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OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

March 12, 2020

FINANCE MEMORANDUM

MEMO NO. 20-05

TO: All Department Heads

FROM: Craig K. Hirai /s/
Director of Finance

SUBJECT: Budget and Expenditure Control

At its meeting on March 11, 2020, the Council on Revenues (COR) reduced its general fund tax revenue growth forecast for FY 20 from 4.1% to 3.8% and for FY 21 from 4.0% to 0% while increasing its projections for FY 22 from 3.0% to 5.0% and for FY 23 from 3.0% to 4.0%. In addition, the COR maintained its projections for FY 24 through FY 26 at 4.0% each year.

The actions taken by the COR were due to concerns regarding the impact of the coronavirus, COVID-19, on Hawai'i's economy. In order to address the forecasted reduction in revenue and due to the uncertainty regarding the impact of COVID-19, the Administration will take immediate action to close the substantial projected budget shortfall.

All departments and agencies should take the most cautious and prudent steps in controlling expenditures for the remainder of FY 20 and through FY 21. Non-general funded departments and agencies should closely track their revenues and expenditures and make adjustments accordingly.

We will continue to monitor this worldwide situation, which is constantly evolving. Our responsibility to maintain the State's fiscal health requires that we be vigilant in holding down expenses where possible. Further adjustments will be implemented as necessary.

I appreciate your understanding and collaboration in our joint efforts to reduce overall spending in these critical times.