




**STATE OF HAWAII**  
**DEPARTMENT OF EDUCATION**  
**KA 'OIHANA HO'ONA'AUAO**  
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OFFICE OF THE DEPUTY SUPERINTENDENT

May 14, 2026

TO: The Honorable Roy M. Takumi  
Chairperson, Board of Education

FROM: Tammi Oyadomari-Chun  
Deputy Superintendent 

SUBJECT: Update on Department of Education's Supplemental Operating Budget Request for Fiscal Year 2026-2027

1. EXECUTIVE SUMMARY

- The State supplemental budget bill, House Bill 1800, Conference Draft 1 (HB1800, CD1), was passed by the Hawai'i State Legislature (Legislature) on Wednesday, May 6, 2026, two days before the end of the 2026 legislative session.
- As of May 6, 2026, the Hawai'i State Department of Education (Department) awaits the release of the final Legislative Budget Worksheets that contain the details of the operating budget adjustments made by the Legislature.
- At the aggregate level, the Department's Supplemental Budget for Fiscal Year (FY) 2026-2027 primarily appears to be a status-quo budget. The net adjustments made by HB1800, CD1 on the operating budget are as follows:
  - General fund reduction of \$1.71 million;
  - Special fund increase of \$5.2 million;
  - Revolving fund increase of \$7.5 million; and
  - Federal fund reduction of \$112,140.
- HB1800, CD1 awaits the Governor's action; the deadline is July 15, 2026.

2. DESCRIPTION

Status update on the Department's Supplemental Operating Budget Request for FY 2026-2027.

3. UPDATE

As of the drafting of this memorandum, the 2026 legislative session is scheduled to end on Friday, May 8, 2026. Two days prior, on Wednesday, May 6, 2026, the Legislature passed the State supplemental budget bill, HB1800, CD1. The bill is currently with the Governor for his consideration and action.

The following are deadlines for the Governor related to the budget bill:

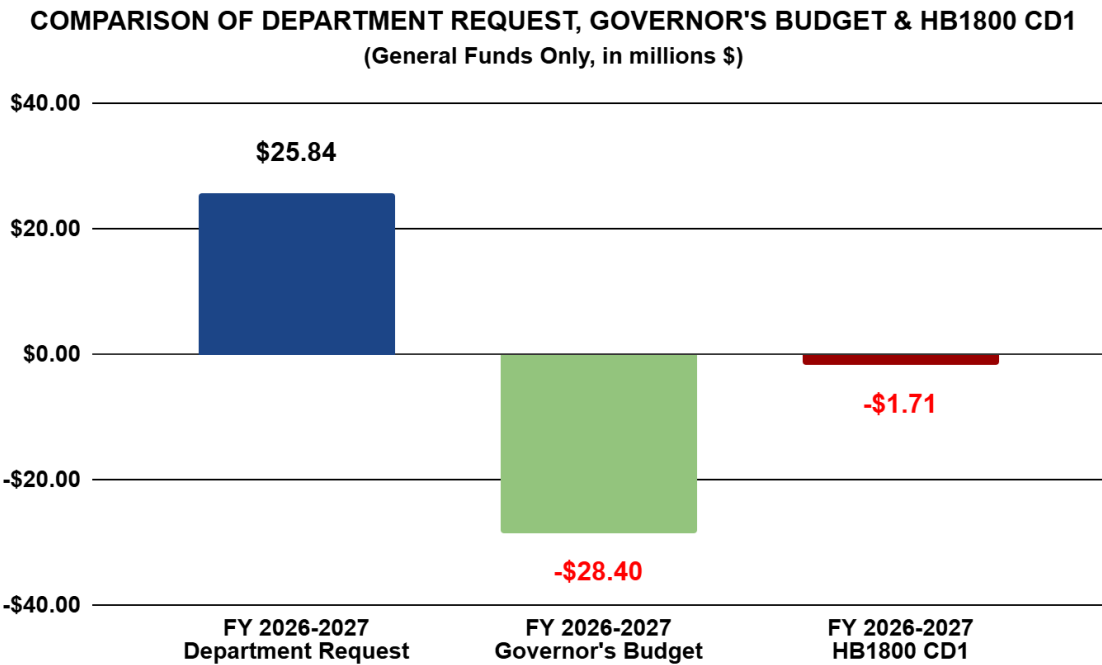
- a. June 30, 2026: Deadline for the Governor to announce any intent to veto or line-item veto the bill; and
- b. July 15, 2026: Deadline for the Governor to either:
  - i. Veto the bill and return it to the Legislature; or
  - ii. Sign, line-item veto, or not sign the bill, at which point the bill would become law and be assigned an Act number.

The Governor could take action sooner, and the bill would be effective upon approval.

HB1800, CD1: General Fund Appropriations Compared to Board-Approved Requests

The Department initially proposed a lean and focused budget that was approved by the Hawai'i State Board of Education (Board) on October 9, 2025: [https://boe.hawaii.gov/wp-content/uploads/20251009\\_GBM\\_minutesfinal.pdf](https://boe.hawaii.gov/wp-content/uploads/20251009_GBM_minutesfinal.pdf). That budget, included \$25.84 million in additional general funds, reflected the Department's ongoing efforts to support high-impact, student-centered investments while adjusting for lower revenue projections and fiscal guidance from the Hawai'i State Department of Budget and Finance (B&F). It included targeted realignments and reductions to responsibly manage available resources while advancing the goals of the Strategic Plan.

With HB1800, CD1, the Department came away with primarily a status-quo general fund operating budget for FY 2026-2027. The net result, accounting for additions and reductions, was a reduction of \$1.71 million to the general fund base budget.



The reductions to the Department’s operating budget could have been far greater. Entering the 2026 Legislative Session, the Executive Budget request, as submitted by the Governor to the Legislature, proposed eliminating \$30 million for preventative maintenance for a net budget reduction of \$28.4 million, which was reported to the Board on January 8, 2026: [https://boe.hawaii.gov/wp-content/uploads/20260108\\_GBM\\_Suptrept.pdf](https://boe.hawaii.gov/wp-content/uploads/20260108_GBM_Suptrept.pdf). In HB1800, CD1, the Legislature retained funding for this critical area.

Uncertainty with the budget permeated throughout the 2026 session that was magnified due to the effects of federal funding, state tax projections, and the Kona low storms. The Legislature grappled with possible solutions to address the fiscal impacts, including raiding special funds, reducing base budget appropriations, and cutting vacant positions of Executive Branch Departments and Agencies.

In the final days of the legislative conference on HB1800, CD1, the Department was directed to provide \$3.5 million in general fund reductions to help balance the budget. The Department only had a few hours to provide the information, since the deadline for budget negotiation between the House and Senate was fast approaching.

At the aggregate level, by means of financing (i.e. by sources of funding), the net adjustments made by HB1800, CD1 on the operating budget for FY 2026-2027 are as follows:

By Means of Financing	Permanent FTE	\$ Amount
General Funds	20.00	-\$1,705,220
Special Funds	0.00	\$5,200,000
Revolving Funds	0.00	\$7,500,000
Federal Funds	0.00	-\$112,140
<b>TOTAL</b>	<b>20.00</b>	<b>\$10,882,640</b>

As of May 6, 2026, the Legislature has not posted the final details of the budget in its Legislative Budget Worksheets. However, during budget negotiations in Conference Committee and since then, the following details have been released.

- a. General Fund Adjustments:
  - i. 26.00 permanent positions and \$1,065,640 for Regional Kitchen operations;
  - ii. \$675,000 for the Community School for Adults statewide;
  - iii. 1.00 permanent Civil Rights Compliance Specialist for Title IX Athletics (FTE only); and
  - iv. **-\$3,500,000** of reductions.
- b. Revolving Fund Adjustments:
  - i. Increase Teacher Housing Revolving Fund ceiling by \$500,000 for teacher housing cottage repairs; and
  - ii. Increase Education Design and Construction Project Assessment Revolving Fund ceiling by \$7,000,000 for architectural and engineering services to support capital improvement projects and deferred maintenance.
- c. Special Fund Additions related to Green Fees:
  - i. \$400,000 for an Alternative Learning facility in the Nānākuli-Wai‘anae Complex;
  - ii. \$800,000 for Americans with Disabilities Act compliance at Waipahu High School; and
  - iii. \$4,000,000 for brush and vegetation contracts.

The detailed budget adjustments will be provided to the Board once the Legislative Budget Worksheets are released.

Process After Bill is Enacted into Law

After the bill becomes law but before any State department or agency can expend appropriated funds, there is a process governed by Hawai‘i Revised Statute (Chapter 37) and overseen by B&F that departments and agencies must adhere to. In summary:

- a. B&F, through the Governor, issues the budget execution instructions and policies for the fiscal year;

- b. The instructions and policies indicate the level of funding (allocation) for the Department, including additional collective bargaining funding appropriated by the Legislature in bills outside of HB1800, CD1 and any restrictions as applicable;
- c. The Department must submit operational expenditure plans and requests for allotment for B&F's review and approval, and then the Hawai'i State Department of Accounting and General Services enters approved amounts into the State's accounting system; and
- d. After allotments are processed, funds are available to the Department to expend, via the Department's financial system.

#### The Road Ahead for the Upcoming Fiscal Year, FY 2026-27

Once the bill becomes an act and B&F issues budget execution instructions, the Department will be tasked with implementing the budget as fully appropriated barring any restrictions on funding. B&F may, with the approval of the Governor, reduce the amount allotted due to lower projected tax collections, decline in economic activity, or dramatic contraction of federal government support.

The Department awaits direction from the Governor and B&F, but is moving forward with the preparations to implement the budget.

#### Looking Towards the Horizon at Fiscal Biennium 2027-2029

Initial planning for the Fiscal Biennium (FB) 2027-2029 Budget is already underway. The upcoming biennium may prove challenging as recovery efforts due to the Kona low storms may take precedence for State funding. Furthermore, the effect on legislative action on tax laws and the State's six-year general fund financial plan during the 2026 Session remains unclear. As such, the Department may need to look within to fund priority needs. The Department will do its best with the given situation in order to continue preparing our students to be globally competitive and locally committed.

Thank you for your continued support and advocacy.

TOC:sk

c: Office of Fiscal Services