

# HAWAI'I BUDGET HIGHLIGHTS: FISCAL BIENNIUM 2024–2025

The legislature's single most important policy decision is agreeing on the state's budget. The budget is the blueprint that describes how public funds are to be allocated, and it is a concrete demonstration of what we, as a society, value—and by how much.

The two-year budget passed by the 2023 legislature approves nearly \$44 billion in spending and provides unprecedented support for housing and homelessness, early learning, and health—all much-needed investments in the wellbeing of Hawai'i's people, both now and for future generations. Highlights include:



**\$827.6 million for housing and homelessness**



**\$175.9 million for healthcare and wellness**



**\$52.4 million for early learning**

The budget also included some unorthodox provisions, notably exceeding the constitutional budget ceiling, giving the governor flexibility to spend up to \$200 million, and providing an unprecedented amount of short-term general funds to finance capital projects that are typically carried out over several years and funded by bonds.

The legislature passed a budget in May that exceeded the general fund budget ceiling by \$1 billion. The Council on Revenues then announced a downturn in revenue expectations, prompting Governor Green to announce plans for line-item vetoes to eliminate \$555 million in Fiscal Year (FY) 24 and another \$533 million in FY25.

**Figure 1.** Distribution of biennium budget by branch of government

■ Executive ■ Judiciary ■ Legislative ■ Other Subsidies



**Figure 1.** After proposed reductions of \$1.1 billion for line-item vetoes, the Executive Branch budget for all costs totals \$42 billion for the biennium. It will account for 99 percent of all spending. The Judiciary Branch will get \$423 million (1 percent), and the Legislative Branch budget (for only one year) is \$47 million. Another \$97 million was appropriated for subsidies to the counties (\$84.5 million) and to OHA (\$12 million).

Compared with the FY23 funding, the budget for FY24 increases support for operating budgets by \$2.1 billion (12 percent), and reduces funds for one-time appropriations and CIP.

Operating budget changes differ considerably by department. Those that gained the most are:

- \$1.2 billion more for **Budget and Finance**, including \$500 million for the rainy day fund;
- \$367 million more for **Business, Economic Development and Tourism**, much of it for housing and infrastructure;
- \$340 million for **Human Services**, including a new office for housing and homelessness and a much-needed raise in reimbursement rates for Medicaid services; and
- \$142 million for **Land and Natural Resources** to better preserve and restore our at-risk natural environment.

Departments with fewer resources in FY24 are:

- \$344 million less for **Labor and Industrial Relations**, mostly due to post-pandemic reductions in unemployment;
- \$50 million less for **Defense**, also largely related to reduced services needs after the pandemic;
- \$35 million less for **Hawaiian Home Lands**, with funds reduced for planning and development capacity, which according to the legislature, were increased on a one-time basis in the FY23 budget; and
- **Accounting and General Services** got \$68 million less and **Agriculture's** budget dropped by \$19 million, but in both cases, the decrease was largely due to moving programs or responsibilities to other departments.

## RECOMMENDATIONS

### 1. INVEST IN HAWAI'I'S KEIKI

The FY24–25 budget reflects well-chosen priorities with significant investments in housing, early learning, health and the environment. Unfortunately, it missed the opportunity to increase funding for two additional areas critical to Hawai'i's current needs and future potential: K-12 and higher education. In combination, operating support and one-time appropriations for the Department of Education and the University of Hawai'i decreased by nearly a quarter billion in the FY24 budget.

### 2. OPEN UP THE BUDGET-MAKING PROCESS TO THE PUBLIC

The process and timeline for determining the budget this year received vocal criticism from, among others, legislators themselves. Multiple lawmakers have spoken about the inaccessibility of the process of creating the budget, our most important policy, and the need for a significant overhaul.

Part of the problem is that there is no access to timely specifics about the budget, even for legislators who sit on the money committees. Budget worksheets are the most useful tools to understand budget details, but they can be difficult to understand, and can run up to nearly a thousand pages at times. Most legislators—and the entirety of the public—have no access to the worksheets before the final budget decision. This year, the worksheets for the final executive budget were not posted to the legislative website until May 19, more than two weeks after the legislative session ended.

### 3. ENSURE THAT THE BUDGET MEETS REAL PUBLIC NEEDS

The 2023 legislative session revealed a great deal of concern over appropriations that were inserted into the budget for projects that failed to garner public, and even legislative, support. The most obvious example this year was \$50 million in funding—now on Governor Green's veto list—to develop a first responder tech park.

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