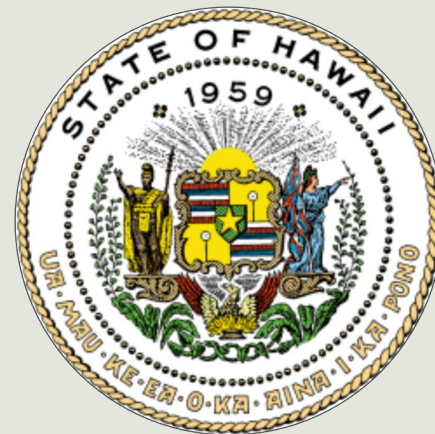


State of Hawaii Department of Budget and Finance

Fiscal Biennium 2025 – 2027

Multi-Year General Fund Financial Plan



2025 – 2027 Executive Budget

- Administration Budget Priorities
- Budget and Fiscal Considerations
- Budget Transparency
- Synopsis of FB 2025 – 2027 Budgets

Administration's Budget Priorities

- Improve the overall quality of life of Hawai'i's people
- Enactment of historic tax measures last session
- On-going recovery efforts from the Maui Wildfire disaster
- Increasing housing opportunities
- Improving access to healthcare and mental health services
- Expanding opportunities for educational equity
- Protecting our environment and natural resources
- Improving government responsiveness and transparency

Budget and Fiscal considerations

- Fiscal responsibility and constraint to address potential challenges
 - Revenue changes
- State Reserve Policy (A.D. No. 22-01)
 - Emergency Budget and Reserve Fund at highest level
- Funding concerns of unfunded liabilities (ERS & EUTF)
 - Continued amortization
- Federal budgetary uncertainty
 - Administration changes
- International concerns
 - Interest rate volatility
 - Escalating tensions
- Economic concerns (interest rate, labor shortages, supply chain, etc.)

Budget transparency

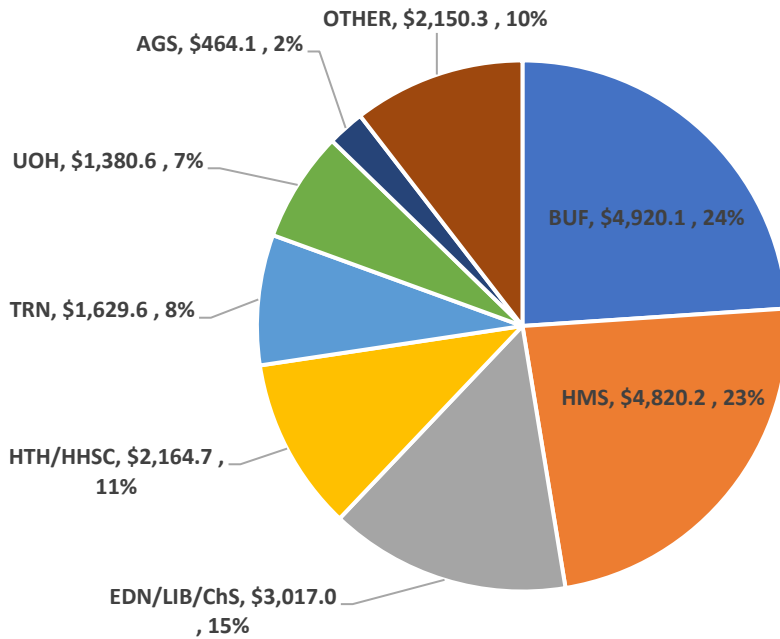
- Departments were instructed to review FY 25 base operating budgets
 - Reducing non-recurring appropriations
 - Adding second year funding for recurring expenses
- Conversion of unbudgeted/underfunded positions
 - Trade off and transfers
 - Base budget adjustments to delete underfunded and unfunded FTEs
- Begin the process to eliminate of long-term vacancies
 - FTE's vacant with no activity for the last 4 fiscal years
 - Departments allowed to reprogram funding
- Administration will be requesting cost neutral emergency appropriations for Q3 and Q4 of FY 25.
 - Request is necessary due to lack of special budget provision to authorize transfers between same fund and expending agency for operations.

Synopsis of FB 2025-2027 Budgets

	<u>FY 25</u>	<u>FY 26</u>		<u>FY 27</u>	
General Funds	10,321.7	10,471.6	1.5%	10,541.7	2.1%
Special Funds	3,805.5	4,817.7	26.6%	4,700.4	23.5%
Federal Funds	3,446.7	3,574.0	3.7%	3,555.1	3.1%
Other Federal Funds	437.5	301.6	-31.1%	284.6	-34.9%
Private Contributions	0.9	0.9	0.0%	0.9	0.0%
County Funds	-	-	N/A	-	N/A
Trust Funds	428.1	429.2	0.3%	429.4	0.3%
Interdept. Transfers	113.6	116.1	2.2%	116.6	2.6%
Revolving Funds	560.1	805.8	43.9%	805.5	43.8%
Other Funds	21.2	29.8	40.6%	25.1	18.4%
	19,135.3	20,546.7		20,459.3	
Increase over FY 25		1,411.4		1,324.0	
Percentage Increase		7.4%		6.9%	

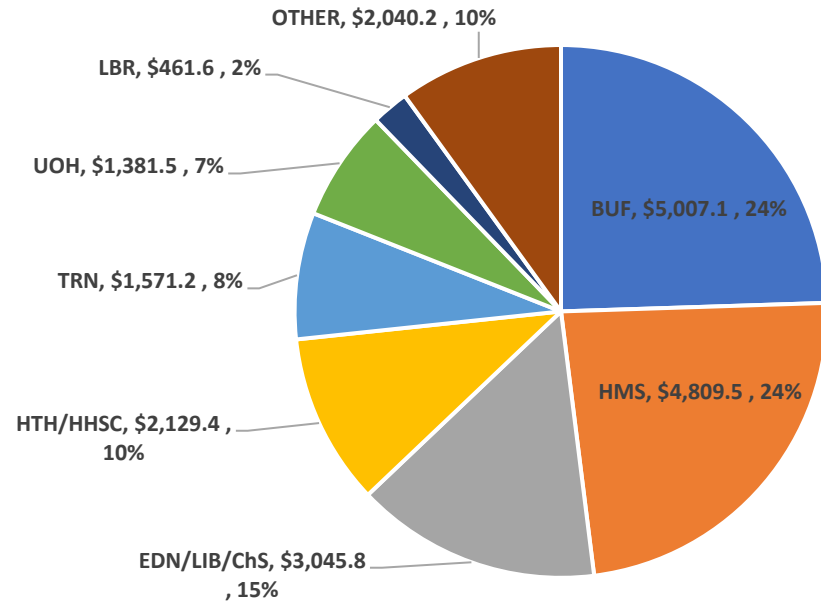
Department all MOF

FY 2026



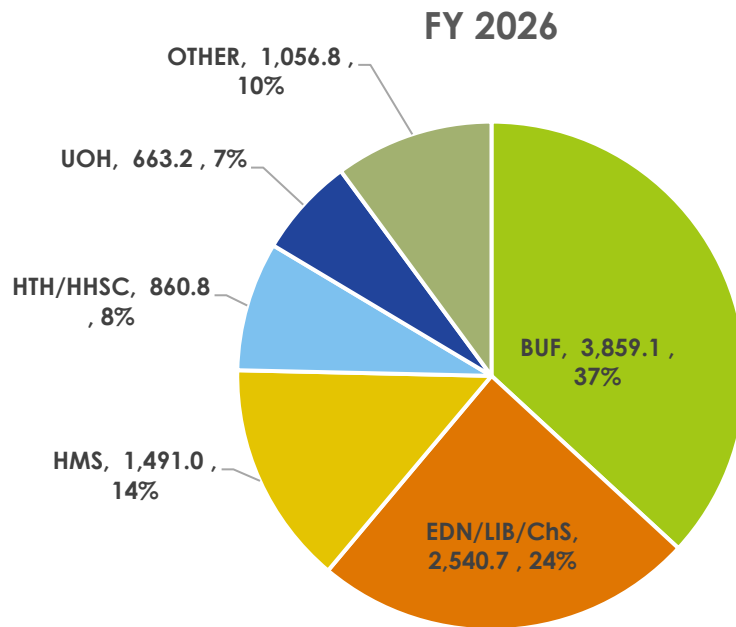
\$20.5B

FY 2027

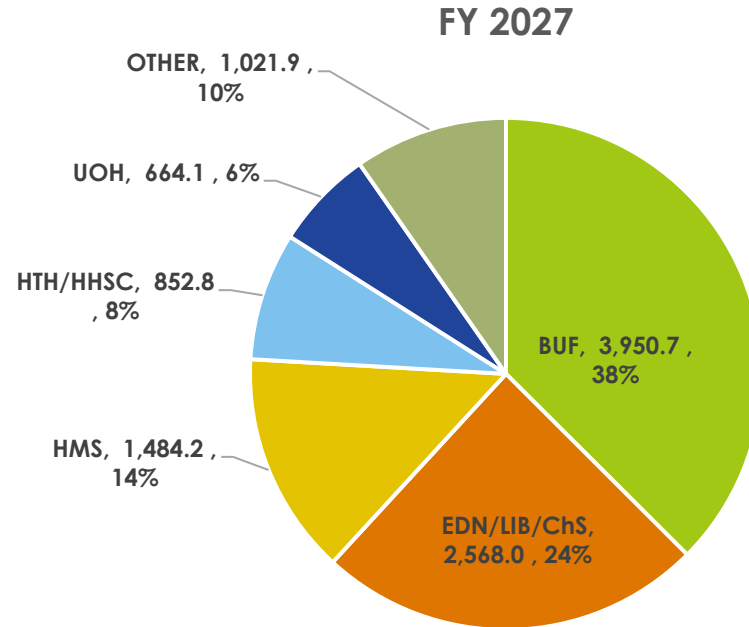


\$20.4B

Departmental General Funds



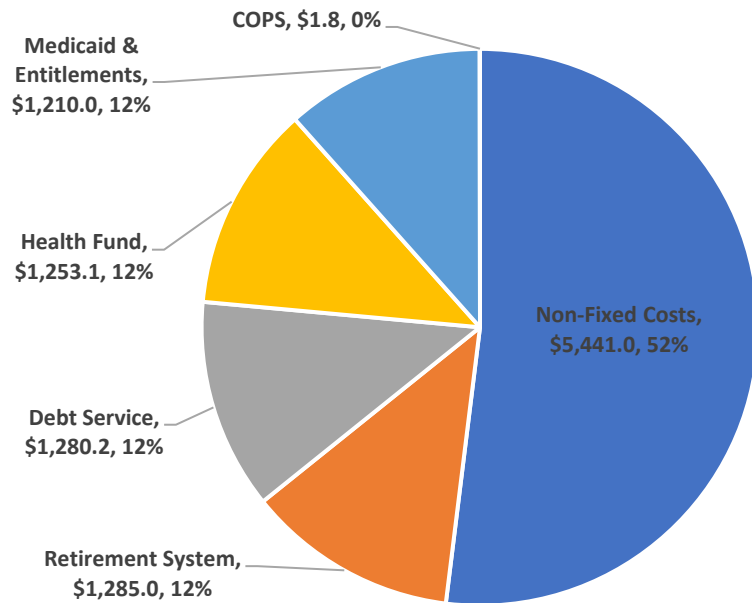
\$10.47B



\$10.54B

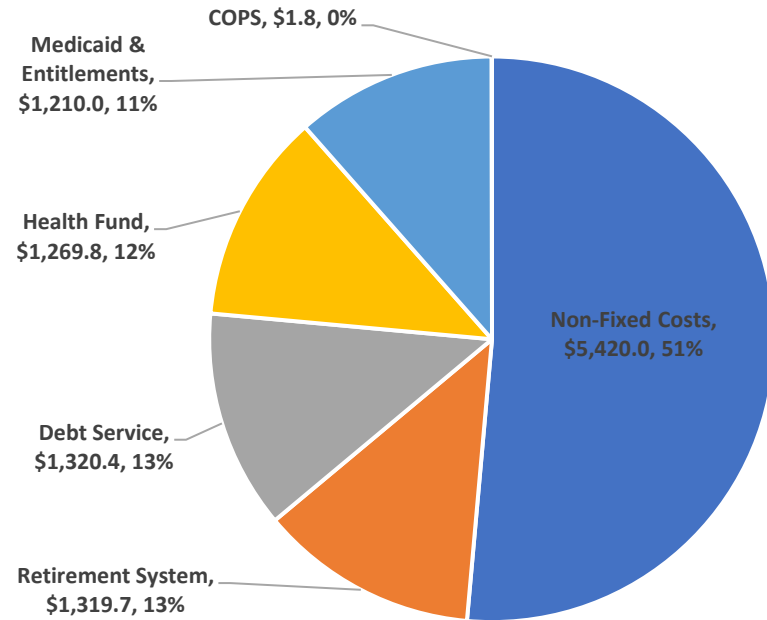
Fixed vs. Non-fixed Costs

FY 2026



\$10.47B

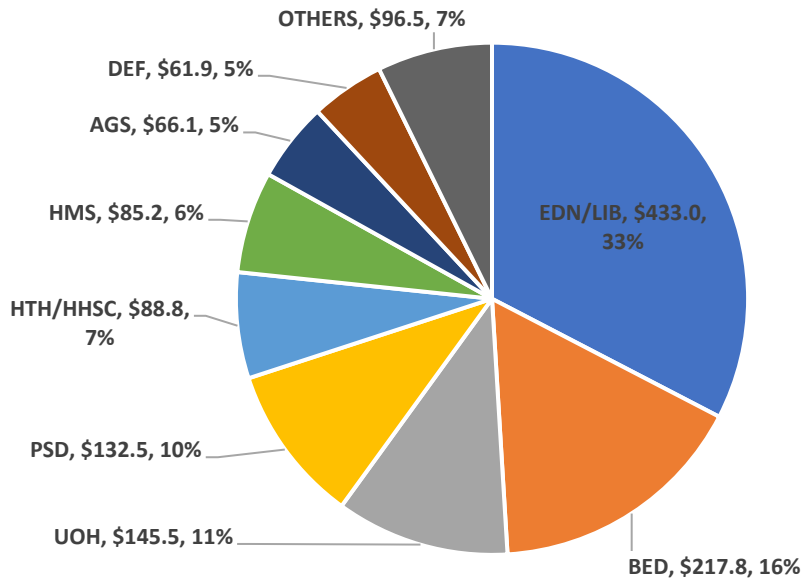
FY 2027



\$10.54B

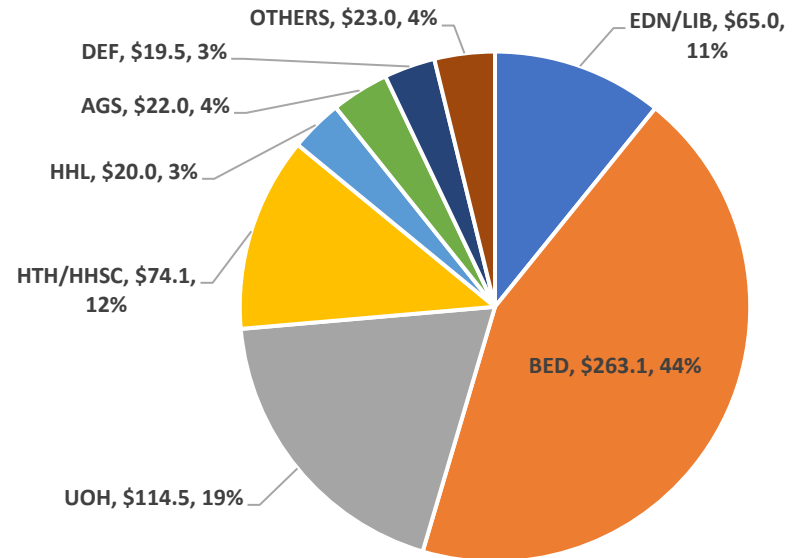
CIP – G.O. Funded

FY 2026



\$1.33B

FY 2027



\$601.2M

General Fund Financial Plan

- Multi-Year General Fund Financial Plan
- Council on Revenues projections
- General Fund expenditure ceiling
- Article VII, Section 5 – Hawai‘i State Constitution
- State debt limit

Multi-Year General Fund Financial Plan

	<u>Adj. Act</u> <u>FY 24</u>	<u>Estimated</u> <u>FY 25</u>	<u>Estimated</u> <u>FY 26</u>	<u>Estimated</u> <u>FY 27</u>	<u>Estimated</u> <u>FY 28</u>	<u>Estimated</u> <u>FY 29</u>	<u>Estimated</u> <u>FY 30</u>	<u>Estimated</u> <u>FY 31</u>
REVENUES:								
Executive Branch:	4.0%	3.50%	2.2%	3.5%	3.1%	3.1%	1.9%	3.1%
Tax revenues	9,568.3	9,902.1	10,124.5	10,480.1	10,807.9	11,148.1	11,365.5	11,723.5
Nontax revenues	1,041.8	863.8	880.9	889.1	912.5	928.7	928.8	928.8
Judicial Branch revenues	25.6	26.7	26.7	27.0	27.0	27.0	27.0	27.0
Other revenues	0.0	0.0	28.1	28.1	(1.0)	(1.0)	(1.0)	(1.0)
TOTAL REVENUES	10,635.7	10,792.6	11,060.1	11,424.3	11,746.5	12,102.9	12,320.4	12,678.3
EXPENDITURES								
Executive Branch:								
Operating	10,733.7	10,321.7	10,471.6	10,541.7	10,695.9	10,873.3	11,011.7	11,085.5
CIP	330.1	113.3	0.0	0.0	0.0	0.0	0.0	0.0
Specific appropriation/CB	780.9	558.5	0.0	0.0	0.0	0.0	0.0	0.0
Other expenditures/adjustments	0.0	139.8	485.7	506.8	42.7	42.7	42.7	42.7
Sub-total - Exec Branch	11,844.7	11,133.3	10,957.2	11,048.6	10,738.6	10,916.0	11,054.4	11,128.2
Legislative Branch	47.5	55.7	47.5	47.5	47.5	47.5	47.5	47.5
Judicial Branch	189.5	230.6	203.3	203.4	203.4	203.4	203.4	203.4
OHA	3.3	3.0	4.9	5.0	5.1	5.3	5.5	5.6
Counties	-	-	-	-	-	-	-	-
Lapses	(863.3)	(120.0)	(120.0)	(120.0)	(120.0)	(120.0)	(120.0)	(120.0)
TOTAL EXPENDITURES	11,221.7	11,302.6	11,092.9	11,184.4	10,874.6	11,052.2	11,190.7	11,264.6
REV. OVER (UNDER) EXPEND.	(586.0)	(510.0)	(32.8)	239.9	871.9	1,050.7	1,129.7	1,413.7
CARRY-OVER BALANCE (DEFICIT)								
Beginning	2,178.9	1,592.9	1,082.9	1,050.2	1,290.0	2,161.9	3,212.6	4,342.3
Ending	1,592.9	1,082.9	1,050.2	1,290.0	2,161.9	3,212.6	4,342.3	5,756.0

Council on Revenues projections

Sept 23'

1.3% - FY24
\$9.3B

5.2% - FY25
\$9.8B

3.5% - FY26
\$10.1B

3.5% - FY27
\$10.5B

3.5% - FY28
\$10.8B

3.5% - FY29
\$11.2B

3.5% - FY30
\$11.6B

Jan 24'

4.0% - FY24
\$9.6B

4.75% - FY25
\$10.0B

4.5% - FY26
\$10.5B

4.0% - FY27
\$10.8B

3.5% - FY28
\$11.2B

3.5% - FY29
\$11.7B

3.5% - FY30
\$12.1B

Mar 24'

4.0% - FY24
\$9.6B

4.8% - FY25
\$10.0B

4.5% - FY26
\$10.5B

4.0% - FY27
\$10.8B

3.5% - FY28
\$11.8B

3.5% - FY29
\$11.7B

3.5% - FY30
\$12.1B

May 24'

3.3% - FY24
\$9.5B

4.8% - FY25
\$10.0B

4.5% - FY26
\$10.4B

4.0% - FY27
\$10.8B

3.5% - FY28
\$11.7B

3.5% - FY29
\$11.6B

3.5% - FY30
\$12.0B

Sept 24'

3.5% - FY25
\$9.9B

2.2% - FY26
\$10.1B

3.5% - FY27
\$10.5B

3.1% - FY28
\$10.8B

3.1% - FY29
\$11.1B

1.9% - FY30
\$11.4B

3.1% - FY31
\$11.7B

General Fund expenditure ceiling

A. Total State Personal Income and State Growth

Total State Personal Income (in \$ millions)	
Calendar Year 2020	82,714
Calendar Year 2021	88,342
Calendar Year 2022	90,054
Calendar Year 2023	94,971
Calendar Year 2024*	100,194
Calendar Year 2025*	105,003

* As estimated by the Council on Revenues Nov. 2024

State Growth

Fiscal Year 2026	4.30%
Fiscal Year 2027	5.25%

B. All Branches of Government

General Fund Appropriations	
Fiscal Year 2025 (incl proposed)	11,422,554,213
Fiscal Year 2026 (incl proposed)	11,212,864,563
Fiscal Year 2027 (incl proposed)	11,304,392,632

General Fund Expenditure Ceiling	
Fiscal Year 2026	11,729,636,611
Fiscal Year 2027	12,345,812,640

C. Executive Branch

Recommended General Fund Appropriations	
Fiscal Year 2026	10,957,235,941
Fiscal Year 2027	11,048,552,865
Actual General Fund Appropriations	
Fiscal Year 2024	11,844,732,320
Fiscal Year 2025	10,998,491,017
Proposed additions in appropriations	134,827,164
	<u>11,133,318,181</u>

General Fund Appropriation Ceiling	
Fiscal Year 2025	12,405,450,230
Fiscal Year 2026	11,611,944,213
Fiscal Year 2027	11,532,836,563

Article VII, Sec. 5 - Hawai'i Constitution

- FY23 and FY24 general fund balances exceeded 5% of FY22 and FY23 general fund revenues

	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>
REVENUES	10,211.5	10,192.2	10,635.7	10,792.6
CARRY-OVER BALANCE	2,619.0	2,178.9	1,592.9	1,082.9
RATIO	26%	21%	15%	10%

- Legislative authorization requirement of either:
 - Tax refund
 - Deposit to Emergency Budget and Reserve Fund
 - Pre-payment of certain costs (Debt Service, ERS pension, or EUTF OPEB)

State debt limit

- Article VII Section 13 – Calculated amount of principal and interest on
 - All bonds issued and outstanding
 - All bonds authorized and unissued
 - All bonds proposed in executive budget (including state guaranties)
- Total amount of issued and outstanding general obligation bonds is \$8,855,317,832.
- Total amount of authorized and unissued general obligation bonds is \$5,007,386,439.
- Total amount of proposed bond authorization in the 2025-2027 Execution Biennium Budget is \$1,928,539,000.
- Budgeted debt service in the Executive Biennium Budget for FY 26 is \$1,280B and for FY 27 is \$1,320B.

QUESTIONS