



EXECUTIVE CHAMBERS

HONOLULU

DAVID Y. IGE
GOVERNOR

April 13, 2020

EXECUTIVE MEMORANDUM

MEMO NO. 20-02

TO: All Department Heads

SUBJECT: Amendment to Executive Memorandum No. 19-02, *FY 20 Budget Execution Policies and Instructions* – Additional Restrictions

The coronavirus (COVID-19) pandemic has impacted Hawai'i and the world in unimaginable ways. Just as September 11th has taken its place in history and has permanently impacted our lives, COVID-19 is posed to do that and more.

The potential impact of COVID-19 on the State's economy will be unprecedented. Unemployment levels are staggering. The upcoming months will be uncertain but we cannot wait until there are definitive answers to address the impact to the State's budget and fiscal stability. **We must take immediate and serious action to reduce State expenditures now.**

The choices we make today will affect the State's ability to provide vital public services in the future. Executive Memorandum (E.M.) No. 20-01, Amendments to Executive Memorandum No. 19-02, *FY 20 Budget Execution Policies and Instructions*, implemented a hiring freeze and advised all departments to make only high priority expenditures.

Let me clarify that the hiring freeze applies to all positions from all means of financing, unless noted as an exception. Given the State's current fiscal situation, it is unlikely that requests for exceptions will be granted at this time. Departments should not be filling any position that does not have an exception in any capacity (e.g., 89-day hire). All departments should begin looking at the priority of the positions and programs within their department and within the State as a whole. A formal program review will be forthcoming.

At this time, I am imposing an additional 2% restriction on discretionary general fund appropriations from Act 5, SLH 2019, including transfers, as adjusted (\$4,000,000 of the discretionary appropriation plus 88% of the balance of the discretionary appropriation (adjusted by the 5% restriction and 5% contingency restriction, or balances thereof, and the 2% additional restriction)). Exhibit 1, with each department's adjusted (as applicable) full-year allocation is attached.

As applicable, departments should submit revised Requests for Allotment (A-19) to reflect the additional restrictions by Friday, April 24, 2020.

Although this restriction does not apply to special-funded programs, such programs must closely monitor their revenues and make appropriate adjustments to their expenditures. The general fund will not be able to support special fund shortages and, as such, all special-funded programs must implement actions necessary to ensure that they remain self-supporting.

In light of these fiscal restraints, no action will be taken on all operating requests (e.g., requests to fill, contract for services, etc.), regardless of means of financing, that are pending as of the date of this memorandum. Pending requests will not be returned from the Department of Budget and Finance or the Governor's Office. Departments should review and reprioritize these requests considering the guidance provided by E.M. No. 20-01, these additional restrictions, and the significant revenue and budgetary changes that will be necessary in the future. Requests for operating allotments (A-19s) and capital improvement program project allotments or other related actions will still be processed.

Getting through this public health crisis will not be easy but we must all work together to address the current and long-term fiscal repercussions. There is much more to do to stabilize Hawai'i's economy and maintain the fiscal health of the State through FY 20 and beyond but we must always keep in mind that, first and foremost, we must take care of Hawai'i's people.

This is a time like no other. Your constant and conscientious efforts to maintain the State's fiscal health are expected and appreciated.

With warmest regards,

/s/

David Y. Ige
Governor, State of Hawai'i

Exhibit 1