

DEPT. COMM. NO. 50

NEIL ABERCROMBIE
GOVERNOR



KALBERT K. YOUNG
DIRECTOR

LUIS P. SALAVERIA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE

P.O. BOX 150

HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF ECONOMIC RECOVERY
AND REINVESTMENT (ARRA)

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER
PUBLIC UTILITIES COMMISSION

December 5, 2011

The Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
State Capitol
Honolulu, Hawaii 96813

'11 DEC 14 P2:04

RECEIVED
SENATE
OFFICE OF THE PRESIDENT

Dear Senator Tsutsui:

Subject: Final Estimate of State Growth Rate and General Fund Expenditure Ceiling for FYs 12-13

The Hawaii State Constitution, Article VII, Section 9, requires the State Legislature to establish a general fund expenditure ceiling that limits the rate of growth of general fund appropriations to the estimated rate of growth of the State's economy.

Chapter 37, Part V, General Fund Expenditure Ceiling, HRS, which implements this constitutional requirement, defines State growth as the average annual percentage change in total State personal income (TPI) for the three calendar years immediately preceding the fiscal year for which appropriations are to be made. TPI is defined as the State personal income series published by the United States Department of Commerce, Bureau of Economic Analysis (BEA). For the current and next succeeding calendar year, for which the BEA does not publish income, it shall mean the TPI as estimated by the Council on Revenues (Council).

The Director of Finance uses the BEA's personal income series and the Council's estimates to determine the State growth rate and general fund expenditure ceiling. Upon making this determination, the Director of Finance is required to inform the Governor, Chief Justice, and the Legislature of the Final Estimates of the State's growth rate and expenditure ceiling as of November 15, 2011.

Based on the data submitted by the Council in a letter dated November 4, 2011, it has been determined that the Final Estimates of the State growth rate and the general fund expenditure ceiling are as follows:

<u>Fiscal Year</u>	<u>State Growth</u>	<u>Aggregate Expenditure Ceiling</u>
12	2.66%	\$7,299,258,105
13	2.42%	7,476,216,925

Executive and Judicial Branches' Appropriation Ceilings

The Executive and Judicial Branches' appropriation ceilings as of November 15, 2011, were calculated by multiplying Executive and Judicial appropriations for the previous fiscal year by the applicable State growth rate. The Executive and Judicial Branches' appropriation ceilings, appropriations, and margins are as follows:

Executive Branch Appropriation Ceiling for FYs 12-13

<u>Fiscal Year</u>	<u>Appropriation Ceiling</u>	<u>Appropriations</u>	<u>Margin</u>
12	\$5,172,679,491	\$5,443,934,015	- \$271,254,524
13	5,575,913,474	5,556,181,624	19,731,850

Judicial Branch Appropriation Ceiling for FYs 12-13

<u>Fiscal Year</u>	<u>Appropriation Ceiling</u>	<u>Appropriations*</u>	<u>Margin</u>
12	\$134,224,086	\$132,665,657	\$1,558,429
13	135,881,923	134,535,734	1,346,189

* Appropriations for FY 13 are based on Judiciary's proposed FY 13 supplemental budget.

Comparison of Executive Branch and Judicial Branch
Appropriation Growth Rates

<u>Fiscal Year</u>	<u>State Growth</u>	<u>Growth in General Fund Appropriations</u>	
		<u>Executive Branch</u>	<u>Judicial Branch</u>
12	2.66%	8.05%	1.47%
13	2.42%	2.06%	1.41%

A public notice of the Final State growth rate and expenditure ceiling for FYs 12-13 will be published in the Honolulu Star-Advertiser, Hawaii Tribune-Herald, West Hawaii Today, The Maui News, and The Garden Island.

Aloha,

A handwritten signature in black ink, appearing to read 'Kalbert K. Young', written in a cursive style.

KALBERT K. YOUNG
Director of Finance