



EXECUTIVE CHAMBERS

HONOLULU

DAVID Y. IGE
GOVERNOR

December 29, 2020

EXECUTIVE MEMORANDUM

MEMO NO. 20-11

TO: All Department Heads

SUBJECT: Review of Excess Special and Revolving Fund Balances

General fund tax revenue collections have significantly declined due to the impact of COVID-19 on the State's economy. For the first five months of FY 21, cumulative preliminary general fund tax collections have gone down by 7.8% compared to FY 20.

The continued decline of cumulative general fund tax collections for FY 21 since July 2020, during which collections increased by 32.9% due to the deferral of the income tax deadline, is concerning. With increased uncertainty going forward as COVID-19 cases surge around the world, we will be monitoring general fund tax revenue growth as it approaches the Council on Revenue's projection of -11% for FY 21.

Given that general fund tax revenue collections are expected to be depressed for an extended period, we must consider transferring excess special and revolving fund cash balances to the general fund. As such, departments shall review their special and revolving funds and identify anticipated unrequired cash balances as of December 31, 2020. This review does not apply to special and revolving funds of the Departments of Commerce and Consumer Affairs and Transportation, and to special and revolving funds for which the source of funding (in whole or in part) was general obligation bond funds.

To determine unrequired cash balances, departments shall consider the following for each respective fund:

- Operating costs, such as payroll and contract requirements, until June 30, 2021.
- Capital improvement program (CIP) costs for contracts (if any) expected to be encumbered by June 30, 2021.
- Revenue collection schedules and the impact of COVID-19 on anticipated revenues.

- Funding required to support operating and CIP (if any) costs for FB 2021-23.
- State, federal or other limitations on the use of the fund.

Departments shall provide the information specified in the attached format, which shall include the following:

1. Each special or revolving fund listed individually.
2. Statutory authority for the fund.
3. The cash balance of the fund as of December 31, 2020.
4. The unrequired cash balance as of December 31, 2020.
5. Restrictions on the use of the fund, as applicable.
6. Explanation if no funds have been considered unrequired.

Additionally, for each fund for which transfer of excess funds have been identified, an updated non-general fund report should be prepared and submitted.

It is critical that departments make their best effort to develop these estimates as the State is facing an unprecedented general fund fiscal crisis. Departments must continue to be prudent with their spending, regardless of means of financing, to ensure that the State is in the best position to deal with direct program impacts and ongoing changes to Hawai'i's and the nation's economy.

Each department shall submit via email its completed review with an official transmittal memorandum in PDF format from your department's designated email account to the Department of Budget and Finance (B&F) at DBF.DOCS@hawaii.gov by January 19, 2021. The Excel files shall also be submitted via email to your B&F analyst.

Your attention and cooperation in this matter is appreciated.

/s/

DAVID Y. IGE
Governor, State of Hawai'i

Attachment

Review of Excess Special and Revolving Fund Balances
 Department of _____

Pgm ID	Name of Fund	Legal Authority	Appn Account #	MOF	As of December 31, 2020		Restrictions on Use of Fund	Comments (Including explanation for no funds considered unrequired)
					Cash Balance	Unrequired Cash Balance		

	Total	-	-
Total by MOF:	B	-	-
	W	-	-
		-	-