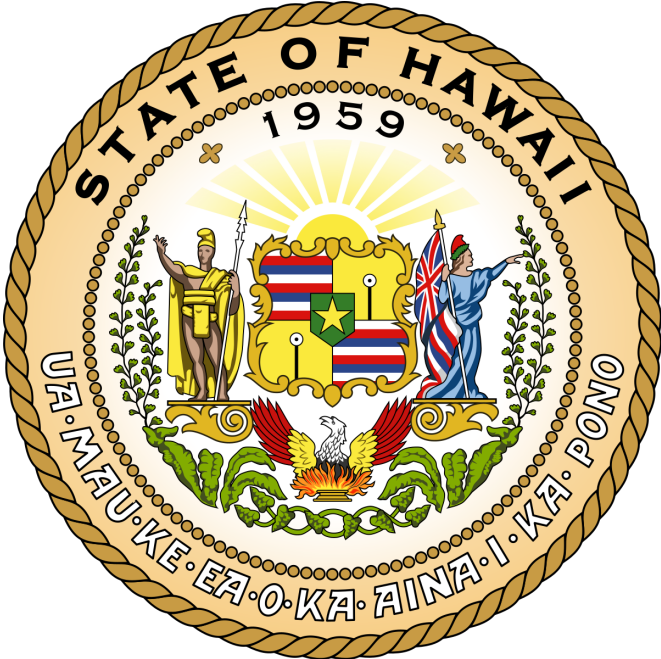


Hawai'i Tourism Authority
Fiscal Biennium 2025-2027 Budget Update
December 19, 2024



Topics

- Budget Timeline
- Governor's Priorities
- HTA's Requests vs. The Governor's Decision
- Budget Variances for HTA's Fiscal Year 2026 Operating Budget

Budget Timeline

- October 3, 2024 – Submitted HTA’s Form A to DBEDT
- November 13, 2024 – Budget and Finance’s Recommendations
 - Departments have an opportunity to appeal B&F’s recommendations.
- November 27, 2024 – Governor’s Decision
 - This is the Executive Budget Request that will be submitted to the Legislature.

The Governor's Priorities

- **Per the Office of the Governor's news release posted on December 16, 2024:**

- “The budget reflects our values as a state. It prioritizes reducing the high cost of living, improving education, building affordable housing for working families, sheltering and caring for vulnerable Hawai‘i residents, and making large investments in health care, biosecurity, wildfire mitigation and infrastructure across our state,” said Governor Green.
- “We engaged in a collaborative process this year, engaging our Senate Ways and Means Chair Donovan Dela Cruz and House Finance Chair Kyle Yamashita early, to understand their priorities so that we could develop a budget that tackles our largest economic and social challenges, expands education opportunities for our keiki, protects our natural resources, promotes energy independence and strengthens our response to the adverse impacts of climate change,” the Governor said.
- “Total requests for general funds amount to \$10.4 billion in fiscal year 2026 and \$10.5 billion in fiscal year 2027, which represents an increase of \$620 million (6.3%) in the first year and \$664 million (6.7%) in the second year.”
- The preparation for this Executive Biennium Budget included a deep look into long-standing vacancies across departments in the state. Department of Budget and Finance Director Luis Salaveria conducted a systematic review of positions that have been vacant for more than four years. This was to ensure that public resources are allocated effectively. Considerations for any new position were analyzed against existing vacancies as some these long-standing vacancies could be repurposed to meet new and emerging needs in the departments.

The Governor's Priorities, Continued

- Budget items are “prioritized,” consistent with the requests and advice provided by B&F, DBEDT, Tourism Committee Chairs, and the HTA BFCC. The Governor’s Budget Proposal for HTA is consistent with the requests, advice, and directions given to the HTA Board & Staff by B&F, DBEDT, Tourism Committee Chairs, and the HTA BFCC.
- The Governor’s \$69,397,189 operating budget for HTA is consistent with the “Highest Priorities” budget items identified by HTA Staff, the BFCC, and DBEDT.
- The Governor’s proposed operating budget for HTA is consistent with State law, rules, policies, procedures, and memorandums issued by the Governor and State departments.

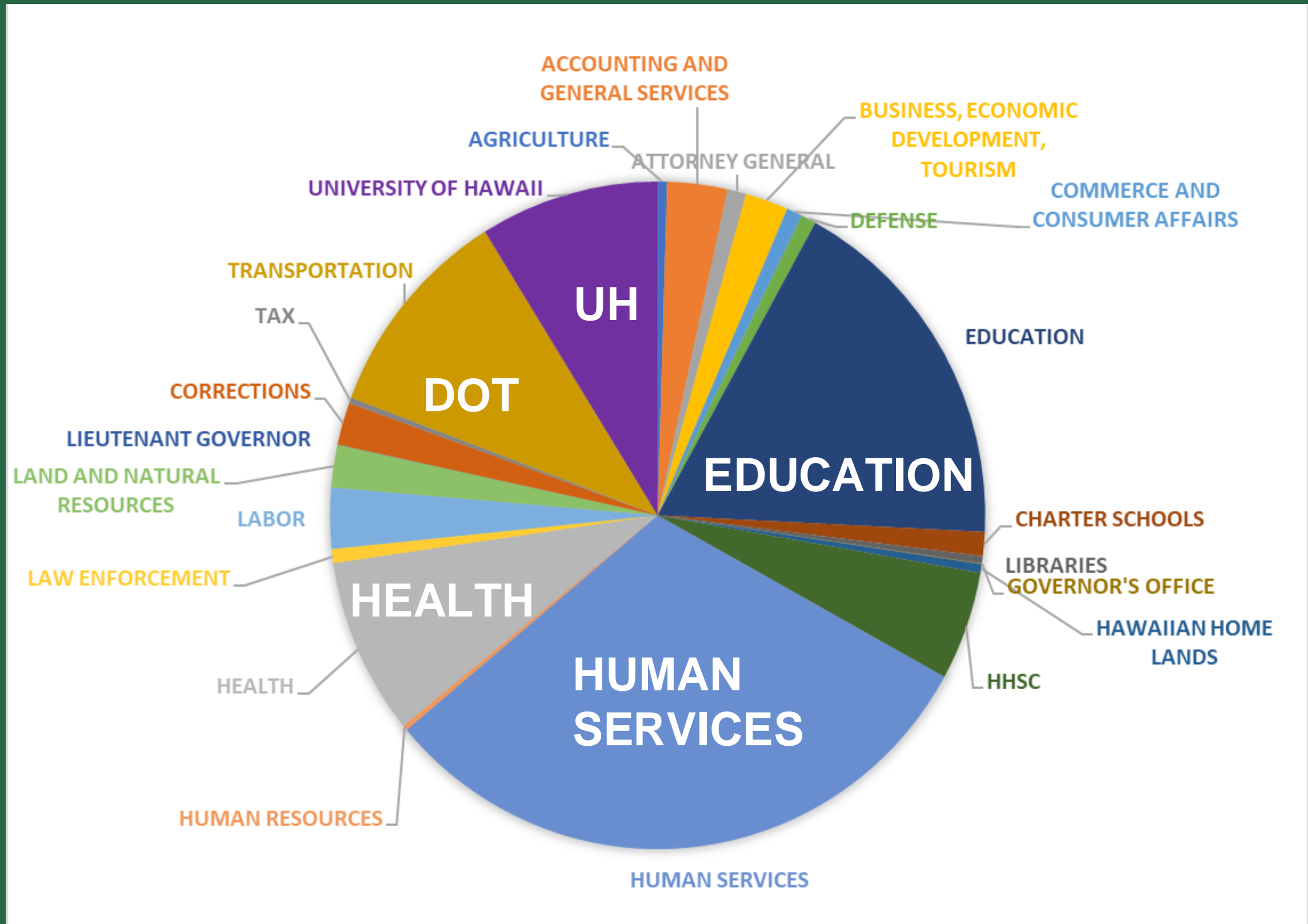


FY26 Operating Budget by Department (all means of financing)

After paying for statewide fixed costs (health benefits, debt-service, pension payments)

The majority of the operating budget goes to:

- Dept of Human Services (\$4.8B)
- Dept of Education (\$2.7B)
- Dept of Transportation (\$1.6B)
- University of Hawai'i (\$1.3B)
- Dept of Health (\$1.3B)



Biennium Budget Totals

HTA's Requests:

- HTA Fiscal Year 2026 Operating Budget Request = \$80,000,000, representing a 27% increase,
- HTA Fiscal Year 2027 Operating Budget Request = \$87,000,000, representing a 38% increase.
- HTA Fiscal Year 2026 Capital Improvement Request (for HCC R&M) = \$13,928,314
- HTA Fiscal Year 2027 Capital Improvement Request (for HCC R&M) = \$6,056,878

The Governor's Decision:

- The Governor's Decision provides HTA with a recurring operating budget of \$69,397,189 for fiscal years 2026 and 2027, representing a 10% increase for both fiscal years.
- The Governor's Decision provides HTA with a capital improvement budget of \$5,000,000 for fiscal years 2026 and 2027.

HTA's Fiscal Year 2026 Operating Budget Request vs. the Governor's Decision

Program Title	Program ID	FY 2025 Budget	FY 2026 BFCC Draft Budget*	FY 2026 Budget Approved by HTA Board**	FY 2026 Budget (Governor's Decision)
Administration and Governance	BED113	3,696,660	4,131,736	4,150,997	3,363,945
Branding and Marketing	BED114	39,249,201	42,887,626	49,309,914	42,022,877
Sports and Signature Events	BED115	7,318,075	-	-	-
Destination Stewardship and Community	BED116	7,923,883	22,953,850	26,539,089	24,010,367
Regenerative Tourism Development	BED117	3,762,181	-	-	-
Workforce Development	BED118	1,050,000	-	-	-
Total		63,000,000	69,973,212	80,000,000	69,397,189

*Pursuant to the request and advice of the B&F Director, DBEDT Director, and Tourism Committee Chairs, the BFCC requested that the HTA staff “prioritize” the HTA budget requests into 3 categories: “Highest Priority,” “Medium Priority,” and “Lowest Priority.” The HTA staff then presented “prioritized” budget information to the BFCC that identified cost items that were “Highest Priority” (\$69,973,211), “Medium Priority” (\$9,949,747), and “Lowest Priority” (\$4,350,618). The proposed “HTA budget package” that was unanimously approved by the BFCC included all Highest Priority budget items identified by HTA staff, totaling \$69,973,211. Additionally, the BFCC approved Supplement #1 for \$9,949,747 for Medium Priority budget items and Supplement #2 for \$4,350,618 for Lowest Priority budget items. The BFCC unanimously approved sending the entire “HTA Budget Package” of Highest, Medium, and Lowest Priorities to DBEDT, B&F, the Governor, and the Legislature.

** The proposed \$80,000,000 operating budget request that was eventually approved by a majority of the Board for submittal. Submitted to DBEDT on Form A.

HTA's Fiscal Year 2027 Operating Budget Request vs. the Governor's Decision

Program Title	Program ID	FY 2025 Budget	FY 2027 BFCC Draft Budget*	FY 2027 Budget Approved by HTA Board**	FY 2027 Budget (Governor's Decision)
Administration and Governance	BED113	3,696,660	5,415,015	5,435,239	3,363,945
Branding and Marketing	BED114	39,249,201	47,520,535	53,283,649	42,022,877
Sports and Signature Events	BED115	7,318,075	-	-	-
Destination Stewardship and Community	BED116	7,923,883	24,384,945	28,281,112	24,010,367
Regenerative Tourism Development	BED117	3,762,181	-	-	-
Workforce Development	BED118	1,050,000	-	-	-
Total		63,000,000	77,320,494	87,000,000	69,397,189

*Pursuant to the request and advice of the B&F Director, DBEDT Director, and Tourism Committee Chairs, the BFCC requested that the HTA staff “prioritize” the HTA budget requests into 3 categories: “Highest Priority,” “Medium Priority,” and “Lowest Priority.” The HTA Staff then presented “prioritized” budget information to the BFCC that identified cost items that were “Highest Priority” (\$77,320,494), “Medium Priority” (\$9,430,456), and “Lowest Priority” (\$6,284,815). The proposed “HTA budget package” that was unanimously approved by the BFCC included all Highest Priority budget items identified by HTA staff, totaling \$77,320,494. Additionally, the BFCC approved Supplement #1 for \$9,430,456 for Medium Priority budget items and Supplement #2 for \$6,284,815 for Lowest Priority budget items. The BFCC unanimously approved sending the entire “HTA Budget Package” of Highest, Medium, and Lowest Priorities to DBEDT, B&F, the Governor, and the Legislature.

** The proposed \$87,000,000 operating budget request that was eventually approved by a majority of the Board for submittal. Submitted to DBEDT on Form A.

Consolidation of Programs into Destination Stewardship and Community

- HTA's request to consolidate the Sports and Signature Events (BED115), Regenerative Tourism Development (BED117), and Workforce Development (BED118) programs into Destination Stewardship and Community (BED116) was approved.
- As a result, \$12,130,256 was transferred from the former programs into Destination Stewardship and Community. This amount is based on the fiscal year 2025 operating budget.
- The request transferred 3 program managers from Regenerative Tourism Development and 1 sports manager from Signature Events and Sports.

Budget Variances – Fiscal Year 2026 Operating Budget (HTA's \$80,000,000 Budget vs. Governor's Decision)

- **Administration and Governance:**
 - Communications: Reduced from \$444,444 by \$319,444 to \$125,000.
 - Travel: Reduced from \$124,444 by \$30,555 to \$93,889.
 - Request for an Executive Office Administrative Assistant position was denied.
 - Request for a Finance Internal Auditor position was denied.
- **Branding and Marketing:**
 - Global MCI: Reduced from \$7,281,683 by \$775,299 to \$6,506,384.
 - USA MMA: Reduced from \$22,300,558 by \$4,444,444 reduced to \$17,856,114.
 - Japan MMA: Reduced from \$7,983,333 by \$722,222 to \$7,261,111.
 - Global Support Services: Reduced from \$1,722,223 by \$555,556 reduced to \$1,166,667.
 - Tradeshow support for \$555,556 reduced to \$0.
 - Request for an additional Brand Manager position was denied.

Budget Variances – Fiscal Year 2026 Operating Budget (HTA's \$80,000,000 Budget vs. Governor's Decision)

- **Destination Stewardship:**
 - Signature Events: Increased from \$2,555,556 by \$500,000 to \$3,055,556.
 - Kahea Greetings: Increased from \$0 to \$888,889.
 - Sports Opp. Fund for Sponsorships, Sports, and Signature Events: \$1,996,350 reduced to \$0.
 - NFL Partnership: \$1,111,111 reduced to \$0.
 - Industry Sector Partnership Support for Workforce Development: \$33,333 reduced to \$0.
 - Request for an Administrative Assistant was denied.
 - Request for a Senior Destination Manager was denied.