact. Do not delete requests from the revised Form B or S that are not being appealed or change the priority order or amounts of your original requests.
- Highlight the entire row for each request being appealed.
- Indicate additional amounts only (delta). Amounts requested on appeal should be in addition to the B&F recommendation. For example, if \$500,000 was requested and \$300,000 was recommended but full funding (\$500,000) is a critical requirement, the appeal amount should be \$200,000.
- For tradeoffs from the B&F recommended amounts, use the revised Form B to indicate the amount to be traded off with a negative (-) amount. Your comments should indicate: 1) that it is a tradeoff; 2) the request proposed to be funded in its place; and 3) the rationale for the tradeoff. Your comments for the request being appealed should identify the tradeoff that is proposed.

For tradeoffs from FY 19 appropriations, use the form "Summary of Operating Trade-offs from FY 19 Appropriations" to identify the amounts (use negative (-) amounts) to be traded off by cost element (i.e., amounts for personal services, other current expenses, etc., should be listed on separate lines). Your comments should indicate: 1) the request proposed to be funded by the tradeoff, and 2) the rationale for the tradeoff. Your comments for the request being appealed should identify the tradeoff that is proposed. If the appeal and related tradeoff are approved, a Form A will be required for the tradeoff request at a later date.

Please bring ten copies of your department's appeal list(s), Summary of Operating Trade-offs, and comments to your appointment and e-mail the electronic file(s) to your B&F analyst prior to your appointment.

As a reminder, note that the following due dates are quickly approaching in the budget process:

1. By Wednesday, November 29, 2017, the following must be submitted, reflecting the Governor's final supplemental budget decisions:

- a. For all departments except the Department of Education (DOE), University of Hawaii (UH), and the Department of Transportation (DOT): Updated BJ Summary Tables in eBUDDI. Totals (by cost element and MOF) must match the grand totals on the Form B for the Governor's decision.
 - b. For DOE, UH, and DOT: Excel files or other electronic files of the updated BJ Summary Tables as authorized for submittal by B&F. Totals (by cost element and MOF) must match the grand totals on the Form B for the Governor's decision.
 - c. All departments: Two copies of the updated Budget Narratives; Forms PAB, CIPOp and CIPOpB.
 - d. All departments: Updated Tables P, Q, and R in eCIP.
 - e. All departments: All Excel files which reflect the Governor's final budget decisions of Forms A, and A-Attachment (relating to the operating budget); and Forms CIPOp, CIPOpB, and PAB (relating to CIP budget) should be transmitted to your B&F analyst.
2. By Wednesday, November 29, 2017: Two copies of Form DMC (additional requirement for deferred maintenance costs). The Excel file of Form DMC must be transmitted to your B&F analyst.
 3. By Friday, January 5, 2018: The BJ details updated in eBUDDI reflecting the Governor's final budget decisions for all departments except DOE, UH, and DOT for which Excel or other electronic files are required.

Additional information regarding the above submission requirements may be found in Finance Memorandum No. 17-12, *FY 19 Supplemental Budget Policies and Guidelines (Fiscal Biennium 2017-19)*.

If you do not wish to appeal the B&F recommendations or have any questions regarding your appointment, please contact Ms. Debra Pfeffer at 586-1519. Should you have any other questions regarding the appeals process, please contact your B&F analyst.

Your prompt attention and understanding in this matter is appreciated.

Attachments

FORM B

Date Prepared/Revised: ####/2017

FY 19 SUPPLEMENTAL BUDGET
DEPARTMENT SUMMARY OF OPERATING BUDGET ADJUSTMENT REQUESTS
DEPARTMENT OF

Operating Appeal List Guidelines:

- Keep all original requests intact.
- Highlight the entire row for each request being appealed.
- Indicate delta amounts requested in addition (+) to the B&F recommendation or negative (-)/positive (+) amounts for tradeoffs.
- Print on legal size (8 1/2"x14") paper, narrow (.25") left and right margins, 75% scale.
- Use attachment (Word document) for comments on operating budget appeals.
- Use attachment (Excel document) "Summary of Tradeoffs from FY 19 Appropriations" for tradeoffs from existing appropriations.

Current Services Operating Budget Ceilings by MOF

MOF	FY 18			FY 19		
	FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount
A						
B						
N						
P						
R						
S						
T						
U						
W						
X						

TOTAL

-	-	-	-	-	-	-
---	---	---	---	---	---	---

Req Cat	B&F Code	Prog ID/Org	Dept Pri	Description	MOF	FY 18			FY 19			B&F Recommendation			Department Appeal		
						FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount	FY 18			FY 19		
						FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount
TRADE-OFF/TRANSFER & CONVERSION OF UNBUDGETED POSITIONS REQUESTS:																	

SUBTTLTRADE-OFF/TRANSFRS & CONV. OF UNBGT'D PSNS:

-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Request Category Legend:
TO Trade-Off/Transfer
UP Conversion of Unbudgeted Positions

By MOF	A	B	N	P	R	S	T	U	W	X							
General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Federal Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter-departmental Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolving	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

FY 19 Supplemental Budget Review
Appeals to Department of Budget and Finance Recommendations
Comments on Operating Budget Appeals
Department of

Dept. Priority	Prog ID	Description	MOF

[Provide comments and justification here]

Dept. Priority	Prog ID	Description	MOF

[Provide comments and justification here]

- Keep all original requests intact.
- Highlight the entire row for each request being appealed.
- Indicate delta amounts requested in addition (+) to the B&F recommendation or negative (-)/positive (+) amounts for tradeoffs.
- Print on legal size (8 1/2"x14") paper, narrow (.25") left and right margins, 80% scale.

FORM S

Date Prepared/Revised: ####/17

**FY 19 SUPPLEMENTAL BUDGET
DEPARTMENT SUMMARY OF PROPOSED CIP LAPSES AND NEW CIP REQUESTS
DEPARTMENT OF**

PART A: PROPOSED LAPSES				Amount		B&F RECOMMENDATION		DEPARTMENT APPEAL				
Dept	Act/Yr	Item No.	Proj No.	Project Title and Reason for Lapsing	MOF	FY 18	FY 19	FY 18	FY 19	FY 18	FY 19	COMMENTS

TOTAL	-	-	-	-	-	-	-	-	-	-	-
BY MOF											

General Fund	A	-	-	-	-	-	-	-	-	-	-
Special Funds	B	-	-	-	-	-	-	-	-	-	-
General Obligation Bonds	C	-	-	-	-	-	-	-	-	-	-
Reimbursable GO Bonds	D	-	-	-	-	-	-	-	-	-	-
Revenue Bonds	E	-	-	-	-	-	-	-	-	-	-
Federal Funds	N	-	-	-	-	-	-	-	-	-	-
Other Federal Funds	P	-	-	-	-	-	-	-	-	-	-
Private Contributions	R	-	-	-	-	-	-	-	-	-	-
County Funds	S	-	-	-	-	-	-	-	-	-	-
Trust Funds	T	-	-	-	-	-	-	-	-	-	-
Interdepartmental Transfers	U	-	-	-	-	-	-	-	-	-	-
Federal Stimulus Funds	V	-	-	-	-	-	-	-	-	-	-
Revolving Funds	W	-	-	-	-	-	-	-	-	-	-
Other Funds	X	-	-	-	-	-	-	-	-	-	-
TOTAL		-	-	-	-	-	-	-	-	-	-

PART B: NEW REQUESTS				Amount		B&F RECOMMENDATION		DEPARTMENT APPEAL				
Req	Dept	Prog ID	Proj No.	Project Title	MOF	FY 18	FY 19	FY 18	FY 19	FY 18	FY 19	COMMENTS

TOTAL - NEW REQUESTS	-	-	-	-	-	-	-	-	-	-	-
BY MOF											

General Fund	A	-	-	-	-	-	-	-	-	-	-
Special Funds	B	-	-	-	-	-	-	-	-	-	-
General Obligation Bonds	C	-	-	-	-	-	-	-	-	-	-
Reimbursable GO Bonds	D	-	-	-	-	-	-	-	-	-	-
Revenue Bonds	E	-	-	-	-	-	-	-	-	-	-
Federal Funds	N	-	-	-	-	-	-	-	-	-	-
Other Federal Funds	P	-	-	-	-	-	-	-	-	-	-
Private Contributions	R	-	-	-	-	-	-	-	-	-	-
County Funds	S	-	-	-	-	-	-	-	-	-	-
Trust Funds	T	-	-	-	-	-	-	-	-	-	-
Interdepartmental Transfers	U	-	-	-	-	-	-	-	-	-	-
Federal Stimulus Funds	V	-	-	-	-	-	-	-	-	-	-
Revolving Funds	W	-	-	-	-	-	-	-	-	-	-
Other Funds	X	-	-	-	-	-	-	-	-	-	-
TOTAL		-	-	-	-	-	-	-	-	-	-

Request Category:	
AI	Administration Initiatives
E	Energy Efficiency
HS	Health, Safety, Court Mandates
M	Major R&M of Existing Facilities
O	Other
T	Trade-off (Offset by Lapse)