

GOVERNOR'S BUDGET EXECUTION POLICIES FISCAL YEAR 2023

Budget Execution Policies for FY 23 contained in this document are generally similar to those issued for FY 22, except for substantive changes, deletions, and/or additions in the following sections (does not include renumbering and updates to budget acts, dates, etc.):

- 2. General Statement of Policies (Item 2.h.)
- 3. Allocations
- 5. Allotment of Appropriations for Specific Purposes from Act 88, SLH 2021, as Amended by Act 248, SLH 2022 (new)
- 6. Allotment of Appropriations for Capital Improvement Program in the Operating Budget (new)
- 7. Allotment of Specific Appropriations and Appropriations for Funds to Private Agencies
- 9. Lapsing of Funds
- 11. Federal Funds
- 15. Gifts or Private Contributions to Programs
- 17. Workforce Control (Item 18.a.)
- 18. Transfer of Funds and/or Positions
- 19. Contracts
- 20. Travel
- 24. Procurement of Goods, Services, and Construction (Chapter 103D, HRS) and Purchase of Health and Human Services (Chapter 103F, HRS)
- 25. Request for Allotment of Funds (Operating)
- 26. Allotment Balances/Transfer of Funds
- 28. Reimbursement for Vacation Payouts
- 29. Reimbursement for Vacation Payouts for Exiting Cabinet Members (new)
- 30. Capital Improvement Program Expenditures

Questions on the specific policies and instructions contained in this document should be directed to the Department of Budget and Finance (B&F) through the B&F budget analyst(s) assigned to each department.

1. **Scope and Applicability.**

The Governor's Budget Execution Policies and Instructions shall apply to all means of financing (MOF) appropriated and authorized by Act 88, SLH 2021, as amended by Act 248, SLH 2022 (the Supplemental Appropriations Act of 2022), and other specific appropriations authorized for expenditure in FY 22 (retroactively) and FY 23 by the 2022 Legislature or other legislative sessions.

2. General Statement of Policies.

State agencies shall implement appropriation acts, providing for State government programs in conformance with the purpose of such acts, and shall carry out such purposes efficiently and with due respect for the financial condition of the State and all applicable laws and policies.

- a. Oversight and control shall be executed in accordance with Part II of Chapter 37, HRS, Allotment System; Section 37-74, HRS, Program Execution; and other applicable legislation and statutes.
- b. Departments shall plan program operations and expenditures for the fiscal year at levels necessary to accomplish program goals within the allocation ceilings approved for the departments pursuant to Part II of Chapter 37, HRS, Allotment System.

Total expenditures and total permanent and temporary position ceilings designated for each program in each fiscal year shall not exceed the sums and numbers appropriated or authorized and allocated as provided in Exhibit 1, FY 2023 Allocation, except as otherwise provided by law.

- c. Expenditure plans shall be developed within allocated amounts consistent with legislative requirements and Executive priorities. These plans shall be prepared and submitted to B&F according to **Attachment B**.
- d. Program reports of affected activities, attainments, and expenditures corresponding to proposed allocations by allotment periods shall be submitted according to **Attachment B**.
- e. Special fund expenditure plans shall include estimates of transfers to the general fund, as required by Sections 36-27 through 36-30, HRS (or as otherwise provided by law), for the payment of various assessments for special fund central services and departmental administrative expenses. Such assessments should be within allocated appropriations and treated as first charges against the respective funds, unless otherwise specified. Transfers shall be made to the general fund on a quarterly basis.
- f. Programs situated on ceded lands that derive revenues shall comply with Executive Order No. 06-06. Changes in activities on ceded lands and/or changes in the status of ceded lands that result in new revenues are subject to Executive Order No. 06-06. Transfers to the Office of Hawaiian Affairs shall be made on a quarterly basis.
- g. To the extent possible, every effort shall be made to utilize authorized federal and other non-general revenue resources to provide services that meet similar objectives of programs for which State funds are authorized. All such

non-general fund expenditures, however, must be within amounts appropriated and allocated, except where otherwise authorized by law (see *section on "Federal Funds" in this attachment for further guidelines*).

All agencies receiving federal funds for operational purposes shall review such operations for possible changes to anticipated federal grants or other federal funding agreements. All departments should exercise caution in establishing, filling, and/or extending federally funded positions. The use of discretionary federal funds for positions is discouraged and should be minimized.

It should not be assumed that State funds will replace any reduction in federal funds, nor should it be assumed that State funds will be made available to qualify for increases in available federal matching funds. Program need and statewide priority must be demonstrated. As future reductions to federal grant awards and other federal funding agreements remain possible, departments should continue to work with their federal contacts to closely monitor the status of the respective federal programs.

- h. To control the growing energy demand and costs of State operations, agencies are urged to take appropriate steps to improve energy efficiency in State facilities. Agencies shall comply with Administrative Directive (A.D.) No. 06-01, *Energy and Resource Efficiency and Renewable Energy and Resource Development*, dated January 20, 2006 (<https://budget.hawaii.gov/wp-content/uploads/2012/11/FY-2006-AD-06-01-Energy-and-Resource-Efficiency-and-Renewable-Energy-and-Resource-Development.pdf>), and State energy policies in accordance with Chapter 196, HRS, and newly enacted Act 239, SLH 2022.

Agencies should work with the Hawai'i State Energy Office (HSEO), attached to the Department of Business, Economic Development and Tourism (DBEDT), to ensure that they are using the most current guidance. Coordination of A.D. No. 06-01 and future directives regarding this matter shall be under the auspices of HSEO.

- i. The implementation of program budgets shall be consistent with the overall theme, goals, objectives, and policies of the priority guidelines contained within applicable approved functional plans and as contained within Chapter 226, HRS.

3. **Allocations.**

Exhibit 1 contains each department's full-year allocation (net allocation), which reflects each department's FY 23 operating program appropriation (gross allocation) from Act 88, SLH 2021, as amended by Act 248, SLH 2022, with applicable adjustments. "Act 88, SLH 2021, as amended by Act 248, SLH 2022," includes transfers pursuant to Act 6, SpSLH 2021 (debt service); Act 219, SLH 2022 (Agribusiness Development Corporation to DBEDT); and Act 220, SLH 2022 (Stadium Authority to DBEDT).

- General funds

All departments excluding the Department of Education (DOE) and University of Hawai'i (UH) – 100% of non-discretionary appropriation; \$4,000,000 of discretionary appropriation plus 90% (adjusted by a 5% hard restriction and a 5% contingency restriction) of balance of discretionary appropriation (adjusted by appropriations for specific purposes, Chapter 42F grants and capital improvement program (CIP) funding in the operating budget; i.e., these appropriations are not included in department allocations).

DOE and UH – 100% of appropriation (adjusted by appropriations for specific purposes, Chapter 42F grants and CIP funding in the operating budget).

Note: General-funded appropriations for specific purposes from Act 88, SLH 2021, as amended by Act 248, SLH 2022, and specific appropriations from other acts shall be subject to a 10% restriction (5% hard restriction and 5% contingency restriction) upon release.

- Other than general funds

All departments – 100% of appropriation.

Exhibit 1 also reflects included and excluded, as applicable, collective bargaining (CB) allocations for Bargaining Units 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, and 14 for the applicable negotiated agreements. CB appropriations for Hawai'i Employer-Union Health Benefits Trust Fund only are allocated to B&F. Additionally, **Exhibit 1** includes allocations to fund salary increases pursuant to the Commission on Salaries' 2019 report to the Legislature and Act 2, SLH 2020, as amended by Act 14, SLH 2021.

FY 23 departmental Requests for Allotment (**Form A-19**) shall reflect full-year allocations by Program ID and MOF. Use **Form CB** to provide a summary breakdown of CB allocations by fund, appropriation symbol, Act, and included/excluded. Totals should be provided by fund.

4. **Funds Subject to Allotment.**

All MOF appropriated or authorized by the Legislature for FY 22 (retroactively) or FY 23 shall be subject to the allotment process as provided by Section 37-33, HRS. Unencumbered allotment balances at the end of each allotment quarter shall revert to the related appropriation account, except for DOE pursuant to general law; as otherwise provided by specific statute; pursuant to Section 37-40, HRS; or by procedures specified in **Attachment B** with respect to trust, federal, and other federal funds.

5. **Allotment of Appropriations for Specific Purposes from Act 88, SLH 2021, as Amended by Act 248, SLH 2022.**

Appropriations included in Act 88, SLH 2021, as amended by Act 248, SLH 2022, that have been designated for specific purposes in Part III (operating provisos) or the legislative budget worksheets require Governor's approval through B&F to expend (see Attachment 1). These appropriations have not been included in departmental FY 23 budget allocations and will be subject to the 10% general fund restriction (5% hard restriction and 5% contingency restriction) upon release, as applicable. Selected appropriations for specific purposes have extended lapse dates pursuant to the respective authorizing provisos.

- a. If Governor's approval and a revised FY 23 budget allocation are received and the appropriation does not have an extended lapse date or has an extended lapse date but is the only appropriation for that MOF for the Program ID, departments should submit to B&F a Request for Allotment (**Form A-19**) for the appropriate Program ID appropriation account to allot the approved amount.
- b. If Governor's approval and a revised FY 23 budget allocation are received and the appropriation has an extended lapse date, the allocation must be allotted from a sub-account with the extended lapse date. These sub-accounts have been established by the Department of Accounting and General Services (DAGS), Uniform Accounting and Reporting Branch (UARB) (see Attachment 2).

Departments should submit to B&F: 1) a Request for Allotment (**Form A-19**) for the Program ID appropriation account that reflects the transfer out of the allocation to the sub-account; and 2) a Request for Allotment (**Form A-19**) for the sub-account that reflects the transfer in of the allocation from the Program ID appropriation account and the allotment from the sub-account. Also, a journal voucher (JV) that reflects the transfer of the allocation from the Program ID appropriation account to the sub-account must be submitted to DAGS-UARB and processed before the sub-account Request for Allotment (**Form A-19**) can be processed.

- c. Departments are advised that the appropriations with extended lapse dates must be transferred to the sub-accounts before the end of FY 23 due to the lapsing of the Program ID appropriation accounts on June 30, 2023.

6. **Allotment of Appropriations for Capital Improvement Program in the Operating Budget.**

Appropriations included in the operating budget that have been designated for CIP projects in Part III (operating provisos) of Act 88, SLH 2021, as amended by Act 248, SLH 2022, or the legislative budget worksheets (see Attachment 3) require Governor's approval through B&F, as applicable, to: initiate the CIP project; release planning, design, construction, or equipment funds; contract for services; advertise for bids; and award the construction contract. These requests may be combined.

These appropriations have not been included in departmental FY 23 budget allocations and will not be subject to the 10% general fund restriction upon release, as applicable. Selected appropriations for CIP in the operating budget have extended lapse dates pursuant to the respective authorizing provisos.

- a. All operating CIP project allotments will be made on a case-by-case basis. Prior to the submission of any CIP request, the expending agency or user department (when the user is different from the expending agency) must follow the applicable procedures for CIP implementation under **Item 30**.
- b. Because these projects are not inputted into eCIP, **Table R – Operating** (Excel) must be submitted instead of Table R from eCIP. Also, departments should not submit an Allotment Advice (AA) (**Form A-15**) with their request for Governor's approval because an operating Request for Allotment (**Form A-19**) will later be required.
- c. If Governor's approval and a revised FY 23 budget allocation are received and the appropriation does not have an extended lapse date, departments should submit to B&F a Request for Allotment (**Form A-19**) for the appropriate Program ID appropriation account to allot the approved amount.
- d. If Governor's approval and a revised FY 23 budget allocation are received and the appropriation has an extended lapse date, the allocation must be allotted from a sub-account with the extended lapse date. These sub-accounts have been established by DAGS-UARB (see Attachment 2).

Departments should submit to B&F: 1) a Request for Allotment (**Form A-19**) for the Program ID appropriation account that reflects the transfer out of the allocation to the sub-account; and 2) a Request for Allotment (**Form A-19**) for the sub-account that reflects the transfer in of the allocation from the Program ID appropriation account and the allotment from the sub-account. Also, a JV that reflects the transfer of the allocation from the Program ID appropriation account to the sub-account must be submitted to DAGS-UARB and processed before the sub-account Request for Allotment (**Form A-19**) can be processed.

- e. Departments are advised that the appropriations with extended lapse dates must be allotted and transferred to the sub-accounts before the end of FY 23 due to the lapsing of the Program ID appropriation accounts on June 30, 2023.

7. **Allotment of Specific Appropriations and Appropriations for Funds to Private Agencies.**

Appropriations not included in Act 88, SLH 2021, as amended by Act 248, SLH 2022, are considered specific appropriations. Specific appropriations and appropriations for funds to private agencies shall be subject to the allotment system.

- a. Expenditure of operating specific appropriations shall require the Governor's approval through B&F and will be subject to the 10% general fund restriction (5% hard restriction and 5% contingency restriction) upon release, as applicable. Operating Requests for Allotment (**Form A-19**) for specific appropriations may be submitted concurrently with the request for the Governor's approval to expend to be processed pending the Governor's approval of the request to expend.
- b. All CIP project allotments for other specific appropriations will be made on a case-by-case basis, subject to the Governor's approval through B&F. Prior to the submission of any CIP request for allotment, the expending agency or user department (when the user is different from the expending agency) must follow the applicable procedures for CIP implementation under **Item 30**.
- c. Policies regarding the release of FY 23 operating and CIP grants pursuant to Chapter 42F, HRS, identified in the legislative budget worksheets are forthcoming.
- d. Funds to private agencies shall not be allotted if it has been determined that the private agency has not complied with qualifying provisions and procedures of Chapters 9, 103D, or 103F, HRS, as applicable. Departments should consult with the Department of the Attorney General (AG) on the legal requirements to be fulfilled by grant recipients.

8. **Deficiency Spending Prohibited.**

There shall be no expenditure of funds in excess of amounts appropriated and allotted, nor shall agencies establish positions in excess of the numbers authorized in the budget and allotted, unless otherwise provided by specific legislation, and as provided elsewhere in these instructions.

Because funding levels for authorized position ceilings may be insufficient, departments must use discretion to ensure that sustainable funding is available for filled positions.

9. **Lapsing of Funds.**

Operating funds appropriated for FY 23 that are not expended or encumbered as of June 30, 2023 shall lapse on that date, except as provided for DOE, federal funds, and other federal funds or as otherwise provided by law. Federal and other federal funds appropriated for FY 23 for operating purposes that are not expended or encumbered as of June 30, 2025 shall lapse on that date unless the lapse date is extended pursuant to **Section 68** of Act 88, SLH 2021, as amended by Act 248, SLH 2022.

10. **Delegation by Department Heads.**

- a. As permitted by applicable general laws, department heads may delegate authority to approve certain agreements and contracts (which have been deemed to be within the director's authority) to an appropriately designated deputy, officer, or manager in the director's respective department. The Comptroller of DAGS must be notified of such delegation in writing.
- b. Delegation of procurement authority shall be in accordance with Chapter 103D, HRS; Chapter 3-121, Subchapter 3, Hawai'i Administrative Rules (HAR); and Procurement Delegation Nos. 2010-01, Amendment 1, 2010-02, 2014-01, and 2014-02, or as amended. Procurement Delegation Memoranda are available on DAGS' State Procurement Office (SPO) website: <https://spo.hawaii.gov/> (click *For State & County Personnel*, then *Programs for State & County Personnel*, then *Delegation*). Department heads shall ensure that procurement delegations of authority are current as submitted (Transmittal and SPO-036) to the Administrator, SPO. Forms are available on DAGS' SPO website: <https://spo.hawaii.gov/> (click on *Forms*).

11. **Federal Funds.**

The American Rescue Plan (ARP) Act of 2021 established the \$219.8 billion Coronavirus State Fiscal Recovery Fund (CSFRF) of which the State of Hawai'i has received \$1,641,602,610. Prior to enactment of Act 248, SLH 2022, which amends Act 88, SLH 2021, the CSFRF appropriations made in House Bill (H.B.) No. 1600, H.D. 1, S.D. 2, C.D. 1, were vetoed because the CSFRF appropriations made in the bill and in Senate Bill No. 2076 during the 2022 Regular Session plus the ARP fund appropriations made in various acts during the 2021 Regular Session, and ARP fund allocations made pursuant to Chapter 29, HRS, totaled \$1,746,037,985, an amount that exceeded the State's ARP fund allocation by \$104,435,375.

Due to the over appropriation of CSFRF, as well as additional funding needed by DOE and UH to meet the federal Elementary and Secondary School Emergency Relief (ESSER) Fund maintenance of effort (MOE) proportional funding requirements and the need to replace funding for the appropriations impacted by the veto of H.B. No. 1147, it was necessary to reprioritize the use of CSFRF funds. Under the federal ESSER Fund's MOE requirements pursuant to the ARP Act, the State must maintain a proportional level of funding for DOE and UH for FY 22 and FY 23 relative to the State's overall spending level for the same fiscal years that is greater than or equal to the average of the State's proportional level of funding for DOE and UH relative to the State's overall spending for the three prior fiscal years.

While DOE received additional general fund appropriations in FY 23, DOE may not be able to fully expend these moneys in FY 23 to meet its proportional percentage. In addition, insufficient general funds were provided to UH to meet its proportional percentage for FY 23. As such, we will continue to monitor the State's expenditures in regard to ESSER MOE requirements.

The ARP Act also established the \$10 billion Capital Projects Fund (CPF) to provide funding to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the COVID-19 public health emergency. The focus of the CPF on the continuing need for connectivity in response to the COVID-19 pandemic complements the broader range of uses, including broadband infrastructure, of the ARP Act.

Departments are reminded to continually review the use of CSFRF and CPF funds to ensure that the use of these funds complies with the federal guidance. Departments shall also comply with Executive Memorandum (E.M.) No. 22-02, *Management of Appropriated and Non-Appropriated Coronavirus State Fiscal Recovery Funds for FY 23*, dated July 19, 2022 (<https://budget.hawaii.gov/wp-content/uploads/2022/07/EM-22-02-Mgmt-of-Appropriated-and-Non-Appropriated-CSFRF-for-FY-23.pdf>), which provides the framework for expenditure of these funds.

In addition to complying with ARP Act requirements, departments receiving federal funds for operations and CIP should adhere to the following:

- a. It should not be assumed that State funds will replace the loss of any federal-aid money, nor should it be assumed that State funding will be increased to qualify for increases in available federal matching funds. Future reductions to federal grant awards and other federal funding agreements remain possible, and departments should continue to work with their federal contacts to closely monitor the status of the appropriate federal programs.
- b. All agencies receiving federal funds for operational purposes shall continue to review the impact of possible changes to anticipated federal grants or other federal funding agreements to operations. All departments should exercise caution in establishing, filling, and/or extending federally funded positions. The use of discretionary federal funds for positions is discouraged and should be minimized.
- c. Departments shall use the Sharepoint electronic workflow called the “Federal Awards Forms Workflow” to request the Governor’s approval through B&F to:
 - c.1 Expend federal funds in excess of levels authorized by the Legislature pursuant to **Section 67** of Act 88, SLH 2021, as amended by Act 248, SLH 2022, to increase the current appropriated or non-appropriated ceiling for federal funds or other federal funds for FB 2021-23.
 - c.2 Extend the lapse date of federal or other federal fund appropriations and appropriations of other MOF (except general funds) deemed necessary to qualify for federal-aid financing and/or reimbursement pursuant to **Section 68** of Act 88, SLH 2021, as amended by Act 248, SLH 2022, for FB 2021-23 appropriations, or pursuant to the respective budget act provisions for prior biennium appropriations.

Effective May 3, 2022, the Director of Finance (DOF) has been delegated the authority to approve these requests on the Governor's behalf.

Departments should refer to Finance Memorandum (F.M.) No. 17-11, "*Federal Awards Forms Workflow*" for *Federal Funds Forms E-1, E-2, E-4*, dated August 11, 2017 (<https://budget.hawaii.gov/wp-content/uploads/2017/02/FM-17-11-Federal-Awards-Form-Workflow-for-Federal-Fund-Forms-E-1-E-2-E-4.pdf>), for more information.

- d. All departments are required to notify B&F when a federal award is received within 14 calendar days of receipt. To notify B&F, awardees must enter information about the award into the Federal Awards Management System (FAMS), a feature of Datamart, and upload a PDF copy of the Federal Award Notice to create a FAMS Award Record. The notification requirement will be met after the Award Record is received and approved by B&F. Questions regarding FAMS should be directed to B&F's Office of Federal Awards Management.

UH is exempt from this notification requirement. All other exemption requests must be made in writing to the DOF. All approved exemption requests will be posted on federalawards.hawaii.gov.

- e. A FAMS Award Record ID number shall be noted on the Request for Allotment (**Form A-19**) for operating and referenced in the CIP allotment request.
- f. Federal Fund Lapsing. Departments with federal or other federal fund operating appropriations that lapse on June 30, 2023 or later may request the Governor's approval to extend the lapse date of the federal, other federal and matching non-general funds, as necessary, to meet the intent of federal grant awards pursuant to **Section 68** of Act 88, SLH 2021, as amended by Act 248, SLH 2022, for FB 2021-23 appropriations, or pursuant to the respective budget act provisions for prior biennium appropriations (**Form E-4** on Sharepoint).
- g. Federal Fund Deposits. All federal funds received by departments shall be deposited into the State Treasury, unless otherwise provided by federal funding conditions or specifically exempted from this provision by competent authority acknowledged by the DOF.
- h. Recovery of Indirect Costs and Fringe Benefits from Federal Grants and Contracts. State agencies administering federal grants and contracts shall pursue the recovery of indirect costs and fringe benefits. Federal payments shall be deposited into the general fund (use source code 0579 and the department's alpha code).
- i. Policies and procedures regarding the management of federal funds are posted on federalawards.hawaii.gov.

12. **Special and Revolving Fund Receipts and Expenditures.**

- a. All special and revolving funds must have been authorized and appropriated by law to be expended.
- b. Authorized and appropriated special and revolving funds can only be expended up to the level of receipts available in such funds.
- c. Special and revolving fund expenditures authorized in Act 88, SLH 2021, as amended by Act 248, SLH 2022, and other specific appropriations are limited to the amounts appropriated and allocated, except as otherwise provided by law.
- d. Appropriated special and revolving funds authorized by law to be expended in excess of appropriated amounts shall require the Governor's prior approval before such expenditures are made. All requests for such expenditures shall be submitted to the Governor through B&F.

13. **Trust Funds.**

- a. Pursuant to Section 37-40, HRS, expenditures of trust funds are permitted up to levels of available receipts, except as otherwise provided by law or as limited by the conditions of the trust agreement or fund.

Section 37-33, HRS, allows the DOF, as required, to prescribe regulations for controlling expenditures and encumbrances of funds that have not been appropriated on a regular basis.

- b. Trust funds **appropriated** in Act 88, SLH 2021, as amended by Act 248, SLH 2022, that an agency seeks to expend in excess of appropriation levels shall require the Governor's prior approval before making such expenditures. All requests for such expenditures shall be submitted to the Governor through B&F.

14. **Reimbursements from Federal or Other Funds.**

All federal or other fund reimbursements shall be deposited into the general fund or the appropriate fund account that provided the original advance funding, except as otherwise provided by law. Programs shall ensure that appropriate and correct reimbursements from federal and other funds are made for pension accumulation, Social Security, health insurance, other post-employment benefits, and other fringe benefits. Documentation shall be submitted to B&F as reimbursements are processed.

Expenditure of reimbursements without legislative or statutory authorization or appropriation may be in violation of Sections 37-31 and 37-42, HRS.

15. **Gifts or Private Contributions to Programs.**

Where specific special, trust, revolving, or private funds have not been established for such purposes, agencies shall be responsible for demonstrating that such authority is consistent with applicable statutes and appropriate expenditure provisions of the State Constitution. The Governor's approval through B&F is required prior to the receipt and expenditure of such a contribution or gift, unless otherwise provided by law.

16. **Administratively Established Accounts or Funds.**

Departments are reminded that pursuant to Section 37-52.5, HRS, a report listing all administratively established accounts or funds and their respective revenues, expenditures, encumbrances, and ending balances is due to the Legislature at least 20 days prior to the convening of each regular session. A copy of this report shall be sent to B&F.

17. **Workforce Control.**

a. **Position Allocation Ceilings.**

The number of permanent and temporary full-time equivalent positions, which may be established and filled by each department, shall not exceed the total permanent and temporary position ceilings **allocated in Exhibit 1** to each respective department, by MOF, and the position ceilings provided for project-funded positions in **Item 30.f.** (CIP Staff Services Cost).

b. **Establishment and Filling of Positions/Vacancies.**

All departments should thoroughly assess and evaluate the need to establish and/or fill a position. All department heads are advised to seriously examine and weigh each request to establish and/or fill positions against their departmental budget, the overall fiscal condition of the State, and the value of the services that the position provides to the public along with the need to sustain government services in the long term.

Additionally, departments should exercise caution regarding establishing, filling, and/or extending federally funded positions. The use of discretionary federal funds for positions is discouraged and should be minimized. As future reductions to federal grant awards and other federal funding agreements remain highly possible, departments should not assume that State funds will be available to support program costs that were previously federally funded.

b.1 Department heads are delegated the authority to approve the following:

- Establishment and/or filling of authorized (permanent or temporary) and funded civil service positions as indicated in the department's FY 23 operating budget (BJ) details or CIP Staff Services Cost appropriation of Act 88, SLH 2021, as amended by Act 248, SLH 2022.
- Establishment, filling and/or extension of positions that are 100% federally funded or 100% funded by non-appropriated trust funds.
- Filling of exempt positions directly supporting the State's response to COVID-19 in the Departments of Defense (DOD), Health (DOH), and Labor and Industrial Relations.
- Establishment and/or filling of authorized positions in DOE, Charter Schools, Hawai'i State Public Library System (HSPLS), Hawai'i Health Systems Corporation (HHSC) and UH.
- Establishment and/or filling of authorized exempt DOD positions necessary to operate the Hawai'i National Guard Youth Challenge Academy program.
- Establishment and/or filling of authorized exempt Hawai'i State Hospital staff positions currently necessary to ensure Department of Justice compliance.
- Establishment and/or filling of authorized exempt DOH psychiatrist and epidemiologist positions.
- Establishment and/or filling of authorized exempt Hawai'i Youth Correctional Facility staff positions.
- Establishment and/or filling of authorized exempt DOH positions previously mandated by the Felix or Makin Consent Decrees and are currently necessary to ensure compliance.
- Establishment, filling and/or extension of exempt positions, which are exempt pursuant to Section 76-16(b), subsection (10), HRS, provided positions are authorized and funded in the BJ details of Act 88, SLH 2021, as amended by Act 248, SLH 2022, and sufficient funding is available in FY 23.
- Extension of exempt positions with incumbents, provided positions are authorized and funded in the BJ details of Act 88, SLH 2021, as amended by Act 248, SLH 2022, in FY 23.

- Establishment, filling and/or extension of student helper or student intern positions that are budgeted and funded in the BJ details of Act 88, SLH 2021, as amended by Act 248, SLH 2022.
- Granting of temporary assignment for authorized positions to existing employees.
- Filling of authorized civil service positions identified for Reduction-in-Force placements, and/or for placements of disabled employees.

b.2 Governor's approval, through B&F, is required for the following, unless specifically allowed under Item b.1.

- Establishment, filling and/or extension of exempt positions.
- Establishment, filling and/or extension of positions authorized by general law or specific legislation which are not included in the budget.
- Establishment, filling and/or extension of unauthorized positions that are allowed pursuant to Section 37-74(f), HRS (*see Item 17.b.3 below*).

b.3 Positions not Authorized by the Legislature. Section 37-74(f), HRS, prohibits the expenditure of funds, including federal funds, to fill any permanent or temporary position not authorized by the Legislature. This prohibition does not apply to:

- Positions at UH and HHSC.
- Positions entirely federally funded.
- Positions necessary for compliance, without undue delay, with a court order or decree if the Director of Human Resources Development determines that the recruitment through normal civil service procedures would result in delay or noncompliance.
- Positions for special, research, or demonstration projects approved by the Governor.
- Positions approved by the Governor to perform an emergency management function under DOD pursuant to Section 127A-12(b)(9), HRS.
- Casual hire positions.
- Vicing positions.

- Positions established by an agency or department pursuant to explicit statutory authorization to establish such positions.
- Positions established by an agency or department for a program or project funded by an appropriation in an act other than the general or supplemental appropriations act.

The respective agency or department shall submit a quarterly report to B&F within 14 days after the end of each quarter detailing each use of this section that shall include:

- Authority used to establish the position.
- Date the position was established.
- Projected date the position will be filled.
- Amounts projected to be expended in FY 23 and in FY 24.
- Source of funds used to pay for the position.
- Functions to be performed by the position.

Departments are also expected to comply with the Department of Human Resources Development's (DHRD) July 14, 2015, memorandum, *Criteria, Instructions and Procedures for Special, Research and Demonstration Projects and Positions*, and DHRD's September 29, 2016, memorandum, *Revised Form for Requesting Governor's Approval for Special, Research or Demonstration Projects/Positions*, in establishing such projects and positions pursuant to Act 160, SLH 2015.

- b.4 All vacancies permitted to be filled must be funded within currently approved departmental allocations. Funding levels for authorized position ceilings may be insufficient; thus, departments must ensure that funding is sustainable for all filled positions. In addition, funding for positions shall conform to the MOF indicated in the BJ details.
- b.5 Proposed actions to establish or extend positions that are exempt from civil service pursuant to Section 76-16(b), subsections (2), (12), and (15), HRS, shall require the prior review and approval of DHRD before submission to the Governor through B&F for approval to fill or extend exempt positions and appointments beyond their not-to-exceed (NTE) dates unless previously delegated to the department.
- b.6 DHRD has provided the departments with delegated authority to review and approve civil service exemption for positions established under Section 76-16(b), subsections (3), (10), and (17), HRS. The Governor's approval is not required for extending these exempt positions and

appointments beyond their NTE dates. The delegated authority to approve and extend positions under subsection (3) is applicable as long as the court order or decree is in effect and the positions cannot be filled through normal civil service recruitment procedures. For exempt positions established under subsection (17)(A), departments are reminded that exemptions created after July 1, 2014, shall expire three years after its enactment unless affirmatively extended by an act of the Legislature.

- b.7 Recruitment Above the Minimum Pay Rate (RAM) and Hire Above the Minimum Pay Rate (HAM). Prior approval from DHRD is required for RAM. The authority to HAM has been delegated to the departments pursuant to DHRD's September 14, 2011, memorandum, *Delegation of Authority for Hiring Above the Minimum Pay Rate for Civil Service Positions*. The Governor's approval is not required.
- b.8 Procedures for Approval. Position requests requiring the Governor's approval through B&F for establishing and/or filling shall be submitted in the attached formats (**Form B-2** for unauthorized or exempt positions).
- c. Position Variances. Program positions should be of the same position classification described in the BJ details of Act 88, SLH 2021, as amended by Act 248, SLH 2022. Any variance from such authorization must be supported by appropriate justification or legislative authorization and must be consistent with policies in A.D. No. 90-13, dated February 5, 1990, and as further provided herein.
 - c.1 Department heads are delegated the authority to change a position's classification series (position variance) where the cost difference is no more than 20% above the authorized budgeted amount.
 - c.2 Changes to a position's classification series where the cost difference exceeds 20% of the authorized budgeted amount require the Governor's prior approval through B&F.
 - c.3 Other requests to implement position variances from authorizations in Act 88, SLH 2021, as amended by Act 248, SLH 2022, or as authorized in general law or in any other act of the Legislature shall also be submitted to the Governor for review in the manner prescribed above to ensure consistency with program and legislative intent.
 - c.4 UH, DOE, Charter Schools, HSPLS, and HHSC are exempt from the provisions of Item 17.c.
- d. Other General Provisions.
 - d.1 Each department shall provide the most efficient and economical use of its workforce.

- d.2 Departments shall limit and monitor the use of overtime for each month. Monthly program reports shall be made available to B&F, upon request.
- d.3 Reporting Requirement. Quarterly updates of department vacancies and positions filled shall be submitted to B&F as provided in the Quarterly Staffing Report, **Form V** (with instructions).

UH, DOE, Charter Schools, HSPLS, and HHSC are exempt from this requirement.

18. **Transfer of Funds and/or Positions.**

- a. The following provisions from Act 88, SLH 2021, that authorized the Governor to approve the transfer of appropriations between programs under certain circumstances have been repealed as amended by Act 248, SLH 2022. As such, please be aware that potential funding shortfalls will need to be alternatively addressed.

- a.1 Section 61 – Allowed the Governor to authorize the transfer of savings or unrequired balances to cope with the effects of natural disasters or other unforeseen emergencies.

If necessary, transfer provisions can be invoked under Governor's Emergency Proclamation.

- a.2 Section 72 – Allowed the Governor to authorize the transfer of operating funds between appropriations of the same fund, within an expending agency, for operating purposes.

As operational funding requirements may fluctuate as the fiscal year progresses, B&F will work with departments to monitor the need for potential cost neutral (trade-off and transfer) emergency appropriations in the third and fourth quarters of FY 23.

- a.3 Section 87 – Allowed the Governor to transfer savings or unrequired balances of general funds from any program to the Department of Land and Natural Resources' (DLNR) fire fighter's contingency fund.

- b. Other provisos in Act 88, SLH 2021, as amended by Act 248, SLH 2022, authorize transfers under certain conditions. To the extent possible, anticipated transfers should be identified in operational expenditure plans (OEP) and Form A-19s.

- c. All requests for transfer authorization shall require the Governor's prior approval through B&F. All requests for transfer shall include appropriate references to authorizing sections or statutes. In addition, requests for the transfer of operating appropriations shall include the following:

- Amount of the transfer.
 - Program ID from which funds will be transferred.
 - Program ID to which funds will be transferred.
 - Impact to the Program ID from which funds are being transferred.
 - Detailed explanation of the public purposes served by the transfer of resources.
- d. See Item 26, "Allotment Balances/Transfer of Funds," for other allotment limitations.
- e. Pursuant to Section 37-74(d)(2) and (3), HRS, specific transfer authority and responsibilities have been delegated to UH, DOE, Charter Schools, and HHSC (special funds).
- f. **Section 73** of Act 88, SLH 2021, as amended by Act 248, SLH 2022, allows the transfer of position ceilings within a department or agency, provided: total position ceiling allocations are not exceeded; there is no change in the authorized MOF of the position count; and such transfers do not conflict with or circumvent other related laws. No funding may be transferred under this section.
- g. All requests for transfer authorization shall require the Governor's prior approval through B&F. Transfer requests shall include appropriate references to authorizing sections or statutes. In addition, requests to transfer positions shall include:
- Position to be transferred.
 - Program from which the position would be transferred.
 - Program to which the position would be transferred.
 - Responsibilities of the position prior to transfer.
 - Responsibilities of the position after the transfer.
 - How the transfer will maximize the utilization of personnel resources and staff productivity.
- h. Proposed and actual transfers of vacant positions should be identified in the quarterly staffing report.

- i. HHSC (special-funded positions), UH, DOE, and Charter Schools are exempt from these provisions where specific transfer authority and responsibilities have been delegated to those agencies by general law.

19. **Contracts.**

- a. All contractual funding agreements are contingent on the availability of funds. Departments should exercise caution in entering into contracts with funding obligations that extend beyond the fiscal year.
- b. Unless otherwise provided by law, procurement of all approved goods, services, and construction, including the purchase of health and human services (HHS), shall comply with applicable provisions of Chapter 103D, HRS, and Chapters 3-120 to 3-132, HAR, or Chapter 103F, HRS, and Chapters 3-140 to 3-149, HAR; SPO procurement circulars and directives; guidelines and directives issued by the AG and DAGS, as applicable; and any other pertinent requirements of statute, regulation, rule, order, or other directive.
- c. Financing Agreements.

All financing agreements must be budgeted in the BK Tables for Act 88, SLH 2021, as amended by Act 248, SLH 2022, as there is no budget provision to allow general fund, special fund, or revolving fund savings or balances determined to be available from authorized program appropriations to be used for municipal lease payments under financing agreements entered into pursuant to Chapter 37D, HRS, to finance the acquisition of depreciable assets.

- c.1 Approval of the DOF and AG must be obtained prior to implementation of financing agreements subject to Chapter 37D, HRS, for either CIP or operating costs, regardless of amount or MOF.
- c.2 The applicability, scope, and guidelines governing financing agreements may be found in E.M. No. 96-17, *Implementation of Act 119, SLH 1996, Relating to Municipal Leases*, dated November 15, 1996, and Chapter 37D, HRS.
- c.3 Departments considering financing agreements for any undertaking that also involves the use of general obligation (G.O.) bond funds should also refer to F.M. No. 19-09, *General Obligation Tax-Exempt Bonds, Private Use of Bond Proceeds and Bond Financed Facilities, Public-Private Partnership Arrangements and Other Transactions*, dated July 24, 2019.
- c.4 The sale, assignment, refinancing, or other disposition of any lease subject to Chapter 37D, HRS (including certificates of participation), shall require the prior approval of the DOF.
- c.5 UH and HHSC shall comply with the provisions of Section 37D-2, HRS, as applicable.

d. Staffing by Contracts (all MOF)

These personal services contracts provide:

- Services of an advisory nature relating to the functions of agency administration and management or program management; or
- Persons and/or organizations that are considered to have knowledge and special abilities not generally available within the agency; or
- Delivery of completed work, product, or services by or during a specified time.

Requests for these types of contracts require the Governor's approval through B&F and compliance with DHRD's and DAGS' requirements for contractual services. Departments are advised to contact DHRD and DAGS to obtain the latest applicable procedures relating to the approval process.

Exceptions. Authority is delegated to department heads to approve the expenditures listed below (unless applicable to "financing agreements"). **Departments shall submit listings of all budgeted recurring routine expenditures to be authorized under Items d.11 through d.13 by September 30, 2022 (Form BRR).** Compliance with DHRD's and DAGS' requirements for contractual services must still be fulfilled. Departments should also consult with the AG and SPO on other applicable requirements concerning contract amendments.

- d.1 Contracts that are 100% federally funded.
- d.2 Initial requests where total estimated costs will be **less than \$150,000.**
- d.3 Amendment to an existing contract where the original cost was **less than \$150,000** if the amendment results in the total cost (original contract plus all amendments) remaining less than \$150,000.
- d.4 Amendment to an existing contract where the original cost was **\$150,000 or more** if the existing contract was approved by the Governor and the amendment does not exceed 10% of the cost of the original contract and \$150,000. Multiple contract amendments shall not exceed 10% of the cost of the original contract and \$150,000 in total.
- d.5 Non-cost amendment to an existing contract.
- d.6 Training contracts that are budgeted in BJ details for Act 88, SLH 2021, as amended by Act 248, SLH 2022.
- d.7 Medical services contracts.

- d.8 Legal services contracts approved by the AG.
- d.9 Services contracts for expert witnesses for the AG.
- d.10 Engineering and architectural services for Repair and Maintenance projects funded as operating costs.
- d.11 Budgeted recurring routine facility-related maintenance services necessary for ongoing operations. Examples include: maintenance of elevators/escalators, landscaping services, and janitorial services.
- d.12 Budgeted recurring routine information systems technology (IT) maintenance services and licenses subject to the Office of Enterprise Technology Services' (ETS) approval, as necessary.
- d.13 Budgeted recurring routine operational services. Examples include: security services, freeway service patrol, and helicopter services.
- d.14 Special repair and maintenance services to extend the life of facilities and other assets. Examples include: repainting, repaving, major repairs, and rehabilitation of facilities.
- e. Audit contracts under DAGS' jurisdiction shall be subject to DAGS' procedures under Comptroller's Circular No. 1994-02 and do not require the Governor's prior approval (https://ags.hawaii.gov/wp-content/uploads/2012/09/cir_1994-2_apprv_to_use_CPA.pdf). Exception: when departments elect to delegate such functions to DAGS under conditions of **Section 75** of Act 88, SLH 2021, as amended by Act 248, SLH 2022, the Governor's approval through B&F to transfer funding for such audits is required.
- f. When procuring for design professionals as defined under Chapter 103D, HRS, such professions shall only be procured pursuant to Section 103D-304, HRS, and Chapter 3-122, Subchapter 7, HAR, or Section 103D-307, HRS (Emergency Procurement), and Chapter 3-122, Subchapter 10, HAR.

Engineering, architectural, and other contracts with independent or personal services contractors **related to CIP project implementation** shall be subject to the Governor's review via the allotment approval process unless the project is funded by operating funds, then Governor's approval through B&F is required.
- g. Hawaiian Home Lands' employee contracts exceeding six years pursuant to Section 202(b) of the Hawaiian Homes Commission Act shall be submitted to the Governor for approval through B&F.
- h. New contracts with the Research Corporation of UH that equal or exceed \$150,000 or amendments to existing contracts that cause the total to equal or exceed \$150,000 require the Governor's approval through B&F.

- i. Extension of contracts that have expired is not permitted. If a contract expires before an extension has been approved, departments shall initiate a new procurement process to enter into a new contract.
- j. Reports shall be made available to B&F, upon request.
- k. Preapproved exemptions from requirements of Chapters 103D and 103F, HRS, are identified on DAGS' SPO website: <https://spo.hawaii.gov/> (click *References* then *Hawaii Revised Statutes* and *Hawaii Administrative Rules*). For Chapter 103D, HRS, see Section 103D-102, *Application of this chapter*, and Chapter 3-120, HAR, for "Exhibit A" listing of exemptions. For Chapter 103F, HRS, see Section 103F-101, *Application of this chapter*, and Chapter 3-141, Subchapter 5, HAR, *Waivers and Exemptions*. Any purchase made under an exemption shall not exceed the scope of the exemption. Exceeding the scope of the exemption is a procurement violation.

20. **Travel**. The following procedures and guidelines shall apply:

a. **Out-of-State**

- a.1 Approval for out-of-state travel for departmental personnel is delegated to department heads, subject to available funding, program necessity, and other applicable statewide travel policies.
- a.2 Out-of-state travel for department heads must be approved by the Governor.

b. **Intra-State**

Approval for all intra-state travel is delegated to department heads, subject to available funding, program necessity, and other applicable statewide travel policies. As permitted by applicable general laws, department heads may delegate authority to approve intra-state travel to appropriately designated program administrators in the department.

- c. Departments shall comply with DAGS' travel rules, Chapter 3-10, Administrative Rules, Comptroller's Memoranda, and Procurement Circular 2007-03, *Intra-State and Out-of-State Travel Procedures*, Amendments 1-4 and any subsequent amendments, and Procurement Circular 2021-03, *Intra-State Travel Procedures – Bargaining Unit 13/35*. Travel information is available at <https://spo.hawaii.gov/> (click *For State & County Personnel*, then *Programs for State & County Personnel*, then *Travel Procedures*).
- d. Departments shall also comply with Section 196-9(c)(10), HRS, Energy Efficiency and Environmental Standards for State Facilities, Motor Vehicles, and Transportation Fuel.
- e. Reports of all travel shall be made available to B&F, upon request.

21. **Information Systems Technology and Telecommunication Services, Facilities, and Resources**. All IT and telecommunication (TC) services, facilities, and resources are functions of ETS under the authority of the State Chief Information Officer (CIO).

- a. ETS shall have general supervision, oversight, and control over the acquisition and utilization of IT and TC facilities and resources within the Executive Branch. All departments within the Executive Branch must follow the provisions of this section, with the exception of UH and HHSC.
- b. Applicable statutory provisions, such as Chapters 76 and 103D, HRS, shall be observed by departments and agencies, as applicable.
- c. All Telecom Requests (Form ETS-001), regardless of estimated costs, shall be submitted to the Network Branch of ETS for technical review and approval before work can commence.

Telecom Requests may be transmitted electronically to ETS at ETS.NB.TRS@hawaii.gov.

- d. All IT and TC acquisition requests (hardware, software, projects, maintenance contracts, renewals, consultant services, TC services, IT facilities, other IT products or services, etc.) with estimated costs of **\$100,000 or more require the approval of the CIO or the CIO's designee**. All requests must be part of or in support of the requesting department's IT Applications and Projects Roadmaps and Plans information maintained on the ETS application portfolio management system. ETS requires at least two work weeks advance time to complete its review and recommendation.

Departments must submit the following forms and documentation regarding the proposed IT or TC expenditure to ETS, as appropriate, regardless of procurement method, MOF, type of cost (operating or CIP), budgeted, or unbudgeted:

- IT acquisition requests – IT Spend Request form (portfolio management system project printout) plus supporting documentation as required. Documents may be transmitted electronically to ETS using either the State's eSign workflow (with all the necessary signature blocks included) or through email at ETS.ITG@hawaii.gov.
 - TC requests – Form ETS-001 (Telecom Request) plus supporting documentation as required.
- e. IT and TC acquisition requests that meet the following criteria require additional review and approval by the Project Advisory Council, which meets once a month (A.D. No. 18-03, *Program Governance and Independent Verification and Validation Requirements for Enterprise Information*

Technology Projects, dated September 25, 2018

(<https://budget.hawaii.gov/wp-content/uploads/2018/10/AD-18-03-Program-Governance-and-Independent-Verification-and-Validation-Requirements-for-Enterprise-IT-Projects.pdf>):

- All development and modernization projects specifically identified in legislation or budget bills that require additional oversight; or
 - All projects that require technology resources estimated at \$1,000,000 or greater; or
 - Enterprise projects identified by the CIO, typically those that will leverage business and operational efficiencies and benefits for multiple departments or agencies.
- f. Authority to approve all IT or TC acquisitions with estimated costs that are **less than \$100,000** is delegated to department heads and will not require CIO approval.
22. **Lease of Office Space.** Section 171-30, HRS, provides DAGS with the responsibility for the acquisitions of any office space in non-State owned buildings for use by State departments or agencies. Departments shall submit all requests for new leases and lease renewals through the Comptroller under procedures established by DAGS. All requests shall include current organizational charts approved by B&F (if an approved organizational chart is not available or if positions are not included on a B&F approved organizational chart, provide appropriate BJ details and/or an approved **Form HRD-1**) and completed DAGS' forms (including staff space computations and leasing information sheets).
23. **Risk Management and Insurance Administration.**
- a. Comptroller's Memorandum (C.M.) No. 2021-10, *Risk Management and Insurance Program for State Government*, dated July 22, 2021 (<http://ags.hawaii.gov/wp-content/uploads/2021/07/CM2021-10.pdf>), provides guidelines for and shall govern departmental procedures with respect to the operations and implementation of a comprehensive State risk management and insurance program.
 - b. Most appropriations for general fund agencies for risk management benefits have been centralized within AGS 203 (State Risk Management and Insurance Administration). Pursuant to **Section 77** of Act 88, SLH 2021, as amended by Act 248, SLH 2022, agencies with appropriations for risk management costs are reminded to transfer funds to AGS 203 for administration and implementation.

24. **Procurement of Goods, Services, and Construction (Chapter 103D, HRS) and Purchase of Health and Human Services (Chapter 103F, HRS).**

- a. All department heads that are delegated procurement authority by the Chief Procurement Officer shall be in compliance with Chapter 103D, HRS, and its applicable Chapters 3-120 to 3-132, HAR, as issued by the Procurement Policy Board.
- b. As required by Section 103D-310(c), HRS, the procuring officer shall verify vendor compliance upon award of a contract that results from a procurement conducted pursuant to Chapter 103D, HRS, Sections 302 (Invitation for Bids), 303 (Request for Proposals), 304 (Professional Services), and 306 (Sole Source) and for contracts and procurements of \$2,500 or more awarded pursuant to Section 103D-305 (Small Purchases).
- c. All departments and agencies shall be in compliance with Chapter 103F, HRS, and its applicable rules in Chapters 3-140 to 3-149, HAR, as issued by the Procurement Policy Board, for the purchase of HHS.
 - c.1 Department heads are delegated the authority to approve **budgeted** HHS contracts.
 - c.2 The Governor's approval through B&F is required for **unbudgeted** HHS contracts.
- d. Price and Vendor List Contracts issued by SPO. All Executive departments and agencies may purchase their requirements for goods and services from SPO-issued price and vendor list contracts, unless otherwise noted. HHSC, UH, and DOE may utilize price and vendor lists as indicated on the applicable lists.
- e. Parceling is strictly prohibited. Section 103D-305, HRS, *Small purchases; prohibition against parcelling*, states in part “. . . procurement requirements shall not be artificially divided or parceled so as to constitute a small purchase under this section.” Section 3-131-1, HAR, defines parcelling as “the artificial division or intentional division of a purchase of same, like, or related items of goods, services, or construction into several purchases of smaller quantities, in order to evade the statutory competitive requirements.” Further, Section 3-149-304, HAR, states, “The practice of parcelling a large single purchase of health and human services into multiple smaller purchases in order to avoid conducting a competitive purchase of services, or to otherwise frustrate the purposes of chapter 103F, HRS, and these rules is forbidden.”
- f. Except as otherwise provided, all purchases shall be governed by DAGS' and SPO's guidelines and procedures. All State assets/inventories shall be reported pursuant to Chapter 103D, Part XII, Sections 1201 to 1214, HRS, and Chapter 3-130, HAR, *Inventory Management*, and the SPO Inventory System User Manual.

g. Equipment. “*Equipment*” is tangible property of a more permanent nature (other than land or buildings and improvements thereon) that is used in an operation or activity. Examples are machinery; tools; furniture and furnishing; and certain vehicles such as farm tractors, mowing machines, and plows required for the performance of program tasks. For budget purposes, “*equipment*” **excludes** general-use motor vehicles such as trucks, cars, and buses, which are covered under “*motor vehicles*.”

g.1 Departments requesting the purchase of IT or TC equipment shall:

1) follow the guidelines for approval described in Item 21; then 2) submit such request to the Governor for approval through B&F, as applicable.

g.2 Department heads are delegated the authority to approve the purchase of equipment items that are:

- 100% federally funded; or
- **budgeted** in the equipment cost element (all other MOF); or
- **unbudgeted** (all other MOF) single purchase orders totaling less than \$150,000.

g.3 The following documentation shall be provided to DAGS for the processing of purchase orders and contracts for budgeted equipment purchases of \$150,000 or more:

- Purchase orders – Include notation, signed by your department head, which indicates: 1) that equipment is budgeted for FY 23; and 2) the Program ID in which the equipment is budgeted.
- Contracts – Include memorandum from your department head, which indicates: 1) that equipment is budgeted for FY 23; and 2) the Program ID in which the equipment is budgeted.

g.4 The Governor’s approval through B&F is required for **unbudgeted** single purchase orders of equipment totaling \$150,000 or more.

h. Motor Vehicles. For budget purposes, “*motor vehicles*” include “*passenger cars*,” “*pickup trucks*,” “*sports wagons*,” “*vans*,” “*buses*,” or any self-propelled vehicles designed for carrying or transporting passengers and/or property and generally drawn upon a road or highway.

h.1 Department heads are delegated the authority to approve the purchase of motor vehicles that are:

- 100% federally funded; or
- **budgeted** in the motor vehicle cost element (all other MOF); or

- **unbudgeted** (all other MOF) single purchase orders totaling less than \$150,000.
- h.2 The Governor's approval through B&F is required for **unbudgeted** single purchase orders of motor vehicles totaling \$150,000 or more.
- h.3 Motor vehicle purchases are subject to Chapter 103D, HRS, and the following:
- i. O'ahu and Maui: All passenger cars, leased or purchased, new or used, shall require the Comptroller's approval. Review for approval shall consider vehicle type, size, and availability from DAGS' Automotive Management Division's (DAGS-AMD) motor pools.

Hawai'i, Kaua'i, Lāna'i, and Moloka'i: For passenger cars purchased for these islands, agencies shall submit an annual listing of vehicles purchased during the fiscal year for review by the Comptroller for compliance with paragraph "iv" below.
 - ii. Passenger vehicles shall conform to the standard specifications and criteria issued by DAGS-AMD. Exceptions to the standards shall require the Comptroller's review and approval.
 - iii. Specifications for other than passenger vehicles, including exceptions to the DAGS-AMD standards, shall be the responsibility of the individual purchasing agency.
 - iv. Used motor vehicles require the approval of the head of the purchasing agency and, for passenger vehicles only, the approval of the Comptroller as provided above.
 - v. Used motor vehicles acquired from the SPO Surplus Property program are not subject to Chapter 103D, HRS, but shall comply with paragraph "iv" above.
- i. Agencies shall ensure compliance with the following statutory requirements, as amended by Act 74, SLH 2021: Chapter 225-P, HRS, *Hawai'i Climate Change Mitigation and Adaptation Initiative*; and Sections 26-6(b)(12), HRS, *Department of Accounting and General Services*; 103D-412, HRS, *Motor Vehicle Requirements*; 196-9, HRS, *Energy Efficiency and Environmental Standards for State Facilities, Motor Vehicles, and Transportation Fuel*; and 196-42, HRS, *State Support for Achieving Alternate Fuels Standard and Clean Ground Transportation Goals*. Agencies are encouraged to use the Department of Transportation's (DOT) Contract No. 2020-044, Electric Vehicle and Charging Infrastructure Services.

- j. Agencies shall ensure applicable contracts are reported, in compliance with Procurement Circular 2019-05 (<https://spo.hawaii.gov/wp-content/uploads/2018/10/PC2019-05-and-Quick-Reference-Guide-rev-10-2018.pdf>).
- k. Procurement During Disasters. To be approved for Federal Emergency Management Agency (FEMA) reimbursement, states and counties must procure in compliance with the specific requirements of Federal Code: 2CFR200, which became effective December 26, 2014. For information about requirements for FEMA reimbursements, go to DAGS' SPO website: <https://spo.hawaii.gov/> (click on the News and Events Banner for the Disaster Preparedness and Response Procurement link, then *FEMA Reimbursement*).

25. **Request for Allotment of Funds (Operating).**

- a. Department heads may implement legislatively authorized programs in Act 88, SLH 2021, as amended by Act 248, SLH 2022, within departmental fund allocations, or in other specific appropriation acts that are consistent with program budgeting guidelines and objectives pursuant to Section 37-74, HRS.
- b. All appropriations are subject to the provisions of the respective acts.
- c. Appropriations to be used for the initiation of **authorized** new programs or for the improvement of existing services, which are consistent with Section 37-74, HRS, shall be reflected in the OEP where these items shall be separately identified in the narrative portion of the expenditure plan. All authorized new programs or improvements to existing programs that are planned for implementation by the agency must be within allocation ceilings and supported by appropriate evaluations or justifications.
- d. Program appropriations authorized in Act 88, SLH 2021, as amended by Act 248, SLH 2022, or in other specific appropriation measures that are not planned for implementation in FY 23 (including balances of appropriations with extended lapse dates) or have not yet been approved for expenditure shall be reflected in the "Estimated Balance" column on the Request for Allotment (**Form A-19**) (see **Attachment B** for guidelines and procedures).
- e. Full-year program OEPs and Requests for Allotment (**Form A-19**) shall reflect accounts by "10" (payroll) and "20" (others) and must be consistent with the BJ details and related provisions of Act 88, SLH 2021, as amended by Act 248, SLH 2022, or the provisions of the authorizing specific appropriation, as applicable.

26. **Allotment Balances/Transfer of Funds.**

- a. Requests for Allotment (**Form A-19**) and Requests for Transfer of Funds (**Form A-21**) shall be used, as appropriate, for adjustments of program allotments. Unless otherwise provided by other transfer provisos in Act 88,

SLH 2021, as amended by Act 248, SLH 2022, be aware that transfers that could previously be authorized pursuant to **Section 72** of Act 88, SLH 2021, which allowed the Governor to approve transfers of operating funds between appropriations within the same fund, within an expending agency, are no longer allowable due to the repeal of **Section 72** by Act 248, SLH 2022. In addition, Act 248, SLH 2022, also repealed **Section 61** and **Section 87** of Act 88, SLH 2021, which allowed transfers for disasters and DLNR's fire fighter's contingency fund, respectively.

- b. As applicable, agency requests for the transfer of funds shall be submitted to the Governor for approval through B&F. All such requests must be accompanied by a written justification stating the nature and reasons for the transfer, including its legal basis, and shall include the following:
- Amount of the transfer.
 - Program ID from which funds will be transferred.
 - Program ID to which funds will be transferred.
 - Impact to the Program ID funds are transferred from.
 - Detailed explanation of the public purposes served by the transfer of resources.
- c. Except for transfers of funds pursuant to other acts, Requests for Transfer of Funds (**Form A-21**) do not need be identified in the full-year expenditure plans.
- d. Provisions of this section shall apply to any transfer of funding between any agency or program authorized in Act 88, SLH 2021, as amended by Act 248, SLH 2022, regardless of MOF, except for: UH, DOE, Charter Schools, and special fund appropriation transfers in HHSC, as authorized by general law.

27. **Transfer of Vacation Credits.**

Pursuant to Section 78-23(b), HRS, transfer of funds representing accumulated vacation credits shall be made only when an employee is transferred between government jurisdictions as defined by Sections 78-1.5 and 76-11, HRS, or between positions within the same jurisdiction that are financed by different funds. Transfer of vacation funds shall not be made when the employee transfers between positions within the same jurisdiction and if the transferred employee's salary is to be paid from the same fund. The transfer of vacation funds can be reversed if the employee returns to his or her original position within the same fiscal year. Vacation transfer funds are considered to be realizations to the general fund or the respective non-general fund.

28. **Reimbursement for Vacation Payouts.**

Pursuant to **Section 21** of Act 88, SLH 2021, as amended by Act 248, SLH 2022, the Legislature appropriated \$9,700,000 in general funds for FY 23 to B&F to reimburse departments for vacation payouts made for general-funded employees who have left the Executive Branch of the State of Hawai'i. B&F appropriation account G-23-013-O has been established for the purposes of vacation payout reimbursements for vacation paid to employees in general-funded budgeted positions (reimbursements for split-funded positions should be made for only the general-funded portion).

Reimbursements will be made on a first come, first served basis. Any additional expenses incurred above \$9,700,000 will be the responsibility of the individual departments and agencies.

A monthly report indicating the use of this appropriation shall be submitted to the B&F budget analyst assigned to your department within 10 days of the end of the preceding month. Departments should refer to F.M. No. 19-10, *Vacation Payout Reimbursements for General Fund Employees*, dated August 12, 2019 (<https://budget.hawaii.gov/wp-content/uploads/2019/08/FM-19-10-Vacation-Payout-Reimbursements-for-General-Fund-Employees.pdf>), which is no longer suspended, for the report format and other specific instructions.

29. **Reimbursement for Vacation Payouts for Exiting Cabinet Members.**

Section 21.2 of Act 88, SLH 2021, as amended by Act 248, SLH 2022, provides that \$2,650,315 in general funds and \$491,442 in special funds appropriated to B&F be expended for the purposes of reimbursing all Executive departments and agencies for vacation payouts for exiting cabinet members and private secretaries and staff of the Office of the Governor and Office of the Lieutenant Governor for FY 23. B&F appropriation account G-23-013-O (general funds) or S-23-317-O (special funds) should be used for the purposes of vacation payout reimbursements pursuant to Section 21.2.

Departments should generally follow the reimbursement procedures outlined in F.M. No. 19-10, *Vacation Payout Reimbursements for General Fund Employees*, dated August 12, 2019 (<https://budget.hawaii.gov/wp-content/uploads/2019/08/FM-19-10-Vacation-Payout-Reimbursements-for-General-Fund-Employees.pdf>), but should prepare and submit separate JVs for reimbursements pursuant to Section 21.2. Such JVs should indicate Section 21.2 as the authorizing proviso in the explanation section.

Special-funded programs are advised that the reimbursement using the special fund appropriation will only replace the expenditure ceiling already used to pay vacation payouts and that the respective programs must provide the cash to support such expenditures. Additionally, departments shall make the appropriate changes for special fund JVs (e.g., fund type, transaction codes (TC), B&F appropriation account), as needed.

Departments shall prepare a separate monthly report for each MOF for reimbursements done pursuant to Section 21.2 using the reporting format found in F.M. No. 19-10 and should label the reports "Section 21.2 General Funds" or "Section 21.2 Special Funds," as appropriate, in the upper right corner of the form. These reports shall be submitted to the B&F budget analyst assigned to your department within 10 days of the end of the preceding month.

30. **Capital Improvement Program Expenditures.**

In general, departments are directed to consult guidelines and instructions in E.M. No. 97-07, *Procedures for Requesting the Implementation of Capital Improvement Projects*, dated June 19, 1997; F.M. No. 19-03, *General Obligation Tax-Exempt Bonds, Use of Bond Proceeds*, dated March 12, 2019; and F.M. No. 19-09, *General Obligation Tax-Exempt Bonds, Private Use of Bond Proceeds and Bond-Financed Facilities, Public-Private Partnership Arrangements and Other Transactions*, dated July 24, 2019.

In addition, the following updated and/or amended guidelines shall also apply:

- a. CIP projects described in Part IV of Act 88, SLH 2021, as amended by Act 248, SLH 2022, have been inputted into eCIP. Project information should have already been completed by your department.

CIP projects appropriated in the operating budget and described in Part III (operating provisos) of Act 88, SLH 2021, as amended by Act 248, SLH 2022, or the legislative budget worksheets (see Attachment 3) have not been inputted into eCIP; as such, departments shall provide project information using **Table R – Operating** (Excel format).

- b. Except as specifically authorized by legislative proviso, MOF authorized for CIP projects described in Part III or Part IV of Act 88, SLH 2021, as amended by Act 248, SLH 2022, or the legislative budget worksheets may not be changed or substituted by other MOF or by funding appropriated for other cost categories without legislative amendment or as otherwise provided by law.
- c. G.O. bond-funded CIP projects described in Part IV of Act 88, SLH 2021, as amended by Act 248, SLH 2022, that require supplemental funding should first consider transfers from appropriations from the same project in prior or future acts which have not yet lapsed pursuant to **Section 52** of Act 88, SLH 2021, as amended by Act 248, SLH 2022, before requesting supplemental allotments from the Governor's project adjustment fund (PAF) as provided by **Sections 59 and 60**, as applicable, of Act 88, SLH 2021, as amended by Act 248, SLH 2022. Departments are advised that **Section 59** requires that unrequired balances from G.O. bond fund appropriations be transferred to the PAF after the objectives and purposes of Act 88, SLH 2021, as amended by Act 248, SLH 2022, have been met.

d. Expenditure Plans.

Departments with CIP appropriations in Act 88, SLH 2021, as amended by Act 248, SLH 2022, shall submit CIP expenditure plans for FY 23 (**Form CEP**) for those appropriations by September 30, 2022. Separate expenditure plans shall be prepared for CIP appropriations in the operating budget and the CIP budget.

- d.1 The expenditure plans will serve as guidance for reviewing requests for allotments, CIP-related contracts, etc.
- d.2 Requests for the allotment of critical projects may be submitted before the due date for expenditure plans.
- d.3 Departments with CIP projects funded by special funds, G.O. bond funds with debt service costs to be paid from special funds, revenue bond funds, or revolving funds shall submit projected six-year financial plans for the respective fund responsible for cash or debt payments to B&F with their CIP expenditure plans.
- d.4 Departments may substitute any internally used expenditure plans in lieu of Form CEP.

e. Release of CIP Funds.

The following shall be observed for requests to allot CIP funds in the CIP or operating budget. For CIP projects designated in the operating budget, departments must request Governor's approval through B&F, as applicable, to initiate the CIP project; release planning, design, construction, or equipment funds; contract for services; advertise for bids; and award the construction contract. These requests may be combined.

- e.1 All allotment or other requests must be consistent with the departmental CIP expenditure and appropriate financial plans.
- e.2 Allotment requests may include more than one phase if supported with adequate justification and may be combined with other requests for the same project.
- e.3 Allotment and other requests shall be submitted for the Governor's approval through B&F.
- e.4 Allotment requests for projects which require the use of budget provisos should include appropriate references to the proviso sections to be used in the "Subject" line of the request (e.g., ". . . as authorized by Act 88, SLH 2021, as amended by Act 248, SLH 2022, Item X.01, and Section XXX," where "Section XXX" refers to the proviso section) and should indicate the intended use of the provisos in the body of the request.

- e.5 Allotment requests for tax-exempt revenue bond funds shall indicate if the proposed expenditure of the tax-exempt bond proceeds is compliant with the Internal Revenue Code (IRC).
- e.6 CIP appropriations in Part IV of Act 88, SLH 2021, as amended by Act 248, SLH 2022, have been appropriated as lump sum appropriations and do not have cost element (e.g., plans, design, construction, etc.) appropriations. Thus, each lump sum appropriation must be transferred to the respective cost element accounts before it can be allotted.

The amount to be allotted for a specific cost element must be transferred out (TC 473) from the lump sum account and transferred in (TC 474) to the cost element account before it can be allotted (TC 531) from the cost element account. Appropriation symbols for cost elements indicated in the project description for projects in Act 88, SLH 2021, as amended by Act 248, SLH 2022, have been assigned by DAGS-UARB.

- e.7 CIP appropriations in Part III of Act 88, SLH 2021, as amended by Act 248, SLH 2022, have been appropriated as designated portions of program operating appropriations and do not have cost element (e.g., plans, design, construction, etc.) breakdowns.

Subject to Governor's approval, all CIP allotments from operating appropriations shall be made from the Program ID operating appropriation account for the respective MOF for FY 23. For CIP operating appropriations with extended lapse dates, the respective amount must be transferred via JV then allotted from the appropriate sub-account.

- e.8 New appropriation symbols, such as the symbols for delegation requests, shall be requested from DAGS-UARB in writing. The appropriation symbols shall be typed on the AA (**Form A-15**) or Request for Allotment (**Form A-19**), as applicable, prior to submitting the request.
- e.9 AA numbers, as applicable, will be assigned by B&F upon receipt of the request. Do not fill the anticipated date of the Governor's approval.
- e.10 Requests for advance draw-downs of CIP funds by third-party project managers are prohibited. Disbursement of funds shall be made only upon actual completion of work.
- e.11 Clarification on awarding a construction contract when the low bid is higher than the basic bid estimate and available appropriation:
 - If the low bid is higher than the basic bid estimate but funds are available within the construction allotment (e.g., contingency) with no intent to request the release of additional construction funds, departments are allowed to award the construction contract.

- If the low bid is higher than the basic bid estimate and available appropriation, departments are not to award the construction contract and must notify the Governor to recommend suitable funding alternatives.

e.12 Works of Art Special Fund.

Section 103-8.5, HRS, requires 1% of the construction cost element of CIP appropriations for the construction or renovation of State buildings to be transferred to the State Foundation on Culture and the Arts' (SFCA) Works of Art (WOA) Special Fund. However, Act 88, SLH 2021, as amended by Act 248, SLH 2022, CIP appropriations do not have construction cost element amounts designated.

Therefore, to implement the legislative intent of Section 103-8.5, HRS, the 1% amount to be transferred to the WOA Special Fund will be based on the amount to be allotted for construction. The expending agency shall include, as part of each CIP allotment request that includes the release of construction funds for a qualifying project, the transfer of 1% of the construction amount requested for allotment from the construction account to the appropriation account S-XX-319-M.

Departments should refer to C.M. No. 2021-09 – Amended, *Assessment for Works of Art, HRS Section 103-8.5*, dated June 17, 2022 (<https://ags.hawaii.gov/wp-content/uploads/2021/06/CM2021-09.pdf>), for additional guidance. C.M. No. 2021-09 – Amended also requires departments to provide a copy of their CIP Expenditure Plan to SFCA.

- f. CIP Staff Services Cost. All agencies with an authorized project-funded staff ceiling shall be funded via a separate appropriation in the budget identified for staff services only. The separate appropriation will be used only for staff salary and salary-related costs (e.g., overtime and fringe benefits). Approved project-funded staff ceilings are as follows:

DOT, Harbors Division	18 positions
DOT, Airports Division	35 positions

- g. CIP Lapsing.

Unless otherwise provided, all CIP appropriations for projects described in Part IV are subject to the lapsing provisions of **Section 53** of Act 88, SLH 2021, as amended by Act 248, SLH 2022, which requires appropriations that are unencumbered as of June 30, 2024 to lapse as of that date. However, this lapsing date does not apply to non-general fund authorizations that are denoted as necessary to qualify for federal-aid financing and reimbursement; those that have been so designated by the Legislature and are unencumbered as of June 30, 2028 shall lapse as of that date.

Operating CIP appropriations for FY 23 described in Part III are subject to lapse on June 30, 2023, unless provided an extended lapse date by the respective authorizing proviso.

Departments with federal or other federal fund CIP appropriations that lapse on June 30, 2023 or later may request the Governor's approval to extend the lapse date of the federal, other federal and matching non-general funds, as necessary, to meet the intent of federal grant awards pursuant to **Section 68** of Act 88, SLH 2021, as amended by Act 248, SLH 2022, for FB 2021-23 appropriations or pursuant to the respective budget act provisions for prior biennium CIP appropriations (**Form E-4** on Sharepoint).

h. Private Activity Uses of Bonds (PAB).

In order for G.O. and/or G.O. Reimbursable (G.O.R.) bonds to qualify for federal tax exemptions, the IRC requires that bond proceeds be used only for governmental purposes. Non-governmental (i.e., private activity uses) purposes do not meet IRC requirements in most situations. To better track the use (governmental versus non-governmental) of projects financed by G.O. and G.O.R. bond proceeds, expending agencies undertaking G.O. and G.O.R. bond-funded projects are responsible for monitoring project use and reporting to B&F at certain stages of the project. Departments should refer to F.M. No. 19-09, *General Obligation Tax-Exempt Bonds, Private Use of Bond Proceeds and Bond-Financed Facilities, Public-Private Partnership Arrangements and Other Transactions*, dated July 24, 2019, for further guidance.

Form PAB must be completed for every project funded by G.O. or G.O.R. bonds and must be submitted as follows:

1. At initial request for allotment/release of G.O. or G.O.R. bond funding for project planning and/or design;
2. At subsequent request(s) for allotment/release of G.O. or G.O.R. bond funding for project land acquisition, construction, and/or equipment; and
3. Upon completion and acceptance of the project.

For each submittal, **Form PAB** shall be reviewed and updated with proposed changes, if necessary, and shall reflect a current date and signature.

If the use of a project is proposed to be changed at any time to include non-governmental purposes, departments are required to report the proposed changes by updating the **Form PAB** for the project and submitting the updated form to B&F. The updated **Form PAB** must include proposed changes in use of the project that have occurred subsequent to its completion for the life of the bond. Any proposed changes that could affect the tax-exempt status of bonds used to finance the project are subject to the approval of the DOF.

Projects funded with G.O. or G.O.R. bonds that do not have the **Form PAB** submitted along with the request will be returned without action.

31. **Operating Program Reports.**

- a. Quarterly staffing reports (**Form V**) shall be submitted to B&F **no later than 14 days** after the end of each quarter.
- b. Reports pursuant to Section 37-74(f), HRS, shall be submitted to B&F **no later than 14 days** after the end of each quarter.
- c. Quarterly reports for DOE and UH shall be submitted as provided by general law or as provided herein.

32. **Other Administrative Reporting Requirements.**

- a. Programs that have changes in revenues shall report such changes in the quarterly updates of revenue estimates (eRev).
- b. Program and departmental responses to provisos in Act 88, SLH 2021, as amended by Act 248, SLH 2022, and other appropriation acts requiring the development, performance, completion, or reporting of studies, reports, findings, evaluations, updates, notifications, and plans to the Legislature or appropriate authority shall follow requirements of the proviso.
- c. Act 100, SLH 1999, requires every department to develop and submit a report on the department's goals and objectives, policies, action plan, and timetable to meet those goals, including the process to measure achievement and performance. Section 7 of Act 100, SLH 1999, provides detailed reporting requirements. Three copies of the report should be submitted to the Governor pursuant to the Governor's deadline for legislative reports.

33. **Submission Requirements and Due Dates.**

All submittals must be submitted via email in PDF format from your department's designated email account to B&F at DBF.DOCS@hawaii.gov as follows. All submittals, except Requests for Allotment, require transmittal memoranda from the respective department head:

- a. The following shall be submitted to B&F no later than Friday, September 9, 2022:
 - Request for Allotment (**Form A-19**)
 - Request for Transfer of Funds (**Form A-21**), as applicable
 - OEP

- Special, revenue bond, or revolving fund financial plans, as applicable
- b. The following shall be submitted to B&F no later than Friday, September 30, 2022:
 - FY 23 Budgeted Recurring Routine Expenditures (Operational Service Contracts) (**Form BRR**)
 - Summary of FY 23 CB Allocation (**Form CB**)
 - CIP Expenditure Plan (**Form CEP**)

Attachments

Attachments: 1 (Appropriations for Specific Purposes)
2 (Establishment of New Appropriation Symbols for Extended Lapse Dates)
3 (Appropriations for CIP in Operating Budget)

Forms: B-2 (Request to Establish and Fill (or Extend) Unauthorized or Exempt Position)
BRR (FY 23 Budgeted Recurring Routine Expenditures (Operational Service Contracts))
CB (Summary of FY 23 CB Allocation)
CEP (CIP Expenditure Plan)
PAB (G.O. Bond Fund Appropriations)
V (Quarterly Staffing Report)

Table R Operating

Appropriations for Specific Purposes from Act 88, SLH 2021, as amended by Act 248, SLH 2022

Proviso Section	Leg Worksheet Seq No.	Dept	Prog ID	Description	MOF	FY 23 \$
NA	3000-001	AGS	AGS881	Bernice Pauahi Bishop Museum	A	7,500,000
NA	2103-001	AGS	AGS881	'Iolani Palace	A	2,000,000
6.4	2103-001	BED	BED160	Affordable Homeownership	A	5,000,000
NA	3000-001	BUF	BUF102	Repricing	A	10,000,000
NA	103-001	DEF	DEF118	HIEMA Hazard Mitigation State Match	A	7,233,000
12.1	107-001	EDN	EDN100	Teacher Bonus/Incentives	A	32,500,000
12.2	3002-001	EDN	EDN100	Teacher Repricing	A	121,702,128
16.2	3000-001	EDN	EDN600	Charter Schools Repricing & Other Cost Items	A	8,297,872
16.3	3000-001	EDN	EDN612	Charter Schools Hawaiian Language Immersion Teachers	A	2,000,000
91.1	NA	EDN	N/A	Facilities Repair and Maintenance	A	256,000,000
NA	1000-001	HHL	HHL602	Hawaiian Homestead Services	A	10,000,000
NA	3000-001	HMS	HMS903	TAONF Benefit Allotment	A	3,925,980

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER

AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

July 26, 2022

ACC 22.U035

MEMORANDUM

TO: Craig K. Hirai, Director
Department of Budget and Finance

FROM: Curt T. Otaguro, Comptroller *C. Otaguro*

SUBJECT: Establishment of New Appropriation Symbols

In response to your July 22, 2022 memorandum, we have established the requested extended lapse date sub-account appropriation symbols on the attached form.

If there are any questions, please call Jan Tanabe of our Accounting Division at 586-0637.

c: Budget and Finance/BPPM

Act 248/SLH 2022

Request for Sub-Accounts for Programs with Partial Funding with Extended Lapse Dates

Dept	Pgm ID	MOF	Lapse Date	Sub-Account Name	Sub-Account
AGR	AGR 141	A	6/30/2024	ARM - WAHIAWA IRRIGATION SYS SPILLWAY	G-23-142-A
BED	BED 160	A	6/30/2024	HHFDC - LOANS TO NONPROFIT FIN INST	See Note*
HTH	HTH 710	A	6/30/2024	STATE LABORATORIES MODERNIZATION	G-23-106-H
EDN	EDN 407	A	6/30/2024	VARIOUS REPAIRS & MAINTENANCE	G-23-046-E
LNR	LNR 801	A	6/30/2024	HONOKOHAU SBH WASTEWATER INFRASTRUCTURE	G-23-080-C

*Not sure if account already set up with extended lapse date or not. If yes, please disregard. If not, then either assign a new sub-account or amend the Appropriation Warrant's lapse date for the established account.

Appropriations for CIP in Operating Budget from Act 88, SLH 2021, as amended by Act 248, SLH 2022

Proviso Section	Leg Worksheet Seq No.	Dept	Prog ID	Description	MOF	FY 23 \$
6.1	2101-001	AGR	AGR141	Upgrade of Wahiawa Dam And Spillway/Purchase of Fee Simple Lands	A	3,500,000
NA	3000-001	AGS	AGS881	Bernice Pauahi Bishop Museum capital improvements	A	10,000,000
NA	2103-001	BED	BED170	Menehune Ditch Improvements	A	551,000
17.3 (\$49.5M only)	2100-001	BED	BED180	Stadium Related Expenses	A	50,000,000
8.2	2100-001	HTH	HTH710	State Laboratory	A	14,000,000
17.1	2104-001	LNR	LNR801	Honokohau Small Boat Harbor Wastewater Infrastructure	A	4,000,000
NA	3000-001	LNR	LNR801	Maalaea Harbor	A	500,000

(Date)

TO: The Honorable David Y. Ige
Governor of Hawaii

THRU: Craig K. Hirai
Director of Finance

FROM: (Department Head, Title)
(Department)

SUBJECT: Request to Establish and Fill (or Extend) Unauthorized (and/or Exempt)
Position

Approval is requested to establish and fill (or extend) the following unauthorized (and/or exempt) position:

1. Position Title:
2. Description of functions and responsibilities:
 - Note if position is unique; i.e., only position in the organization that performs the particular function.
3. Program ID/title; Division/Branch/Section (as applicable); location:
4. Salary and means of financing (general, special, federal, etc.; for other than general fund, indicate specific fund source):
5. Nature of appointment:
 - a. Projected appointment date:
 - b. Civil service/exempt:
 - c. Duration position needs to be filled:
 - d. Part or full-time (40 hrs. per week) (If part-time, indicate number of hours to work per week.):
 - e. If exempt, attach a copy of Department of Human Resources Development or delegated approval:

6. Justification for establishing and filling (or extending) the position:

- Identify the authority to establish the position.
- Provide specific, complete justification, including alternatives investigated; specific adverse impacts of delay in hiring; specific adverse, irreparable impact to services to the public, etc.

7. Attach organization chart reflecting where the requested position will be placed.

8. Department review of request:

a. Reviewed and approved by division or attached agency administrator:

Name Telephone Date

Signature

b. Reviewed and approved by department administrative services officer:

Name Telephone Date

Signature

c. Reviewed and approved by department head:

Signature Telephone Date

RECOMMEND:

☐ APPROVAL ☐ DISAPPROVAL ☐ DEFER

DIRECTOR OF FINANCE

DATE

Request to Establish and Fill (or Extend) Unauthorized (and/or Exempt) Position

Department

Date

Page 3

☐ APPROVED

☐ DISAPPROVED

☐ DEFER

DAVID Y. IGE

Governor, State of Hawaii

DATE

Attachment

Department of _____

Means of Financing: _____

[illegible]

Means of Financing: _____

[illegible]

Means of Financing: _____

[illegible]

E = Executive Project; L = Legislative Project
* Prior to July 1, 2022

E = Executive Project; L = Legislative Project
* Prior to July 1, 2022

FORM PABDepartment of Budget
and Finance (rev. 10/2020)**Questionnaire - General Obligation Bond Fund Appropriations****PART 1** Department and Project

1 Department

2 Project Name

3 Project CIP No.

4 Session Law (act no. and year)

5 Program Area Function

6 Item No.

7 Project Description and Estimated Useful Life

PART 2 Project Cost and Funding Sources

8 Does this request for funding require general obligation bond fund appropriations?

☐ Yes☐ No

If "no" box is checked, no further information other than signature and date is required.

9 Has any appropriations been made for any portion of project prior to this request?

☐ Yes☐ No

10 Funding sources for costs of project made by this request

a Direct Federal payment for construction and related capital costs

b General obligation bond fund appropriations

c General fund appropriations

d Other State of Hawaii and county funds

e Section 501(c)(3) funds

f Private funds

g Total capital costs made by this request

PART 3 Use of general obligation bond fund appropriations and use of project

11 Total amount made by this request for each purpose to which general obligation bond fund appropriations will be applied

a Total capital costs (construction, reconstruction, equipment)

b Total noncapital State of Hawaii costs (e.g., judgement and legal and contract settlements, but not operating & maintenance)

c Total grants to counties

d Total grants to Section 501(c)(3) corporations

e Total grants to private persons and organizations and Federal government

f Private funds

g Total loans to Section 501(c)(3) corporations

h Total loans to private persons and organizations and Federal government

i Total use of general obligation bond fund appropriations

12 Total square footage and percentage of use of project for each purpose

to which general obligation bond fund appropriations will be applied

Square Footage

Percentage of Total

a Total common area

b Total area used by State of Hawaii and counties

c Total area used by Section 501(c)(3) corporations

d Total area used by private persons and organizations and Federal government in trade or business

e Total area

PART 4 Payment of operating and debt service costs and management of project

13 Will any lease or contract with a concessionaire or vendor be entered into in respect of any portion of the project? If yes, attach schedule and copy of each contract.

☐ Yes☐ No

14 Will any lease, incentive payment contract or management contract be entered into in respect of any portion of the project? If yes, attach schedule and copy of each contract.

☐ Yes☐ No

15 Will any payment be made (directly or indirectly) by the Federal government or any private person or organization pursuant to contract or other arrangement in respect to any portion of the project? If yes, attach schedule and copy of each contract.

☐ Yes☐ No

16 Please list the Department staff member(s) assigned to cooperate with the Department of Budget and Finance in its Project monitoring responsibilities, including (i) facilitating prior Department of Budget and Finance review and approval for any contracts with third parties relating to the Project or any transfer or sale of the Project and (ii) assisting with an annual review of the use of the Project. (Attach a separate sheet providing name(s), phone number(s), and email address(es).)

Name of Signer

Signature

Date

Telephone Number

Instructions for Form PAB

Who must file this Form PAB. Anyone requesting any appropriation of general obligation bond funds must file this Form PAB.

Where to file. This Form PAB must be filed with the Budget, Program Planning and Management Division of the Department of Budget and Finance.

Purpose. The purpose of this Form PAB is to elicit information that will enable the State of Hawaii to allocate general obligation bond fund appropriations in a manner that will comply with applicable requirements of Federal income tax law and regulations.

Line 1. Enter the name of the Department making the request for general obligation bond fund appropriations.

Line 2. Enter the name of the project for which general obligation bond fund appropriations are being requested.

Line 3. Enter the CIP number for the project.

Line 4. Enter the act no. and year of Session Law act under which appropriations have been made or are to be made for the project.

Line 5. Enter the program area function (e.g., economic development).

Line 6. Enter the item number of the project.

Line 7. Enter the description of the project and its estimated useful life (e.g., Waianae Rental Housing, 30 years).

Line 8. Check the 'yes' box if *any* portion of the project is to be funded with general obligation bond fund appropriations. Otherwise, check the 'no' box, if the 'no' box is checked, no other information on Form PAB, other than the signature line, is required. Please sign, date and return this Form PAB.

Line 9. Check the 'yes' box if *any* appropriation has been made for any portion of the project prior to this request and *attach the prior Form PAB or schedule containing all relevant details including the date, amount, and Session Law act and year.*

Line 10. With respect to the appropriations (regardless of the source of such appropriations) made by this request for funding of any portion of the project:

- a. Enter the amount made or expected to be made by the Federal government including reimbursements, for construction and related construction and acquisition costs in respect of the project.
- b. Enter the amount funded or expected to be funded from general obligation bond fund appropriations.
- c. Enter the amount funded or expected to be funded from general fund appropriations.
- d. Enter the amount funded or expected to be funded by other State of Hawaii funds or county funds.
- e. Enter the amount funded or expected to be funded by payments from corporations which are classified as section 501(CX3) corporations under the Internal Revenue Code.
- f. Enter the amount funded or expected to be funded by private persons and organizations.
- g. Enter the total of the amounts in a, b, c, d, e, and f of Line 10. Attach a schedule containing all details, including amounts and name and address of each person contributing to the funding of the project. Funding as used in this Line 10 means funding for capital and related acquisition items, including land, but does not include funding of operational and maintenance expenses or debt service payments after the in-service date of the project.

Line 11. With respect to the general obligation bond fund appropriations made by this request for funding of any portion of the project:

- a. Enter the total amount made or expected to be made for construction and related construction and acquisition costs of the project.

- b. Enter the total amount made or expected to be made to pay other State of Hawaii costs (e.g., a judgment claim, a contract settlement payment).
- c. Enter the total amount of grants made or expected to be made to counties in the State of Hawaii.
- d. Enter the total amount of grants made or expected to be made to section 501(CX3) corporations.
- e. Enter the total amount of grants made or expected to be made to private persons and organizations and the federal government.
- f. Enter the total amount of loans made or expected to be made to counties in the State of Hawaii.
- g. Enter the total amount of loans made or expected to be made to section 501(CX3) corporations.
- h. Enter the total amount of loans made or expected to be made to private persons and organizations and the federal government.
- i. Enter the total of the amounts in a, b, c, d, e, f, g and h of Line 11.

Attach a schedule containing all details, including amounts and name and address of recipients of bond fund appropriations.

Line 12. Enter, to the extent applicable (e.g., an office building), the total square footage and percentage of total square footage of the project used by various persons or organizations. All use, including indirect and incidental use, is to be included.

- a. The total common area (e.g., hallways, parking structure) used by all persons and organizations.
- b. The total area (excluding the common area) used exclusively by the State of Hawaii and counties in Hawaii.
- c. The total area (excluding the common area) used exclusively by section 501(CX3) corporations.
- d. The total area (excluding the common area) used exclusively by private persons and organizations (including concessionaires and vendors) and the Federal government in their trade or business.
- e. Enter the total of the amounts in a, b, c and d of Line 12.

Attach a schedule containing all details, including a breakdown by area used, and name and address of each user.

Line 13. Check the 'yes' box if any lease or contract with a concessionaire or vendor is expected to be entered into in respect of any portion of the project (e.g., newsstand, store, pharmacy, onsite laundry services, cafeteria or other food services). *Attach a separate schedule containing all relevant details, including the date, the name and address of each concessionaire or vendor, the terms and provisions of the lease or contract, and a copy of the contract.*

Line 14. Check the 'yes' box if any lease, incentive payment contract or management contract is to be entered into in respect of any portion of the project. *Attach a separate schedule containing all relevant details, including the date, the name and address of each party to such lease or contract, the terms and provisions of the lease or contract, and a copy of the lease or contract.*

Line 15. Check the 'yes' box if *any* payment is expected to be made (directly or indirectly) by any private person or entity or the Federal government pursuant to contract or other arrangement in respect of any portion of the project. *Attach a separate schedule containing all relevant details, including the date, the name and address of each party to such contractor arrangement, the terms and provisions of the contract or arrangement, and a copy of the contractor a description of the arrangement.*

Line 16. Identify on a separate sheet the contact information for department staff member(s) assigned to cooperate with the Department of Budget and Finance in its project monitoring responsibilities.

Contact Person:
Phone:

[illegible]

_____ Annual Report
_____ Quarterly Update for _____

[illegible]

CAPITAL PROJECT INFORMATION AND JUSTIFICATION SHEET FOR OPERATING

EXPENDING AGENCY:		
USER PROGRAM ID		CAPITAL PROJECT
DEPT	NUMBER	NUMBER

PROJECT TITLE:

PROJECT DESCRIPTION:

TOTAL ESTIMATED PROJECT COST (In Thousands of Dollars)

COST ELEMENT	PRIOR APPROPRIATIONS (Including MOF)												APPROPRIATIONS (including MOF)			TOTAL PROJECT COST
	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM	ACT	YR	ITEM	
LUMP SUM													FY 2022	FY 2023	FUTURE YEARS	
BREAKOUT BY COST ELEMENT (INFORMATION ONLY NEEDED FOR LUMP SUM APPROPRIATION)																
PLANS																
LAND																
DESIGN																
CONSTRUCT																
EQUIPMENT																
TOTALS	0			0			0			0			0	0	0	0

PROJECT INFORMATION AND JUSTIFICATION (use back if necessary):

a. Total Scope of Project.

b. Identification of Need and Evaluation of Existing Situation.

c. Alternatives Considered and Impact if Project is Deferred.

d. Discuss What Improvements Will Take Place When Project Completed (including benefits to be derived and/or deficiencies this project intends to correct).

e. Impact Upon Future Operating Requirements (show initial and ongoing funding requirements by cost element, including position count, means of financing, fiscal year).

f. Additional Information: