

It's Money that Matters

(WHEN DIVING INTO THE BUDGET)

Before you jump into looking at the Executive budget or the budget worksheets, it helps to know how the budget is developed and amended. At the risk of over-simplifying a complex process, here's an overview.

Crafting the Budget

Quite a few entities are involved in crafting the Executive budget, which is the largest of the four budgets enacted by the Legislature. (Separate budgets are enacted for the Judiciary and the Legislative branches of Hawaii's government, as well as the Office of Hawaiian Affairs. The Judiciary and Legislative budgets are not subject to line-item vetoes.)

- The **Council on Revenues** prepares revenue estimates (*read*: how much money will be coming in) for the State four times each fiscal year, which helps in forecasting how much money will be available.
- The **Governor**, through the Department of **Budget & Finance** and in discussion with Executive departments, drafts the initial version of the "budget bill." That bill is introduced, by request, to the Legislature by the Senate President and Speaker of the House of Representatives. (Near the end of session, the Legislature will pass the bill in its final form and send it to the Governor for enactment. The Governor can veto line items or the bill as a whole. IMPORTANT: As head of the Executive branch, the Governor holds the 'power of the purse strings,' and can determine when and if allocated funds will be released.)

- After the **Legislature** receives the Governor's draft budget, it amends and ratifies the budget using its legislative procedures. **All members** are asked to vote at least three times on the bills as they proceed. Both chambers must agree on the final version to enroll to the Governor for enactment. If vetoed in whole or in part, the Legislature *may* override with sufficient votes.

Senate Ways and Means (WAM) and **House Finance (FIN)** are the "money committees." It's hard to summarize all that they do (and the long hours they keep!). They produce and keep track of numerous reports, estimates, calculations, and summaries, and receive input from numerous sources. Near the beginning of each session, informational briefings with Executive departments and agencies elicit information on previous expenditures and operational needs. Additionally, the **House and Senate leadership** and **chairs of legislative standing committees** provide their assessments of the priority and import of budget items as well as money bills being passed by their committees. The **Department of Taxation** provides assessments of the tax consequences of proposed legislation. Ultimately, the money committees prepare amended versions of the bills, and the numerous budget worksheets which help to clarify the various drafts.

- Don't forget – the **public** meaningfully informs and influences the Legislature's budget deliberations, through advocacy and testimony on and about the bills, programs, and projects under discussion.

The Budget Bill (the proposed "Supplemental Appropriations Act of 2024")

This year, the bill conversationally referred to as "The Budget Bill" for the fiscal biennium 2023-2025 is [HB1800](#). (Its companion bill on the Senate side is [SB2234](#), but the House bill is customarily the one that moves forward and is used as the final vehicle, incorporating conference draft amendments prior to enrollment to the Governor.)

- NOTE: In the *second* year of a biennium, the budget bill specifically amends the measure passed in the *first* year. Hence, after the initial introductory page you'll be looking at the content of the previous year's Act with changes noted. Any text or numbers to be changed or deleted will be indicated by parentheses and strikethroughs [~~like this~~] and new text and numbers will be underlined.
- Once you've opened it, you'll see that the first page looks a lot like other bills, but the substance of the bill resembles financial spreadsheets. *Don't panic!* It's possible to find what you're looking for, and even decipher what you see. (Flip this page for some tips.) Narrative sections may provide specific direction and parameters on how the monies may be used by the expending agencies and organization programs.
- Helpful information and budget worksheets are posted on the [Legislature's website \(www.capitol.hawaii.gov\)](#) as new drafts are developed. (Where to find them? Go to the "Laws & Research" tab and select "Budget" from the drop-down menu. You'll find links to "Budget Worksheets." They only appear after new drafts have been issued.)
- The staff assisting the House Finance Committee and the Senate Ways and Means Committee may be able to address questions regarding budget line items, procedures, and status. NOTE: It's usually not possible to determine the status and monetary allocations of Grant-in-Aid (GIA) requests until the publication of the final conference draft of the budget bill.

Handy Budget Decipher Sheet

3 Crucial Pieces of Information to Help You De-code the Budget

This information is taken from the 2024 budget bill, [HB1800](#) (specifically, Section 3)

- (1)** Departments aren't referred to using their regular acronyms. **Instead, the budget uses distinct 3-letter IDs to refer to organization programs (with identifying program numbers) and expending agencies.** We've listed them here. (For example, if you're looking for funding for the DOE, you'll want to search for "EDN".)

<u>Department (Commonly Used Acronym)</u>	<u>Program & Expending Agency ID</u>
Department of Accounting and General Services (DAGS).....	AGS
Department of Agriculture (DOA).....	AGR
Department of the Attorney General (AG).....	ATG
Department of Budget and Finance (B&F)	BUF
Department of Business, Economic Development, and Tourism (DBEDT).....	BED
Department of Commerce and Consumer Affairs (DCCA)	CCA
Department of Defense (DOD).....	DEF
Department of Education (DOE)	EDN
Office of the Governor	GOV
Department of Hawaiian Home Lands (DHHL).....	HHL
Department of Health (DOH)	HTH
Department of Human Resources Development (DHRD)	HRD
Department of Human Services (DHS).....	HMS
Department of Labor and Industrial Relations (DLIR).....	LBR
Department of Land and Natural Resources (DLNR).....	LNR
Department of Law Enforcement	LAW
Office of the Lieutenant Governor (LG).....	LTG
Department of Public Safety/Corrections and Rehabilitation (DPS).....	PSD
Department of Taxation (DOTAX).....	TAX
Department of Transportation (DOT).....	TRN
University of Hawaii (UH).....	UOH
Subsidies	SUB
City and County of Honolulu	CCH
County of Hawaii	COH
County of Kauai	COK
County of Maui.....	COM

- (2) MOF = Means of Financing.** The letter that follows each appropriation figure has significance – it indicates the source of funding. Here's the list for decoding:

A general funds	P other federal funds
B special funds	R private contributions
C general obligation bond fund	S county funds
D general obligation bond fund with debt service cost to be paid from special funds	T trust funds
E revenue bond funds	U interdepartmental transfers
N federal funds	W revolving funds
	X other funds

- (3) Position Ceiling.** Above certain line items you'll find numbers followed by an **asterisk *** or **double asterisk****. The *** asterisk** indicates the maximum number of permanent full-time positions (sometimes referred to as full-time equivalents or FTEs) that may be funded by the dollar amount and funding source noted immediately below. The ****double asterisk** indicates *temporary* full-time equivalent positions. (In later drafts of the bill, temporary full-time equivalent positions may be indicated by a **pound #** sign – look at the definitions section.)

Other Money Bills

Near the end of session, the budget bill may incorporate funding initially presented by other appropriations bills...so, while the *bill* that proposed funding Program XYZ may be left behind, the funding and direction for the expenditure may have been incorporated into the budget bill.

NOTE: No appropriation bills (except those recommended by the Governor for immediate passage or to cover the legislature's expense) may pass final reading until the budget bill has been transmitted to the Governor.
(Hawaii State Constitution. [Article VII, Section 9](#))