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

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

November 14, 2018

FINANCE MEMORANDUM

MEMO NO. 18-23

TO: All Department Heads

FROM: Laurel A. Johnston *Laurel Johnston*
Director of Finance

SUBJECT: Department of Budget and Finance's Recommendations on FB 2019-21
Executive Budget Requests

Your department's FB 2019-21 Executive Budget requests for operations and capital improvement program (CIP) projects, as applicable, have been reviewed 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:

- Monday, November 19, 2018 from 1:00 p.m. to 3:30 p.m.;
- Tuesday, November 20, 2018 from 9:00 a.m. to 4:00 p.m.; and
- Wednesday, November 21, 2018 from 9:00 a.m. to 4:00 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 FB 2019-21 budget ceiling 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 FB 2019-21 budget ceiling, 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 your FB 2019-21 budget ceiling, use the form "Summary of Operating Trade-offs from FB 2019-21 Budget Ceiling" 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 Tradeoffs, 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 Friday, November 30, 2018, 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 Hawai'i (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 and Tables A, B, and C (Performance Measures) in eAnalytical Totals (by cost element and MOF) for all Table P must match the grand total on the Form S for the Governor's decision.
 - 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 Friday, November 30, 2018: 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, December 28, 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. 18-16, *FB 2019-21 Executive Budget Request and the Program and Financial Plan for the Period 2019-25*.

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

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 from your B&F recommendations.
- Print on legal size (8 1/2" x 14") 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 FB 2019-21 Budget Ceiling" for tradeoffs from your base budget.

FB 19-21 BIENNIUM BUDGET
DEPARTMENT SUMMARY OF OPERATING BUDGET ADJUSTMENT REQUESTS
DEPARTMENT OF

Date Prepared/Revised: FORM B

Current Services Operating Budget Ceilings by MOF

MOF	FY 20			FY 21		
	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 20			FY 21			B&F Recommendation			Department Appeal		
						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:																	
SUBTLTRADE-OFF/TRNSFRS & CONV. OF UNBGT'D PSNS:																	

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

By MOF		SUBTLTRADE-OFF/TRNSFRS & CONV. OF UNBGT'D PSNS:																	
A	General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B	Special	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
N	Federal Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
P	Other Federal Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R	Private	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
S	County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
T	Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
U	Inter-departmental Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
W	Revolving	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

FB 2019-21 Executive Budget
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" x 14") paper, narrow (.25") left and right margins, 80% scale.

FORM S

Date Prepared/Revised:

FB 19-21 BUDGET
DEPARTMENT SUMMARY OF PROPOSED CIP LAPSES AND NEW CIP REQUESTS
DEPARTMENT OF

PART A: PROPOSED LAPSES						Amount			B&F RECOMMENDATION		DEPARTMENT APPEAL		
Dept Pri	Act/Yr	Item No.	Proj No.	Project Title and Reason for Lapsing	MOF	FY 20	FY 21	FY 20	FY 21	FY 20	FY 21	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 CIP REQUESTS						B&F RECOMMENDATION			DEPARTMENT APPEAL			
Req Cat	Dept Pri	Prog ID	Proj No.	Project Title	MOF	FY 20	FY 21	FY 20	FY 21	FY 20	FY 21	COMMENTS
TOTAL - 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:
GP Governor's Priorities
M Major R&M of Existing Facilities
C Completion of Ongoing CIP
HS Health, Safety, Court Mandates
EE Energy Efficiency
PI Public Infrastructure Improvements
O Other