

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LIEUTENANT GOVERNOR

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

SABRINA NASIR  
ACTING DIRECTOR

DEPT. COMM. NO. 7

STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE  
*Ka 'Oihana Mālama Mo'ohelu a Kālā*  
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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

November 5, 2025

The Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-Third State Legislature  
State Capitol, Room 409  
Honolulu, Hawaii 96813

The Honorable Nadine K. Nakamura  
Speaker of the House of Representatives  
Thirty-Third State Legislature  
State Capitol, Room 431  
Honolulu, Hawaii 96813

Dear Senate President Kouchi and Speaker Nakamura:

SUBJECT: Final Estimates of State Growth Rate and General Fund Expenditure  
Ceiling for FYs 26-27

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 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 data, 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, 2025.

Based on the data submitted by the Council in a letter dated October 31, 2025, 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>
26	5.04%	\$11,950,328,638
27	5.65%	12,626,105,382

#### Executive and Judicial Branches' Appropriation Ceilings

The Executive and Judicial Branches' appropriation ceilings as of November 15, 2025, 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 26-27

<u>Fiscal Year</u>	<u>Appropriation Ceiling</u>	<u>Appropriations</u>	<u>Margin</u>
26	\$11,816,212,246	\$11,196,746,794	\$619,465,452
27	11,829,909,389	11,328,183,159	501,726,230

#### Judicial Branch Appropriation Ceiling for FYs 26-27

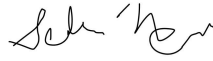
<u>Fiscal Year</u>	<u>Appropriation Ceiling</u>	<u>Appropriations</u>	<u>Margin</u>
26	\$247,191,732	\$209,059,987	\$38,131,745
27	220,882,078	211,244,568	9,637,510

#### 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>
26	5.04%	-0.47%	-11.16%
27	5.65%	1.17%	1.04%

A public notice of the Final State growth rate and expenditure ceiling for FYs 26-27 will be published in the Honolulu Star-Advertiser, Hawai'i Tribune-Herald, West Hawai'i Today, The Maui News, and The Garden Island.

Aloha,

A handwritten signature in black ink, appearing to read 'Sabrina Nasir', written in a cursive style.

SABRINA NASIR  
Acting Director of Finance