



EXECUTIVE CHAMBERS

HONOLULU

NEIL ABERCROMBIE
GOVERNOR

January 26, 2012

EXECUTIVE MEMORANDUM

MEMO NO. 12-01

TO: All Department Heads

SUBJECT: Revised FY 12 Allocations for General Funds (Amendment to Executive Memorandum No. 11-10, *FY 12 Budget Execution Policies and Instructions*)

Although Hawaii's economic recovery has been steady, the Council on Revenues (COR) revised its FY 12 general fund tax revenue growth rate downward from 14.5% to 11.5% at its January 5, 2012 meeting. The COR also maintained its projection of 6.5% growth for FY 13 but lowered the FY 16 growth rate from 5% to 3%, leaving the remaining fiscal years unchanged.

As a result of the lowered forecast for FY 12, it is anticipated that general fund revenues will be about \$130 million less than previously anticipated this fiscal year. In that light, we must continue to be mindful of the current national and European economic uncertainties which could impact Hawaii. Consequently, we must take action now to ensure a balanced budget, as is prudent and required by the State Constitution.

Effective immediately, FY 12 general fund allocations for all Executive Branch departments and agencies are restricted by an amount equal to 1.5% of discretionary operating expenses from general funds. Additionally, furlough savings amounts from FY 11, but realized in FY 12 due to the payroll lag, are also restricted.

The revised Exhibit 1 contains each department's revised funding allocation for FY 12. Departments shall submit their revised Requests for Allotments (Form A-19) to reflect the changes to the Department of Budget and Finance by February 10, 2012.

Although there will be no changes to our budget execution policies, I expect that you will exercise the necessary discipline to control and reduce government expenditures. Through our continued shared sacrifice and collaboration, we will overcome the challenges ahead.

/s/

NEIL ABERCROMBIE
Governor, State of Hawaii

Attachment (departments with general funds only)

FY 2012 ALLOCATION (JANUARY 2012)

DEPARTMENT OF EDUCATION
(January 2012)

	General Fund	Special Funds	Federal Funds	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus Funds	Revolving Funds	Other Funds	Total Allocation	CIP Funds
Appropriation (Gross Allocation)	19,173.72	732.50	5.00	-	-	-	-	-	8.00	-	19,919.22	
Labor Savings Adjustment (General Fund Transfers)	1,365,566,677	47,088,160	263,613,736	-	-	32,990,000	10,550,000	47,882,617	30,407,063	-	1,798,098,253	
Labor Savings Adjustment (Non-General Fund Restrictions)	(36,988,500)	(266,937)	(1,936,201)	-	-	(63,454)	(10,742)	-	(33,762)	-	(36,988,500)	
Program Review-\$50M	-											
1.5% Restriction	(3,631,445)										(3,631,445)	
Furlough Savings Lag	(6,905,256)										(6,905,256)	
Net Allocation	1,318,041,476	46,821,223	261,677,535	-	-	32,926,546	10,539,258	47,882,617	30,373,301	-	1,748,261,956	

FY 2011-12 GENERAL FUNDS AS OF DECEMBER 31, 2011

	FY 2011-12
Appropriation in Act 264/11	\$ 1,365,566,677
Governor's Restrictions #1 (E.M. 11-10, 9/9/11, for labor savings)	(36,988,500)
Governor's Restrictions #2 (E.M. 12-01, 1/26/12)	
For 1.5% "discretionary" operating expenses	(3,631,445)
For "Furlough Savings Lag"	(6,905,256)
<u>Total restrictions in E.M. 12-01</u>	<u>(10,536,701)</u>
Offset by: Internal Restrictions (90% allocations for most non-WSF programs)	9,914,981
Net impact of restrictions	<u>(621,720)</u>
Available to Allocate	1,327,956,457
BFY 2011-12 General fund expenditures and encumbrances as of 12/31/11	689,310,089
General Fund balance as of 12/31/11	<u>\$ 638,646,368</u>