

GOVERNOR'S BUDGET EXECUTION POLICIES FISCAL YEAR 2024

Budget Execution Policies for FY 24 contained in this document are generally similar to those issued for FY 23, except for substantive changes, deletions, and/or additions in the following sections (does not include renumbering and updates to budget acts, dates, etc.):

- 3. Allocations
- 5. Allotment of Appropriations for Specific Purposes from Act 164, SLH 2023
- 6. Allotment of Appropriations for Capital Improvement Program Projects in the Operating Budget
- 7. Allotment of Specific Appropriations
- 8. Allotment of Appropriations for Funds to Private Agencies
- 10. Lapsing of Funds
- 12. Federal Funds
- 18. Workforce Control
- 19. Transfer of Funds and/or Positions
- 20. Contracts
- 22. Information Systems Technology and Telecommunication Services, Facilities, and Resources
- 25. Procurement of Goods, Services, and Construction (Chapter 103D, HRS) and Purchase of Health and Human Services (Chapter 103F, HRS)
- 27. Allotment Balances/Transfer of Funds
- 29. Reimbursement for Vacation Payouts
- 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 164, SLH 2023, and other specific appropriations authorized for expenditure in FY 24 by the 2023 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 2024 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 public land trust lands that derive revenues shall comply with Executive Order (E.O.) No. 22-04. New revenues resulting from changes in activities on public land trust lands and/or changes in the status of public land trust lands are subject to E.O. No. 22-04. Transfers shall be made pursuant to E.O. No. 22-04.
- 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 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, 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 24 operating program appropriation (gross allocation) from Act 164, SLH 2023, with applicable adjustments.

- **General funds**

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, as applicable, by appropriations for specific purposes and capital improvement program (CIP) funding in the operating budget; i.e., these appropriations are not included in department allocations).

Note: General-funded appropriations for specific purposes from Act 164, SLH 2023, 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, 10, 11, 13, and 14 for the applicable negotiated agreements. CB appropriations for Hawai'i Employer-Union Health Benefits Trust Fund are only allocated to B&F.

FY 24 departmental Requests for Allotment (**Form A-19**) shall reflect full-year allocations by Program ID and MOF. As applicable, 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 24 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 the Department of Education (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 164, SLH 2023.**

Appropriations included in Act 164, SLH 2023, 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 24 budget allocations and will be subject to the 10% general fund restriction (5% hard restriction and 5% contingency restriction) upon release, as applicable.

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

Appropriations included in the operating budget that have been designated for CIP projects in the legislative budget worksheets (see Attachment 1) 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 24 budget allocations and will not be subject to the 10% general fund restriction upon release, as applicable.

- 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 operating budget projects are not inputted into eCIP, **Tables P-1, Q-1 and R-1** (Excel) must be submitted (instead of Tables P, Q and R from eCIP) with the request for Governor's approval.
- c. 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.
- d. If Governor's approval and a revised FY 24 budget allocation are received, 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.
- e. No transfers should be made to the Works of Art Special Fund for operating CIP appropriations.
- f. Departments are advised that the CIP appropriations in the operating budget will lapse on June 30, 2024.

7. **Allotment of Specific Appropriations.**

Appropriations not included in Act 164, SLH 2023, are considered specific appropriations. Specific appropriations shall be subject to the allotment system.

- a. Release of operating specific appropriations will be made on a case-by-case basis and shall require the Governor's approval through B&F. Specific appropriations shall be subject to the 10% general fund restriction (5% hard restriction and 5% contingency restriction) upon release, as applicable. An operating Request for Allotment (**Form A-19**) for a specific appropriation 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**.

8. **Allotment of Appropriations for Funds to Private Agencies.**

- a. Appropriations for funds to private agencies shall be subject to the allotment system.

- b. The authority to approve the expenditure of FY 24 operating grants appropriated pursuant to Chapter 42F, HRS, identified in Part IV, Section 6, of Act 164, SLH 2023, has been delegated to the department head of the designated expending agency pursuant to Executive Memorandum (E.M.) No. 19-03, *Administration of Operating Grants Pursuant to Chapter 42F, Hawaii Revised Statutes*, dated August 9, 2019.

For each Chapter 42F operating grant that has been approved for expenditure, departments shall submit a Request for Allotment (Form A-19) to B&F with a copy of the department head's approval to expend. Operating grant amounts have not been included in department budget allocations and will not be subject to restrictions.

Note: Although Part IV is entitled "Grant-in-Aid Appropriations" and Section 6 refers to "Appropriations" and includes Chapter 42F operating grant "appropriations," there is no appropriation language or MOF. The Department of the Attorney General (AG) has indicated that the grant amounts listed can be inferred to be general fund appropriations.

- c. Chapter 42F CIP grant appropriations have been included in Part V, Section 7, of Act 164, SLH 2023. The release of funds will be made on a case-by-case basis and will require 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**.
- d. Requests for the release of CIP grants must include a copy of the grant application and indication of compliance with Chapter 42F, HRS, requirements. Use **Form F** for all individual CIP grant allotment requests.
- e. 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, 42F, 103D, or 103F, HRS, as applicable. Departments should consult with the AG on the legal requirements to be fulfilled by grant recipients.

9. **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.

10. **Lapsing of Funds.**

Operating funds appropriated for FY 24 that are not expended or encumbered as of June 30, 2024 shall lapse on that date, except as provided for DOE and as otherwise provided by law. The lapse dates for operating FY 24 federal or other federal fund appropriations have been extended from June 30, 2024 to June 30, 2026 pursuant to the Internal Controls for FB 2023-25 issued by the Director of Finance (DOF) pursuant to Sections 29-12, 29-13 and 29-15, HRS, that received the concurrence of the Comptroller on June 26, 2023. (see Attachment 2) Requests for the extension of lapse dates from June 30, 2026, will also be processed pursuant to the Internal Controls.

11. **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 the Department of Accounting and General Services (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*).

12. **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 received \$1,641,602,610. 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 E.M. No. 23-04, *Management of Non-Appropriated Coronavirus State Fiscal Recovery Funds for FY 24*, dated

July 5, 2023 (<https://budget.hawaii.gov/wp-content/uploads/2023/07/EM-23-04-Management-of-Non-Appropriated-CSFRF-Funds-for-FY-24.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. The lapse dates for FY 24 operating federal or other federal fund appropriations from Act 164, SLH 2023, have been extended from June 30, 2024 to June 30, 2026, pursuant to the Internal Controls for FB 2023-25 issued by the DOF pursuant to Sections 29-12, 13 and 15, HRS, that received the concurrence of the Comptroller on June 26, 2023. Pursuant to the Internal Controls or the respective budget act provisions for prior biennium appropriations, 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 and increase the current appropriated or non-appropriated ceiling for federal funds or other federal funds.
 - 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.

Effective November 17, 2022, the 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.

The University of Hawai'i (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, 2024 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 the Internal Controls for FB 2023-25, or 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.

13. **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 164, SLH 2023, 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.

14. **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.
- b. 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.
- c. Trust funds **appropriated** in Act 164, SLH 2023, 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.

15. **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.

16. **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.

17. **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.

18. **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 24 operating budget (BJ) details or CIP Staff Services Cost appropriation of Act 164, SLH 2023.
- Establishment, filling and/or extension of positions that are 100% federally funded or 100% funded by non-appropriated trust funds.
- 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 Department of Defense (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 Department of Health (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 and filling of positions pursuant to Section 76-16(b), subsections (5), (7), and (16), HRS.
- 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 164, SLH 2023, and sufficient funding is available in FY 24.
- Extension of exempt positions with incumbents, provided positions are authorized and funded in the BJ details of Act 164, SLH 2023, in FY 24.
- Establishment, filling and/or extension of student helper or student intern positions that are budgeted and funded in the BJ details of Act 164, SLH 2023, and sufficient funding is available in FY 24.
- 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 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 18.b.4 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 24 and in FY 25.
- 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 Policies and Procedures 201.008, Recruitment and Appointment Above the Minimum Pay Rate. 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) to dbf.docs@hawaii.gov.

Requests requiring only the Governor's approval, such as the request to establish, fill, or extend budgeted and authorized exempt positions, shall be submitted in the B-2 format to transmit.docs@hawaii.gov.

- c. Position Variances. Program positions should be of the same position classification described in the BJ details of Act 164, SLH 2023. 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 164, SLH 2023, 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 18.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.

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

- a. The following provisions requested in the Executive Budget bill that would have authorized the Governor to approve the transfer of appropriations between programs under certain circumstances were not included in Act 164, SLH 2023.

While these provisions will be requested in the Supplemental Budget bill, please be aware that potential funding shortfalls in FY 24 will need to be alternatively addressed.

- a.1 Proviso to allow the Governor to authorize the transfer of savings or unrequired balances to cope with the effects of natural disasters or other unforeseen emergencies.

Alternate action: If necessary, transfers can be invoked under Governor's Emergency Proclamation.

- a.2 Proviso to allow the Governor to authorize the transfer of operating funds between appropriations of the same fund, within an expending agency, for operating purposes.

Alternate action: 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 24.

- a.3 Proviso to allow 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.

Alternate action: If necessary, transfers can be invoked under Governor's Emergency Proclamation.

- b. See Item 27, "Allotment Balances/Transfer of Funds," for other allotment limitations.
- c. 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).
- d. The provision requested in the FB 2023-25 Executive Budget bill to authorize the Governor to approve the transfer of position ceilings within a department or agency has not been included in Act 164, SLH 2023. Although this provision will be requested in the Supplemental Budget bill, please be aware that changes in position requirements should be addressed through the budget process.
- e. HHSC (special-funded positions), UH, DOE, and Charter Schools have specific transfer authority and responsibilities under general law.

20. **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 164, SLH 2023, 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 29, 2023 (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 \$200,000**.
- d.3 Amendment to an existing contract where the original cost was **less than \$200,000** if the amendment results in the total cost (original contract plus all amendments) remaining less than \$200,000.
- d.4 Amendment to an existing contract where the original cost was **\$200,000 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 \$200,000. Multiple contract amendments shall not exceed 10% of the cost of the original contract and \$200,000 in total.
- d.5 Non-cost amendment to an existing contract.
- d.6 Training contracts that are budgeted in BJ details for Act 164, SLH 2023.
- 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). Because there is no budget provision for the Governor to authorize departments to delegate such functions to DAGS, departments must enter into a Memorandum of Agreement with DAGS to allow the transfer of funding.
- 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 **\$200,000** or amendments to existing contracts that cause the total to equal or exceed \$200,000 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.

21. **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 1-5 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.

22. **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, building management and security systems, internet of things connected devices, 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.
23. **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).
24. **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 20** of Act 164, SLH 2023, agencies with appropriations for risk management costs are reminded to transfer funds to AGS 203 for administration and implementation.
25. **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 parceling*, 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 parceling 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 parceling 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 22** 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 **\$200,000**.
- g.3 The following documentation shall be provided to DAGS for the processing of purchase orders and contracts for budgeted equipment purchases of **\$200,000** or more:
- Purchase orders – Include notation, signed by your department head, which indicates: 1) that equipment is budgeted for FY 24; 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 24; 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 **\$200,000** 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 **\$200,000**.
- h.2 The Governor's approval through B&F is required for **unbudgeted** single purchase orders of motor vehicles totaling **\$200,000** 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*).

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

- a. Department heads may implement legislatively authorized programs in Act 164, SLH 2023, 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 164, SLH 2023, or in other specific appropriation measures that are not planned for implementation in FY 24 (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 164, SLH 2023, or the provisions of the authorizing specific appropriation, as applicable.

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

- a. Requests for Allotment (**Form A-19**) shall be used, as appropriate, for adjustments of program allotments. Unless otherwise provided by other transfer provisos in Act 164, SLH 2023, be aware that transfers of operating funds between appropriations within the same fund, within an expending agency that could previously be authorized by the Governor pursuant to budget proviso are no longer allowable. In addition, transfers for disasters and DLNR’s fire fighter’s contingency fund can no longer be authorized.
- b. Provisions of this section shall apply to any transfer of funding between any agency or program authorized in Act 164, SLH 2023, regardless of MOF, except for: UH, DOE, Charter Schools, and special fund appropriation transfers in HHSC, as authorized by general law.

28. 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.

29. Reimbursement for Vacation Payouts.

Act 164, SLH 2023, includes \$9,700,000 in general funds for FY 24 for 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-24-013-O has been established for the purposes of vacation payout. 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>) for the report format and other specific instructions. However, as there is no transfer provision, departments should not include an "authorizing proviso section" in the explanation section of the journal voucher.

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 V of Act 164, SLH 2023, have been inputted into eCIP. Project information should have already been completed by your department.
- b. CIP projects appropriated in the operating budget and described in the legislative budget worksheets of Act 164, SLH 2023 (see Attachment 3), have not been inputted into eCIP; as such, departments shall provide project information using **Tables P-1, Q-1 and R-1** (Excel) (instead of Tables P, Q and R from eCIP) with the request for Governor's approval. Also, departments should not submit an 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. The MOF authorized for CIP projects in the operating budget and described in the legislative budget worksheets or in the CIP budget and described in Part V of Act 164, SLH 2023, 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.
- d. Departments with G.O. bond-funded CIP projects described in Part V of Act 164, SLH 2023, that require supplemental funding may only consider appropriations for the same project or other lump sum appropriations, if appropriate, in prior or future acts which have not yet lapsed.
- e. Expenditure Plans.

Departments with CIP appropriations in the operating budget or the CIP budget in Act 164, SLH 2023, shall submit CIP expenditure plans for FY 24 (**Form CEP**) for those appropriations by September 29, 2023. Separate expenditure plans shall be prepared for CIP appropriations in the operating budget and the CIP budget.

- e.1 The expenditure plans will serve as guidance for reviewing requests for allotments, CIP-related contracts, etc.
- e.2 Requests for the allotment of critical projects may be submitted before the due date for expenditure plans.
- e.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.
- e.4 Departments may substitute any internally used expenditure plans in lieu of Form CEP.

f. Release of CIP Funds.

The following shall be observed for requests to allot funds for CIP projects in the operating or CIP 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.

- f.1 All allotment or other requests must be consistent with the departmental CIP expenditure and appropriate financial plans.
- f.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.
- f.3 Allotment and other requests shall be submitted for the Governor's approval through B&F.
- f.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 164, SLH 2023, 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.
- f.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).
- f.6 CIP appropriations in Part V of Act 164, SLH 2023, have been appropriated as lump sum appropriations and do not have cost element (e.g., plans, design, construction, etc.) appropriations. The respective amounts of each lump sum appropriation must be transferred to the appropriate cost element accounts before they 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 164, SLH 2023, have been assigned by DAGS, Uniform Accounting and Reporting Branch (DAGS-UARB).

- f.7 CIP appropriations in Part III of Act 164, SLH 2023, have been appropriated as designated portions of program operating appropriations and do not have cost element breakdowns.

Subject to Governor's approval through B&F, all CIP allotments from operating appropriations shall be made from the Program ID operating appropriation account for the respective MOF for FY 24.

- f.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.
- f.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.
- f.10 Requests to allot and expend authorized CIP grants must contain all appropriate supporting documents, including the grant application and indication of compliance with Chapter 42F, HRS, requirements. Departments should consult with the AG on the legal requirements to be fulfilled by grant recipients.

Use **Form F** to request the allotment of CIP grants.
- f.11 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.
- f.12 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.
- f.13 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, CIP appropriations from Act 164, SLH 2023, 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-24-319-M.

Departments should refer to C.M. No. 2023-03, Assessment for Works of Art, HRS Section 103-8.5, effective July 1, 2023 (<https://ags.hawaii.gov/wp-content/uploads/2023/04/CM2023-03.pdf>), for additional guidance. C.M. No. 2023-03 also requires departments to provide a copy of their CIP Expenditure Plan to SFCA.

- g. 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

- h. CIP Lapsing.

Unless otherwise provided, all CIP appropriations for projects described in Part V are subject to the lapsing provisions of **Section 16** of Act 164, SLH 2023, which requires appropriations that are unencumbered as of June 30, 2026 to lapse as of that date. However, this lapsing date does not apply to federal and other federal fund and 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, 2030 shall lapse as of that date.

Operating CIP appropriations for FY 24 described in the legislative worksheets for Act 164, SLH 2023, are subject to lapse on June 30, 2024.

Departments with federal or other federal fund CIP appropriations that lapse on June 30, 2024 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 the Internal Controls for FB 2023-25, **Section 68** of Act 88, SLH 2021, as amended by Act 248, SLH 2022, for FB 2021-23 appropriations or the respective budget act provisions for prior biennium CIP appropriations (**Form E-4** on Sharepoint).

- i. 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 that financed the project. 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 164, SLH 2023, 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 8, 2023:
 - Request for Allotment (**Form A-19**)
 - 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 29, 2023:
 - FY 24 Budgeted Recurring Routine Expenditures (Operational Service Contracts) (**Form BRR**)
 - Summary of FY 24 CB Allocation (**Form CB**)
 - CIP Expenditure Plan (**Form CEP**)

Attachments: 1 (FY 24 Specific Purpose and CIP Operating Appropriations)
2 (Internal Controls for FB 2023-25)

Forms: B-2 (Request to Establish and Fill (or Extend) Unauthorized or Exempt
Position)
BRR (FY 24 Budgeted Recurring Routine Expenditures (Operational
Service Contracts))
F (Request to Allot and Expend a CIP Grant Pursuant to Chapter 42F,
HRS)
CB (Summary of FY 24 CB Allocation)
CEP (CIP Expenditure Plan)
PAB (G.O. Bond Fund Appropriations)
V (Quarterly Staffing Report)

Tables: P-1, Q-1 and R-1 (Operating CIP)

AGR - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
AGR122	Coconut Rhinoceros Beetle Task Force /Green Waste Program	A	2,000,000
AGR122	Compost Reimbursements	A	500,000
AGR141	Property Surveys, Appraisals, and Assessments	A	5,000,000
			<u>7,500,000</u>

AGS - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
AGS101	Hawai'i Informational Portal	A	590,000
			<u>590,000</u>
	<u>CIP Operating Appropriations Requiring Approval to Release</u>		
AGS131	Planning for Relocation of Kalanimoku Data Center	A	1,000,000
AGS221	Capitol Building Renovations	A	2,000,000
AGS221	Agricultural Warehouses	A	5,000,000
			<u>8,000,000</u>

ATG - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
ATG100	Victim Witness and Career Criminal Prosecution program	A	2,418,289
			<u>2,418,289</u>

BED - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
BED100	Professional master classes for culinary	A	2,500,000
BED100	Kamaaina Connect Pilot Program	A	50,000
BED101	International programs and art	A	500,000
BED143	Hawaii Center for Advanced Transportation Technologies for energy tech, microgrid, and other related programs	A	2,000,000
			<u>5,050,000</u>
<u>CIP Operating Appropriations Requiring Approval to Release</u>			
BED113	Convention Center roof repairs	A	64,000,000
BED138	HGIA	A	50,000,000
BED144	Standardized vulnerability assessment	A	400,000
BED150	East Kapolei infrastructure implementation master plan	A	500,000
BED144	Waikiki adaptation and resilience Phase II	A	800,000
BED150	Iwilei-Kapalama TOD infrastructure design and construction	A	25,000,000
BED150	Kalaheo electrical upgrades - District wide	A	5,000,000
BED150	Saratoga Avenue electrical upgrades	A	12,125,000
BED150	UH West Oahu infrastructure on-site infrastructure for off-campus 20-acre parcel	A	35,000,000
BED160	Rental Housing RF Infusion	A	100,000,000
BED160	Dwelling Unit RF Infusion	A	50,000,000
BED170	Water/irrigation infrastructure; land acq and irrigation system management	A	5,000,000
BED170	Planning for food/product innovation network	A	10,000,000
			<u>357,825,000</u>

BUF - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
BUF101	Statewide Contingency Fund	A	200,000,000
BUF101	EBRF Deposit	A	500,000,000
BUF101	Broadband Federal Allocation	P	<u>93,000,000</u>
			<u>793,000,000</u>

CCA - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
CCA191	King Kalakaua Building Renovations	A	2,940,000
			<u>2,940,000</u>

EDN - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
EDN100	Classroom Supplies	A	5,000,000
EDN100	School Based Budgeting	A	1,352,601
EDN100	Career and Technical Education teacher differentials.	A	2,500,000
			<u>8,852,601</u>
	<u>CIP Operating Appropriations Requiring Approval to Release</u>		
EDN100	Campbell High School athletic stadium improvements	A	5,000,000
EDN400	Mililani Softball Field Improvements	A	3,500,000
EDN450	Teacher housing	A	50,000,000
			<u>58,500,000</u>

HMS - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
HMS301	Re-Pricing and CWS Recruitment, Retention, and Support	A	9,352,182
HMS904	Purchase of Services	A	400,000
HMS904	Actuarial Services	A	333,333
			<u>10,085,515</u>

HRD - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
HRD191	IT and computer equipment and infrastructure	A	3,000,000
			<u>3,000,000</u>

HTH - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
HTH730	Emergency Medical Services for Moloka'i	A	1,600,000
			<u>1,600,000</u>

LNR - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
LNR172	Forestry Resource Management and Development - operating costs and renovations	A	20,000,000
LNR401	Ecosystem Protection and Restoration resources	A	14,790,000
LNR405	Positions and funds for conservation and resources enforcement	A	4,684,997
LNR407	Maui Axis Deer Program	A	6,165,000
LNR806	State Parks - renovations and improvements	A	25,000,000
LNR906	Carbon Smart Land Management Assistance Pilot Program	A	1,000,000
			<u>71,639,997</u>
	<u>CIP Operating Appropriations Requiring Approval to Release</u>		
LNR801	Ala Wai Small Boat Harbor - Education Center	B	10,075,000
			<u>10,075,000</u>

LTG - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
LTG100	Add Positions and Funds for Office of the Lieutenant Governor	A	520,000
LTG100	Add Positions and Funds for Office of the Lieutenant Governor	A	570,108
LTG100	Technology Refresh	A	26,000
LTG100	Furniture	A	90,000
			<u>1,206,108</u>

PSD - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
PSD900	Community Work Furlough Program for Women	A	2,000,000
PSD900	Service on a Fee - Counseling and Education	A	225,000
PSD900	Funds for Trauma Informed Certification Program	A	100,000
			<u>2,325,000</u>
	<u>CIP Operating Appropriations Requiring Approval to Release</u>		
PSD900	Relocation of Kaua'i Community Correction Center	A	3,000,000
			<u>3,000,000</u>

TRN - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>CIP Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
TRN595	Climate Change - CIP - Highway Drainage Improvements	A	3,600,000
			<u>3,600,000</u>

UOH - FY 24 Specific Purpose and CIP Operating Appropriations

<u>Prog ID</u>	<u>Specific Purpose Operating Appropriations Requiring Approval to Release</u>	<u>MOF</u>	<u>Amount</u>
UOH100	Astronomy Engineering and Instrumentation	A	1,900,000
			<u>1,900,000</u>

JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
DIRECTOR

SARRIMA NASIR
DEPUTY DIRECTOR

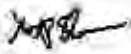
EMPLOYERS RETIREMENT SYSTEM
HAWAII EMPLOYERS HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Malama Mo'ohelu a Kala
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESERVOIR OFFICE
BUDGET PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

June 22, 2023

TO: Keith A. Regan, Comptroller

From: Luis P. Salaveria, Director of Finance 

Subject: Exclusion of Federal Fund Budget Provisos in H.B. 300, C.D.1

Several federal fund provisos are typically included in the Executive Budget for the Fiscal Biennium to provide the internal controls that are necessary for the state to manage federal awards in compliance with the federal requirements under 2 CFR 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." However, H.B. 300, H.D. 1, S.D.1, C.D.1, Relating to the State Budget, excludes these provisos:

Internal Controls for Federal Awards, Fiscal Biennium 2023-25

Internal Control	Description of Internal Control
CIP Lapse Dates	The appropriations made for capital improvement projects shall not lapse at the end of the fiscal biennium for which the appropriation is made; provided that all appropriations made to be expended in Fiscal Biennium 2023-25 which are unencumbered as of June 30, 2026, shall lapse as of that date; provided further that this lapsing date shall not apply to non-general fund appropriations where such appropriations have been deemed necessary to qualify for federal aid financing and reimbursement and are unencumbered as of June 30, 2030, shall lapse as of that date. (Note: this proviso is included in HB300)
Operating Lapse Dates	Federal fund or other federal fund appropriations made for operating costs shall not lapse at the end of the fiscal year for which the appropriation is made; provided that all federal fund or other federal fund appropriations made to be expended in Fiscal Biennium 2023-25 which are unencumbered as of June 30, 2026, shall lapse as of that date and fiscal year 2024- 2025 which are unencumbered as of June 30, 2027, shall lapse as of that date.
Unanticipated Federal Funding Cutbacks	If unanticipated federal funding cutbacks diminish or curtail essential, federally funded state programs, the governor may utilize savings as determined to be available from other state programs for the purpose of maintaining such programs until the next legislative session.
Ceiling Increases	The governor may approve the expenditure of all federal funds which are in excess of levels authorized by the legislature; provided further that the governor may allow for an increase in the appropriate federal fund authorization ceiling for the program to accommodate the expenditure of such funds.
Lapse Date Extensions	The governor may approve the extension of the lapse dates for federal fund or other federal fund appropriations and appropriations of other means of financing, except general funds, deemed necessary to qualify for federal aid financing and/or reimbursement as necessary to meet the intent of the federal grant awards.

Keith A. Regan
June 22, 2023
Page two

Therefore, in accordance with §29-12 "Duties of attorney general, director of finance", §29-13 "Governor may accept federal acts", and §29-15 "Conflict between federal and state requirements", I am establishing the internal controls listed above that are excluded in HB 300, C.D.1. These internal controls will go into effect on July 1, 2023 for the Fiscal Biennium 2023-25. I have determined that unless these internal controls are adopted, there will be a significant and negative impact on the ability of the State government to accept and manage Federal funds.

Should you have any questions, please contact Mark Anderson at the Office of Federal Awards Management, 586-3035

I concur with and will implement these internal control procedures:



Keith A. Regan, Comptroller

6/26/2023

Date

- c. Neal Miyahira, Department of Budget and Finance
Lenora Fisher, Department of Accounting and General Services

§29-12 Duties of attorney general, director of finance. The attorney general and the director of finance shall promptly initiate the necessary action to take advantage of or secure any federal aid which may be available to the State or its political subdivisions. [L 1951, c 289, §2; RL 1955, §12-2; am L Sp 1959 2d, c 1, §14; am L 1963, c 114, §1; HRS §29-12]

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§29-13 Governor may accept federal acts. The governor may accept, on behalf of the State, the provisions of any act of Congress making grants or allotments of federal-aid moneys available for expenditure in the State. [L 1939, c 196, §1; RL 1945, §401; RL 1955, §12-3; HRS §29-13]

Case Notes

Cited: 38 H. 310, 318.

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§29-15 Conflict between federal and state requirements. In the case of any contract, the funds for which have been wholly or in part promised, loaned, or furnished by the United States, or any instrumentality thereof, if the United States, or its instrumentality, requires that the advertisement for tenders, tenders, performance bond, or contract contain terms or provisions contrary to any state law, then as to the advertisements, tenders, bonds, or contracts the terms and provisions required by the United States, or its instrumentality, shall govern and are made applicable, and the officer expending the funds shall conform to such requirements as the United States, or its instrumentality, shall provide or require, any other law or laws of the State to the contrary notwithstanding. The provisions of this section shall be liberally construed so as not to hinder or impede the State in contracting for any project involving financial aid from the federal government. [L 1935, c 50, §1; RL 1945, §403; PL 1955, §12-5; HRS §29-15]

Case Notes

Re Federal Aid to Families with Dependent Children, department of social services and housing cannot consider tax refund as "income". 396 F. Supp. 375.

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(Date)

TO: The Honorable Josh Green, M.D.
Governor of Hawaii

THRU: Luis P. Salaveria
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

JOSH GREEN, M.D.

Governor, State of Hawaii

DATE

Attachment

(Date)

TO: The Honorable Josh Green, M.D.
Governor of Hawaii

THRU: Luis P. Salaveria
Director of Finance

FROM: (Department Head, Title)
(Department)

SUBJECT: Request to Allot and Expend a CIP Grant Pursuant to Chapter 42F,
HRS

1. Program I.D. and Title:
2. Expending Agency (if other than above):
3. Recipient Agency and Brief Description:

(Describe what the recipient agency does and whether it has been determined by the expending agency to meet the conditions of Section 42F-103, HRS, Standards for the award of grants and subsidies.)

4. Amount of Grant: \$_____ for FY _____
Means of Financing: _____
Act ____, SLH ____, Section/Item No. _____ (as applicable)

5. Description of project:

(Describe, as applicable (non-applicable sections may be deleted):

- a. *The specific use of the funds by the recipient. For example, the funds might be used for the design and construction a new dining hall for the families served by the XYZ foundation (recipient organization).*

- b. The overall CIP project (include where the project would be located, i.e., whether on private property or government property), the intended target group, and the actual number of persons to be served by the completed project. For example, a community based home for the developmentally disabled (DD) would theoretically serve the entire DD population; however, the project itself would provide 8 beds to accommodate only 8 DD individuals.*
- c. What are the measurable results expected from the grant at the end of the grant period?*
- d. Does or will the recipient have site control of the location of the CIP project? Does or will the recipient own the land and/or the facility, as applicable?)*

6. Public purpose:

(Describe, as applicable (non-applicable sections may be deleted):

- a. The program objective of the department that the grant supports; if the activities provided by the recipient do not support the objective of the program to which funds were appropriated or any other program of the expending department, include a discussion on which program/department may have been more appropriate.*
- b. The CIP improvements for which the grant will be used and how improvements will benefit the community.*
- c. A Form PAB should be filled out and attached to the request to release CIP funds. Are there any issues identified as a result of the information provided on the Form PAB?)*

7. Funding:

(Describe, as applicable (non-applicable sections may be deleted) :

- a. What portion (plans, design, construction, equipment) of the overall CIP project will be funded by the requested release?*

- b. Is the CIP grant intended to purchase land?*
- If yes, how are the conditions contained in Section 42F-103(d) being met?*
- c. If the CIP grant only provides planning/design funds:*
- What is the total cost of construction and how will the construction phase be funded?*
 - Is there a commitment of non-State grant funds to cover construction costs?*
 - If no, what is the potential request to the State for grant funds to cover construction costs?*
- d. Has the recipient received Chapter 42F grants for any other CIP project? If yes, list the projects (include a description), the amounts by appropriation act/year, whether the funds were expended, and list any project that was completed using CIP grant funds in whole or in part.*
- e. What is the total cost of the CIP project for which the recipient intends to use the grant? Include all funding sources, such as federal funds, private contributions, etc., and indicate the respective amount of the total cost that each funding source will support.*
- If other funding sources have been identified, indicate funds which have already been received to support the project. Indicate if other funding sources, which have not yet been received, have been guaranteed and are sustainable.*
- f. If this is to fund an ongoing CIP project, for how many fiscal years has the recipient been receiving grants for the CIP project? List the amounts released by prior appropriation act/year and means of financing.*
- g. If the grant is to provide the State's matching portion of a CIP project, are the funds to be matched guaranteed?*
- h. Was (or will) a grant request (be) submitted to the 2021 (or 2022) Legislature to continue to provide funding for the same CIP project as this request to release grant funds? If yes, briefly describe the request.*
- i. What is the organization doing to become self-sufficient (i.e., manage without Chapter 42F grants)?*

The Department of the Attorney General has been consulted on the legal requirements to be fulfilled by the grant recipient and has indicated that the grant recipient meets the conditions of Chapter 42F, HRS.

Upon review, this department has determined that the recipient is qualified to be awarded a grant pursuant to the provisions of Section 42F-103, HRS, standards for the award of grants and subsidies.

Attached is a copy of the grant application and other applicable documents. (*Note: the allotment advice (Form A-15), Form PAB and Table R must also be included.*)

Attachments

RECOMMEND:

☐ APPROVAL

☐ DISAPPROVAL

Director of Finance

Date

☐ APPROVED

☐ DISAPPROVED

JOSH GREEN, M.D.
Governor, State of Hawaii

DATE

Attachments

SUMMARY OF FY 24 COLLECTIVE BARGAINING ALLOCATION
Department of _____

Means of Financing: _____

[illegible]

DEPARTMENT: _____
FY 24 CIP EXPENDITURE PLAN (\$ thousands)

(CIP BUDGET)

[illegible]

E = Executive Project; L = Legislative Project
*** Prior to July 1, 2023**

DEPARTMENT: _____
FY 24 CIP EXPENDITURE PLAN (\$ thousands)
(OPERATING BUDGET)

[illegible]

E = Executive Project; L = Legislative Project
* Prior to July 1, 2023

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.

QUARTERLY STAFFING REPORT PART I - VACANCIES

Department _____

Annual Report

Quarterly Update for _____

Contact Person:

Phone:

[illegible]

QUARTERLY STAFFING REPORT PART II - POSITIONS FILLED

Department _____

Annual Report

Quarterly Update for _____

Contact Person:

Phone:

[illegible]

TABLE P-1 CAPITAL PROJECT DETAILS (ACT 164, SLH 2023)

[illegible]

PROJECT
SCOPE CODES
N- New
I- Renovation
A- Addition
R- Replacement
O- Other

PROJECT TITLE	

CHECK ONE:

1% FOR WORKS OF ART IS INCLUDED IN THE CONSTRUCTION COST ELEMENT (LINE 13)

☐ YES ☐ NO

[illegible]**REQUIRED APPROPRIATIONS** (in Thousands of Dollars)[illegible]

TABLE Q-1 CAPITAL PROJECT DETAILS (ACT 164, SLH 2023)

PROGRAM ID		CAPITAL PROJECT NUMBER
DEPT	NUMBER	

	IMPLEMENTATION SCHEDULE													
	START DATES							COMPLETION DATES						
	PHASE	ORIGINAL		CURRENT		ACTUAL		ORIGINAL	CURRENT	ACTUAL	ORIGINAL	CURRENT	ACTUAL	ACTUAL
		MONTH	YEAR	MONTH	YEAR	MONTH	YEAR							
	PLANS													
	SITE SELECTION													
	SITE ACQUISITION													
	DESIGN													
	CONSTRUCTION													
	EQUIPMENT													
	OCCUPANCY													

COST ELEMENT	COST ESTIMATES (\$1,000'S)		FINAL COST (\$1,000'S)
	ORIGINAL	CURRENT	
PLANS			
LAND ACQUISITION			
DESIGN			
CONSTRUCTION			
EQUIPMENT			
TOTALS:	0	0	0

	STATE APPROPRIATIONS (\$1,000'S)							
	APPROPRIATIONS ACT			TOTAL	PLANS	LAND	DESIGN	CONSTRUCTION
	YEAR	NUMBER	ITEM					
				0				
				0				
				0				
				0				
				0				
				0				
				0				
				0				
				0				
				0				
				0				
				0				
				0				
				0				
				0				
				0				
				0				
				0				
				0				

	EFFECT ON OPERATING BUDGET (\$1,000'S)							
	SALARIES		MAINTENANCE		OTHER EXPENSES		UTILITIES	
	+ / -	AMOUNT	+ / -	AMOUNT	+ / -	AMOUNT	+ / -	AMOUNT

EXPECTED EXPENDITURES (in Thousands of Dollars)

PART I BY ELEMENT	MOF		BUDGET PERIOD		FY 2026	FY 2027	FY 2028	FY 2029	SUCCEEDING YEARS
			PRIOR YEARS	FY 2022	FY 2023	FY 2024	FY 2025		
PLANS									
LAND									
DESIGN									
CONSTRUCTION									
EQUIPMENT									
TOTAL COST			0	0	0	0	0	0	0
PART II BY MEANS OF FINANCING	C								
TOTAL COST			0	0	0	0	0	0	0

TABLE R-1 CAPITAL PROJECT INFORMATION AND JUSTIFICATION SHEET FOR ACT 164, SLH 2023

EXPENDING AGENCY:		
USER PROGRAM ID		CAPITAL PROJECT NUMBER
DEPT	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	ACT	YR	ITEM	FY 2024		FY 2025	FUTURE YEARS
LUMP SUM																						
BREAKOUT BY COST ELEMENT (INFORMATION ONLY NEEDED FOR LUMP SUM APPROPRIATION IN FY2024)																						
PLANS																						
LAND																						
DESIGN																						
CONSTRUCT																						
EQUIPMENT																						
TOTALS		0			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: