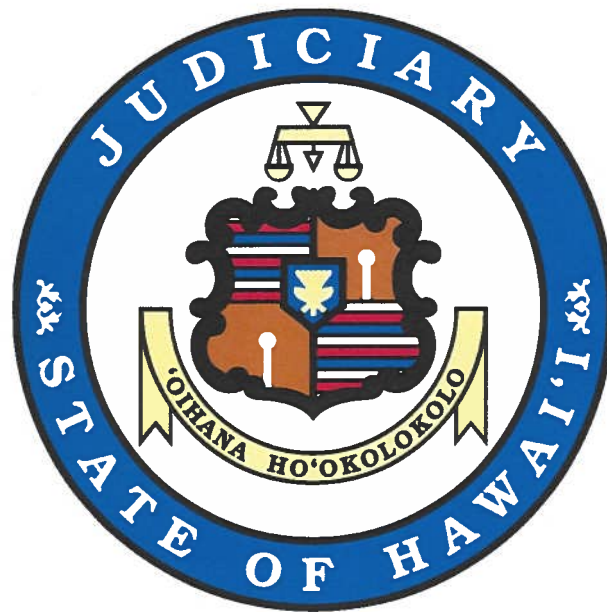


The Judiciary



Presentation to the 2025 Commission on Salaries

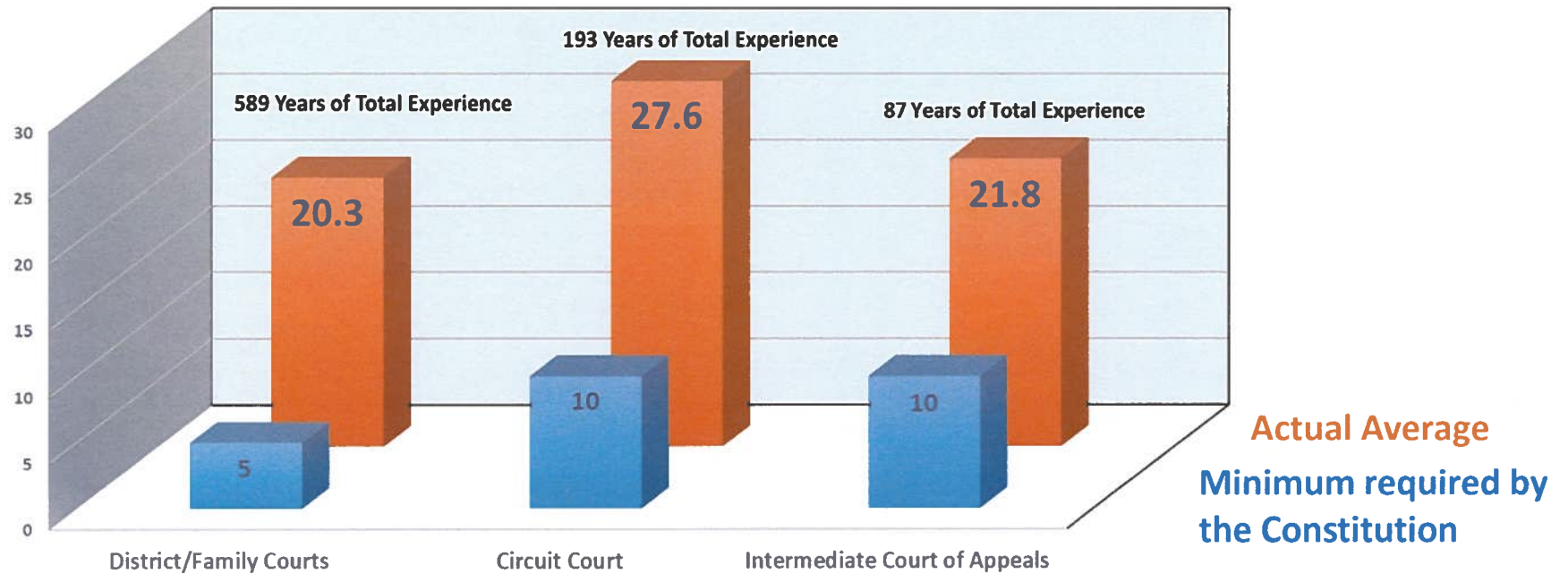
Judicial Salary Objectives

To attract the most
qualified judicial
applicants

To retain experienced
Justices and Judges



Hawai'i Judges are highly experienced at the time they are first appointed



Source: Judiciary.



Judicial Salary Increases since the 2019 Commission on Salaries

0.97% on 7/1/19

2.82% on 1/1/23

0.93% on 7/1/23

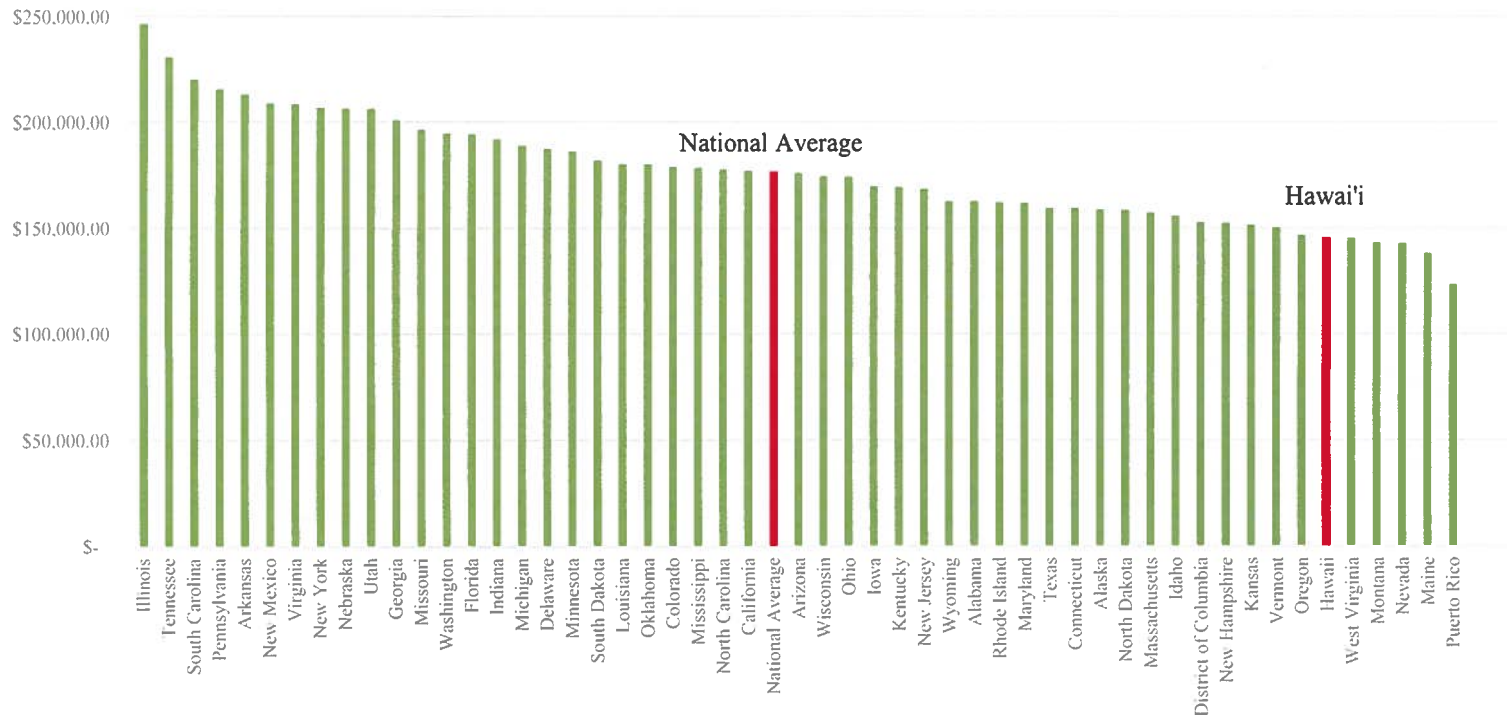
0.92% on 7/1/24

Total: 5.64% over six years

This pertains to Circuit Court Judges as general jurisdiction trial judges. Other judicial positions received the same dollar amounts as increases on the same dates.



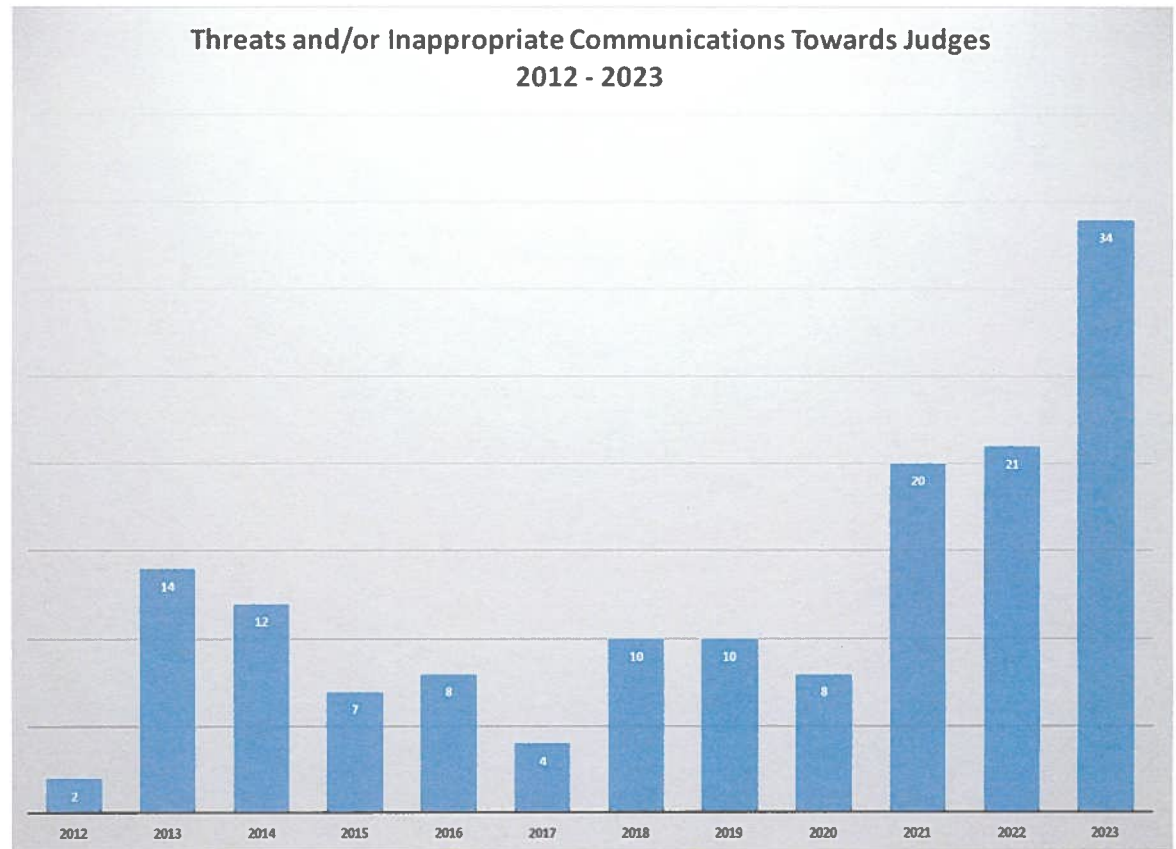
Comparing Judicial Salaries Adjusted for Cost-of-Living



Source: NCSC Survey of Judicial Salaries, Vol. 49, No. 2, General Jurisdiction Court, Adjusted for Cost-of-Living Index. As of July 1, 2024.



Judicial Security



Source: Judiciary.



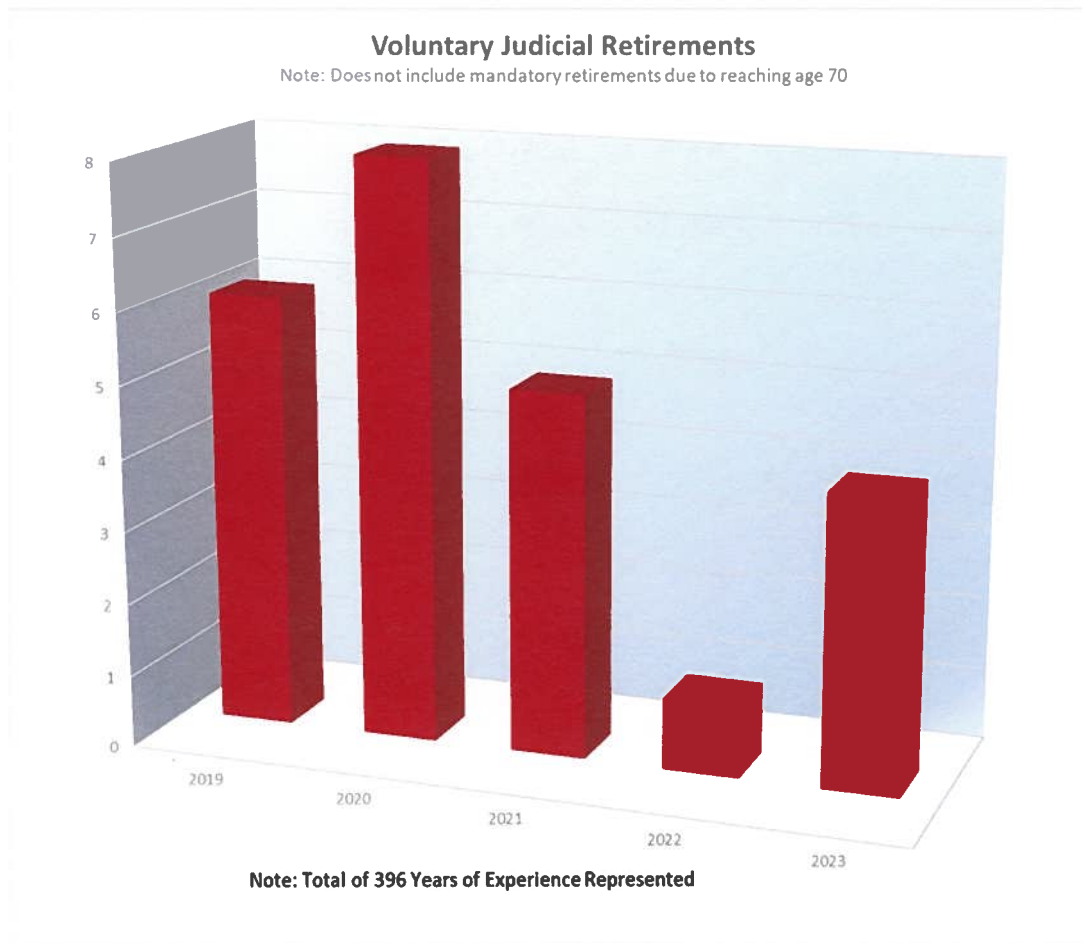
Judicial Vacancies Impact the Public

	Number of Days Vacant	Number of Days Recruiting	
Chief Judge, Intermediate Court of Appeals	315	358	Roughly 900 pending cases across the Court. Cases pending on appeal maintain a high degree of uncertainty for litigants until final resolution of the cases.
District Family Court Judge, Second Circuit	194	232	Second Circuit now has just one District Family Court Judge, who is responsible for approximately 2,000 cases per year. The lack of consistency negatively impacts families and children before the Court.
Circuit Court, Third Circuit	145	477	Kona has just one Circuit Court Judge, who is responsible for over 1,000 of the most serious cases for the Kona side of the island.

Source: Judiciary, as of Nov. 22, 2024.



Voluntary Judicial Retirements



**By the end of
2025, 38
current
Justices and
Judges will be
eligible for full
retirement.***

Source: Judiciary.

* This is based on the Judiciary's unofficial calculations, and refers to years of service and age, not mandatory retirement at the age of 70.



Judicial Selection Commission: Judicial Posts Lure Fewer Applicants



By The Sunshine
Editorial Board
July 15, 2024

Who are we to judge?: There have been several unsuccessful attempts to **raise the retirement age** for Hawaii judges and justices from the current limit of 70 years. And The Blog has heard some grumbling that their salaries are lower than what can be earned in the private sector.

Whatever the reason, the Hawaii State Judiciary appears to be struggling to attract fresh applicants. On Thursday **it put out a notice** that it had extended a deadline for a Maui family court judge vacancy, issued a second deadline extension for a vacancy on the Intermediate Court of Appeals and issued a third extension for a Circuit Court judge for Hawaii island.

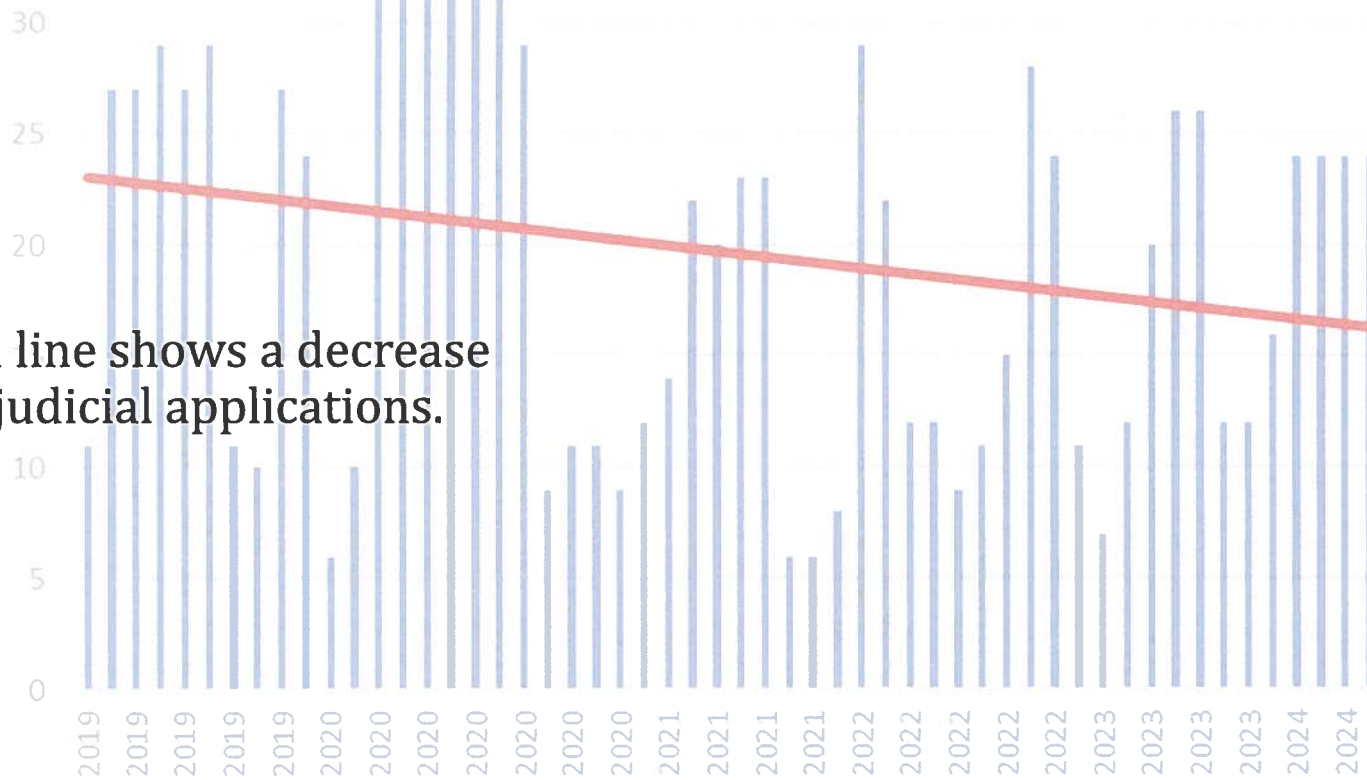
Three more judicial vacancies also just opened: for a District Court judge and two Family Court judges on Oahu.

<https://www.civilbeat.org/2024/07/the-sunshine-blog-maui-still-isnt-releasing-that-big-atf-report-on-the-lahaina-fire-heres-what-theyre-saying-now/>



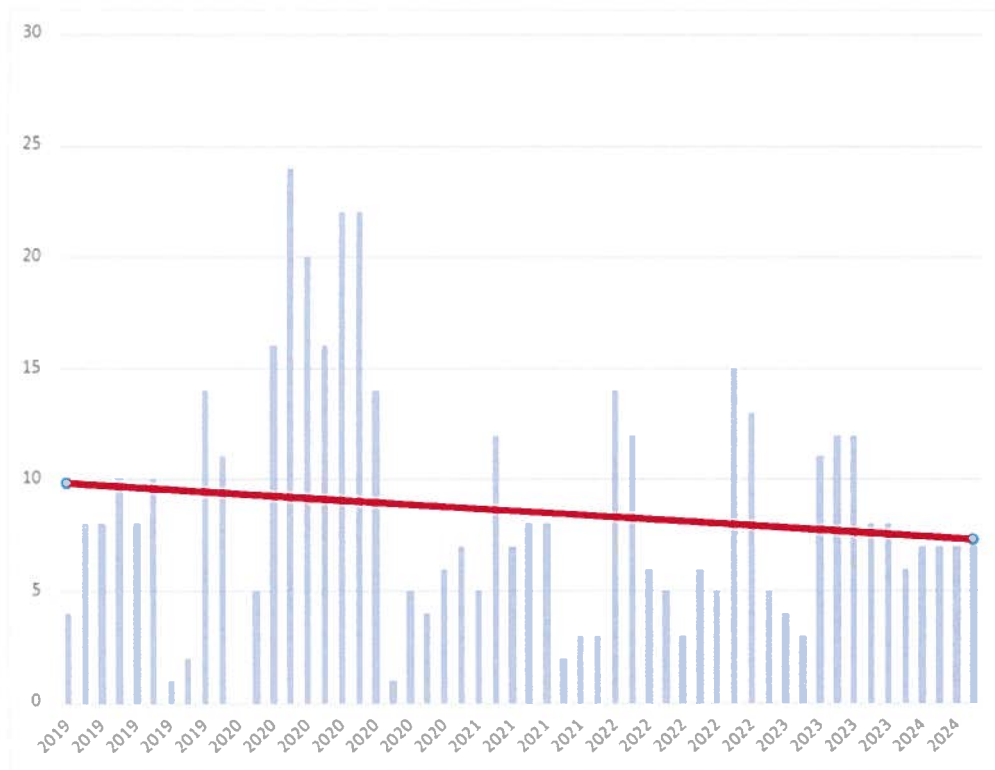
Declining Judicial Applications

This trend line shows a decrease in overall judicial applications.



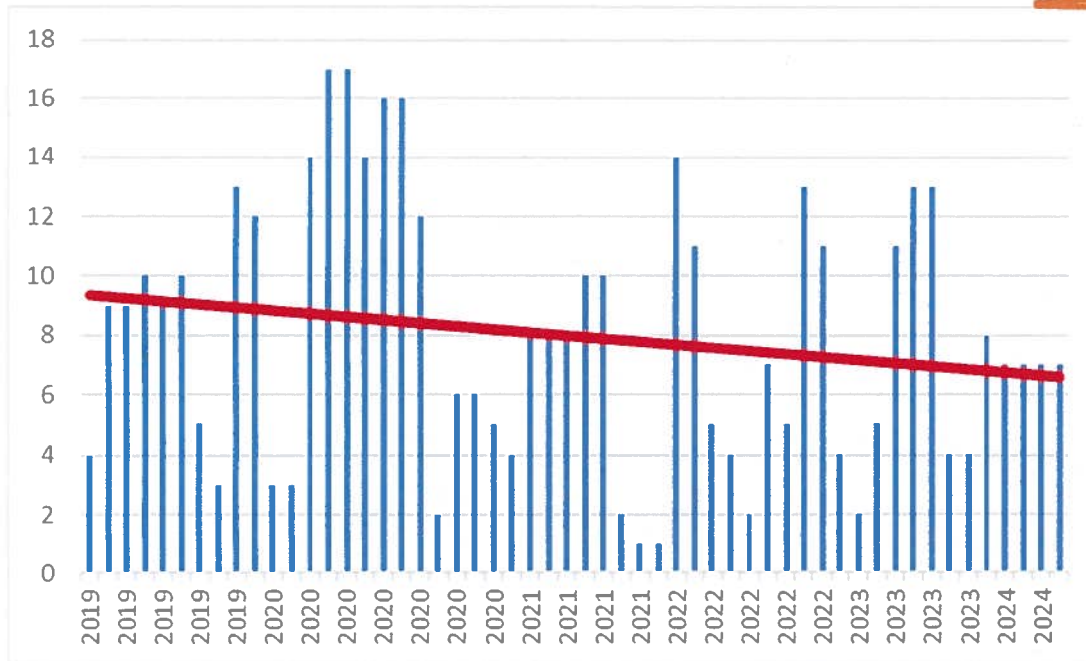
Source: Judiciary. The year indicates the year of the judicial vacancy.

Declining Applications from Female Attorneys



Source: Judiciary. The year indicates the year of the judicial vacancy.

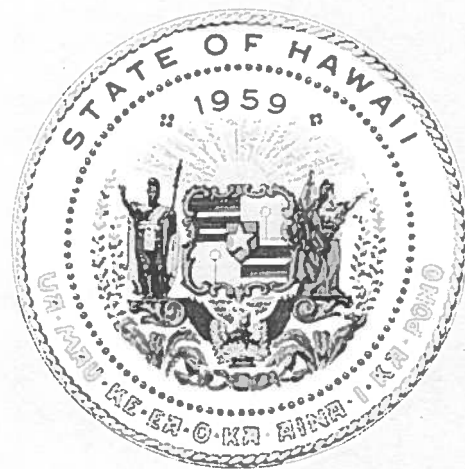
Declining Applications from Private Attorneys



Source: Judiciary. The year indicates the year of the judicial vacancy.



State of Hawaii
Department of Budget and Finance



Factors Affecting Fin Plan

- ❑ Loss of revenue from HB2404/Act 46 (Income Tax Break)
- ❑ Disaster related expenses
- ❑ Outstanding Hazard Pay liability
- ❑ Upcoming collective bargaining requirements
- ❑ Federal uncertainty
- ❑ National concerns (interest rate environment, recession)
- ❑ International concerns (exchange rate impacts, conflicts)

Financial Plan

	Adj. Act ^{1,7,8} <u>FY 23</u>	Adj. Act ^{1,7,8} <u>FY 24</u>	Estimated <u>FY 25</u>	Estimated <u>FY 26</u>	Estimated <u>FY 27</u>	Estimated <u>FY 28</u>	Estimated <u>FY 29</u>
REVENUES:							
Executive Branch:	-1.7%	4.0%	3.50%	2.2%	3.5%	3.1%	3.1%
Tax revenues ²	9,200.2	9,568.3	9,902.1	10,124.5	10,480.1	10,807.9	11,148.1
Nontax revenues ³	965.4	1,041.8	863.8	880.9	889.1	912.5	928.7
Judicial Branch revenues ³	26.6	25.6	26.7	26.7	27.0	27.0	27.0
TOTAL REVENUES	10,192.2	10,635.7	10,792.6	11,032.0	11,396.2	11,747.5	12,103.9
EXPENDITURES							
Executive Branch:							
Operating ⁴	9,184.3	10,733.7	10,321.7	9,978.6	10,035.7	10,182.6	10,254.8
CIP	0.5	330.1	113.3	0.0	0.0	0.0	0.0
Specific appropriation/CB ⁵	1,572.0	780.9	558.5	279.8	312.4	320.4	320.2
Other expenditures/adjustments ⁶	0.0	0.0	110.2	605.0	505.0	105.0	105.0
Sub-total - Exec Branch	10,756.8	11,844.7	11,103.7	10,863.4	10,853.1	10,608.0	10,680.0
Legislative Branch	46.3	47.5	55.7	47.5	47.5	47.5	47.5
Judicial Branch	174.1	189.5	230.6	198.8	198.8	198.8	198.8
OHA	2.3	3.3	3.0	3.0	3.0	3.0	3.0
Counties	0.1	-	-	-	-	-	-
Lapses	(347.3)	(863.3)	(80.0)	(80.0)	(80.0)	(80.0)	(80.0)
TOTAL EXPENDITURES	10,632.3	11,221.7	11,312.9	11,032.6	11,022.3	10,777.3	10,849.2
REV. OVER (UNDER) EXPEND.	(440.1)	(586.0)	(520.4)	(0.6)	373.9	970.2	1,254.6
CARRY-OVER BALANCE (DEFICIT)							
Beginning	2,619.0	2,178.9	1,592.9	1,072.6	1,071.9	1,445.8	2,416.0
Ending	2,178.9	1,592.9	1,072.6	1,071.9	1,445.8	2,416.0	3,670.6



THANK YOU



Hawaii Economic Outlook

Eugene Tian

Department of Business, Economic Development & Tourism

At the

Meeting of The Commission On Salaries

November 22, 2024

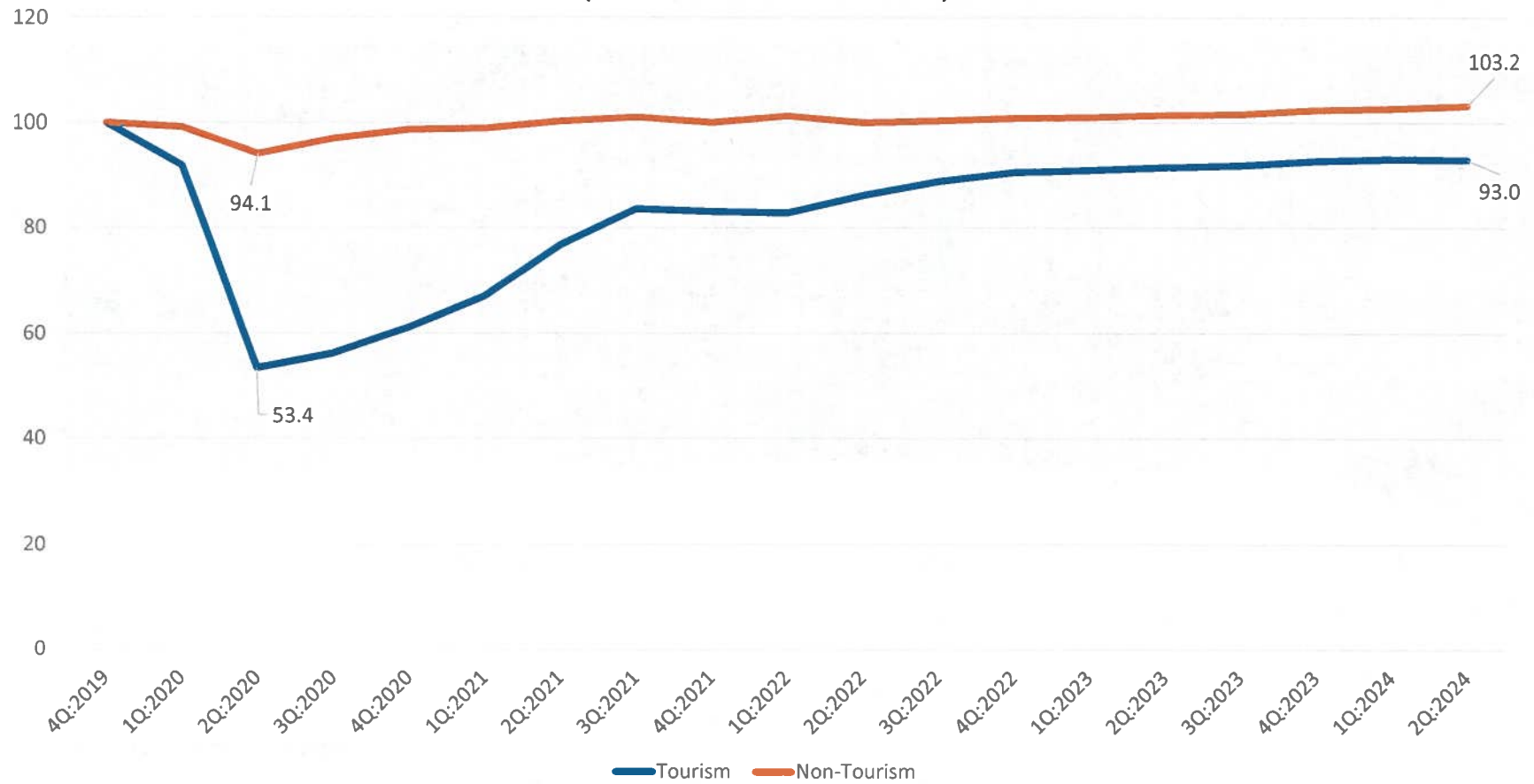
November 2024 world economic growth projections

Economy	2020	2021	2022	2023	2024	2025
USA	-2.2	6.1	2.5	2.9	2.7	2.1
Canada	-5.1	5.0	3.8	1.2	1.1	1.8
Japan	-4.7	2.3	1.1	1.7	0.0	1.2
S. Korea	-0.7	4.3	2.7	1.4	2.3	2.1
Hong Kong	-6.5	6.4	-3.7	3.3	2.7	2.4
Taiwan	3.4	6.5	2.6	1.3	3.9	2.7
China	2.2	8.5	3.0	5.2	4.8	4.4
United Kingdom	-11.0	8.7	4.8	0.3	1.0	1.4
Germany	-4.1	3.1	1.4	-0.1	0.0	0.8
France	-7.9	6.4	2.6	1.1	1.1	0.9
Euro area	-6.3	5.9	3.6	0.5	0.7	1.2
Australia	-1.8	5.2	3.9	2.0	1.3	2.2
Brazil	-3.3	5.0	3.0	2.9	2.8	2.1

Source: Blue Chip Economic Indicators, November 11, 2024

Hawaii economic recovery status

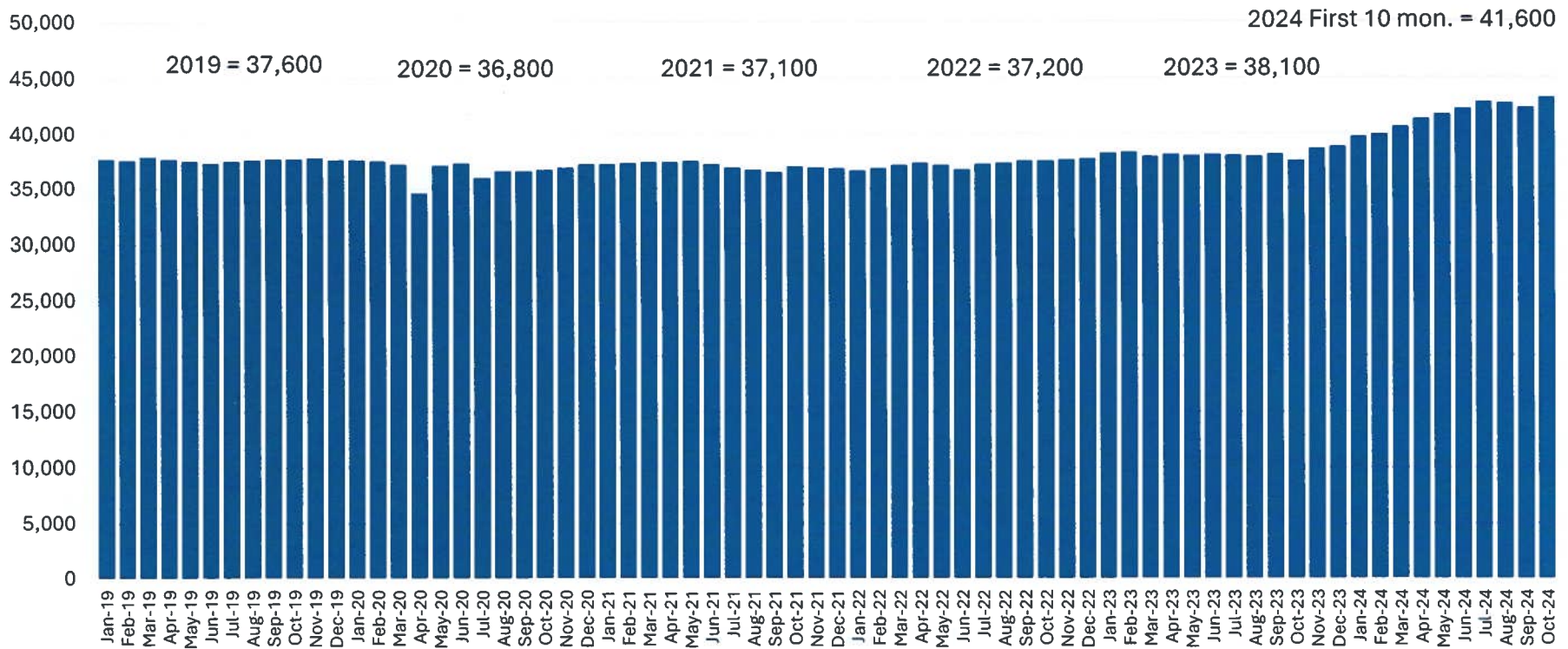
(% of real GDP in 4Q 2019)



Source: U.S. Bureau of Economic Analysis

Construction payroll job count

(Seasonally adjusted)

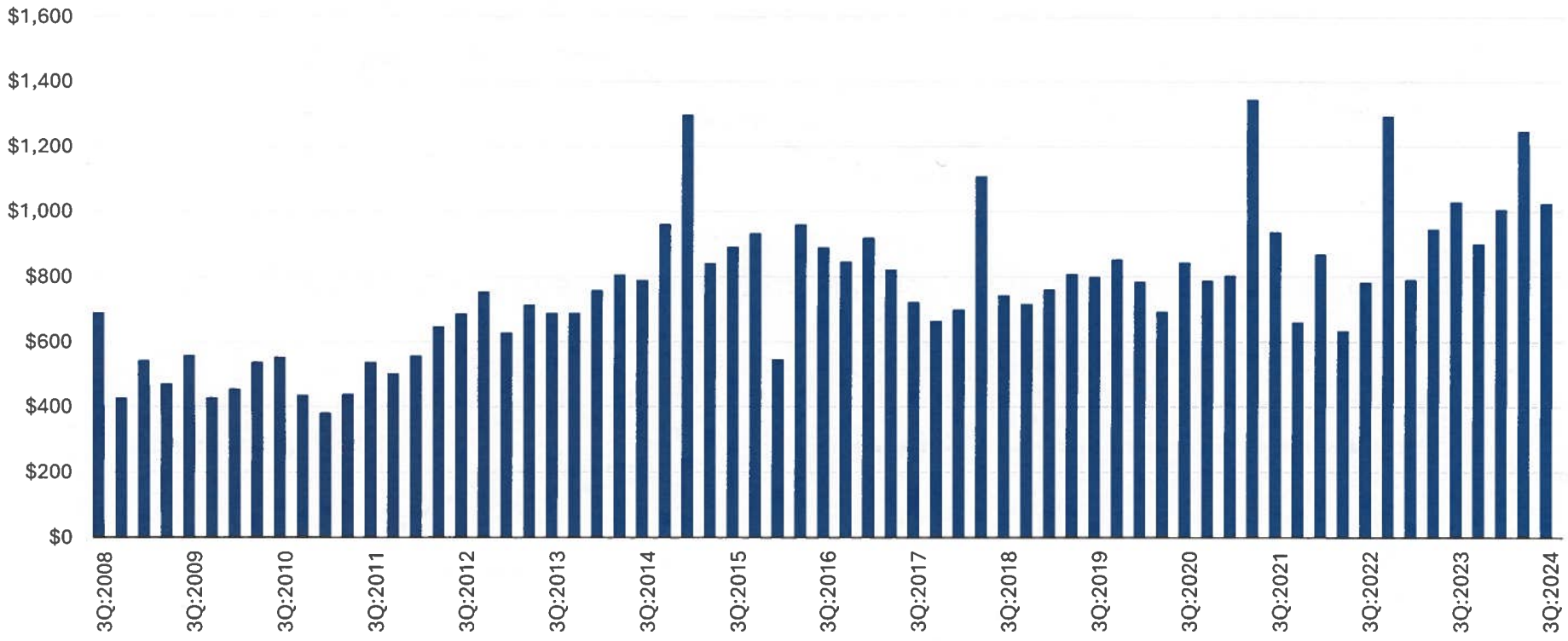


Source: DBEDT



Value of private building permits

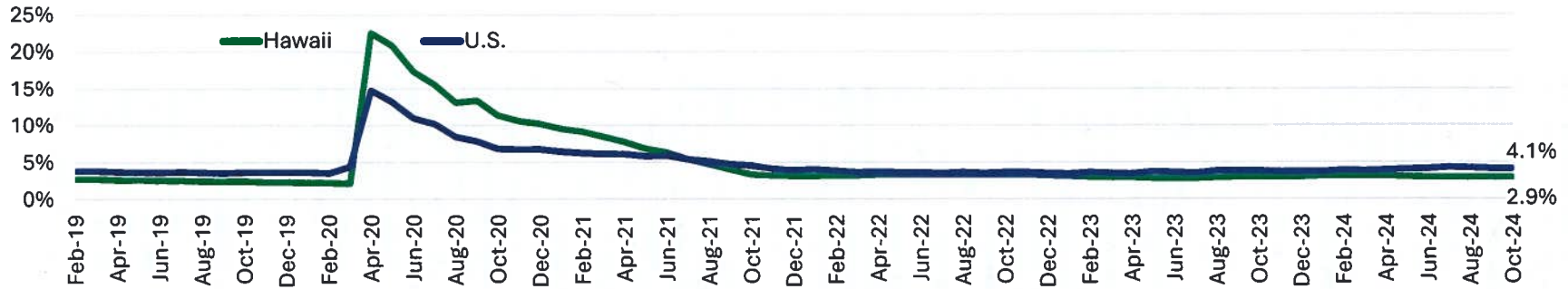
(Value increased 18.6% year-to-date though September 2024)



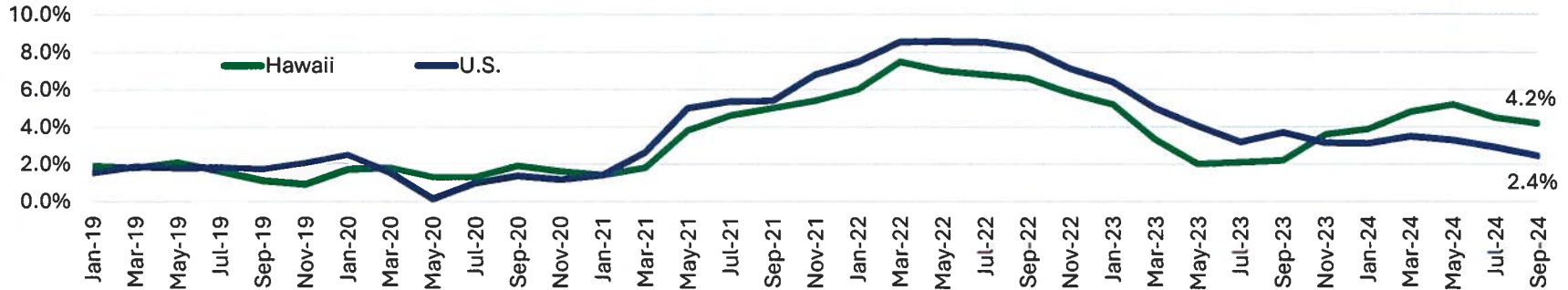
Source: County Building Departments



**As of October, HI unemployment rate was 1.2% point lower than the nation
(2.9% vs 4.1%)**



**As of September, HI consumer inflation was 1.8% points higher than the nation
(4.2% vs 2.4%)**



Source: BLS



Payroll job recovery (January-October) 2024 vs 2019

(not seasonally adjusted)

Industry	State	Honolulu County	Hawaii County	Maui County	Kauai County
Number of payroll jobs still lost	-21,100	-9,900	+200	-9,500	-1,600
Total	96.8	97.9	100.4	88.2	95.3
Construction	111.0	113.5	96.3	114.4	98.1
Manufacturing	90.3	84.5	127.7	97.5	104.0
Wholesale trade	94.2	94.4	98.9	85.6	100.0
Retail trade	90.2	88.3	102.9	84.8	93.9
Transportation & utilities	94.3	96.5	100.9	78.3	106.9
Information	76.4	73.0	95.2	100.0	100.0
Financial activities	89.5	90.7	88.5	83.5	82.6
Professional & business services	97.9	100.5	92.5	80.4	96.8
Educational services	104.4	104.1	100.0	108.3	130.4
Health care	103.8	106.5	97.2	99.2	90.5
Hospitality	94.3	96.9	105.9	80.6	93.5
Other services	90.4	90.1	103.6	82.2	106.3
Government	99.6	99.8	99.6	100.9	96.1

Source: DBEDT



Tourism recovery by market

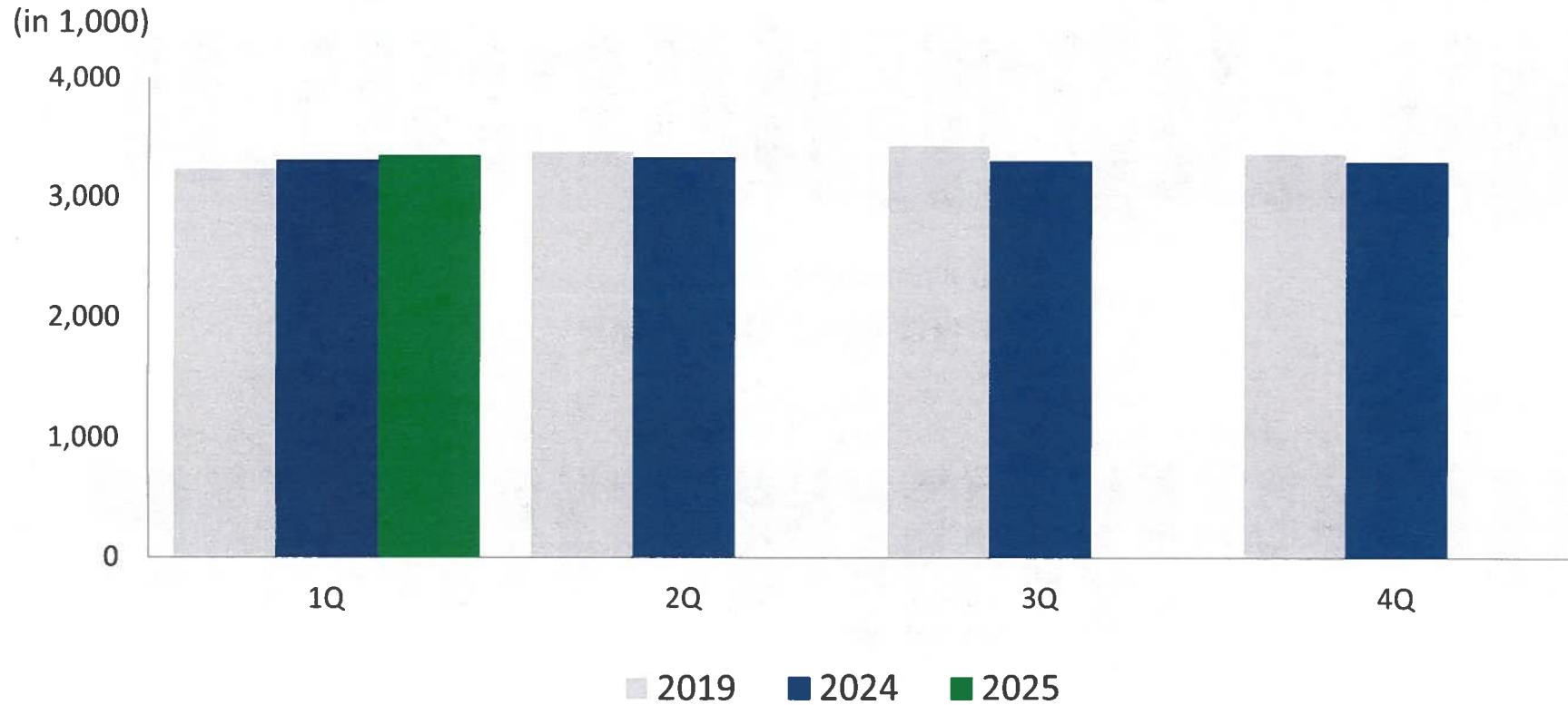
(first 10 months of 2024 as % of same period in 2019)

Market	Visitor arrivals
U.S.	106.0%
Japan	44.5%
Canada	77.6%
All others	81.2%
Cruise ship	111.5%
Total	92.4%

Source: DBEDT

Scheduled air seats will increase in 1Q 2025

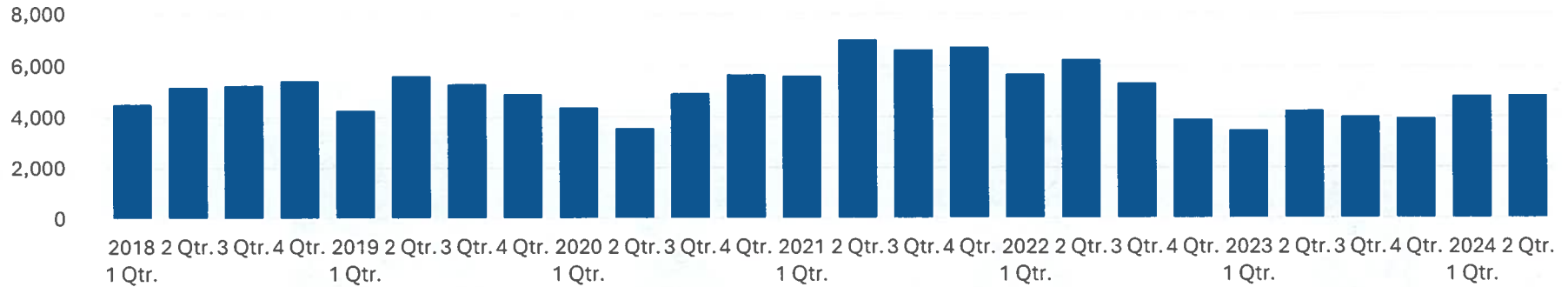
(2024 recovery is 98.8%, and 103.5% in 1Q 2025 from same period in 2019)



Source: Diiio and DBEDT

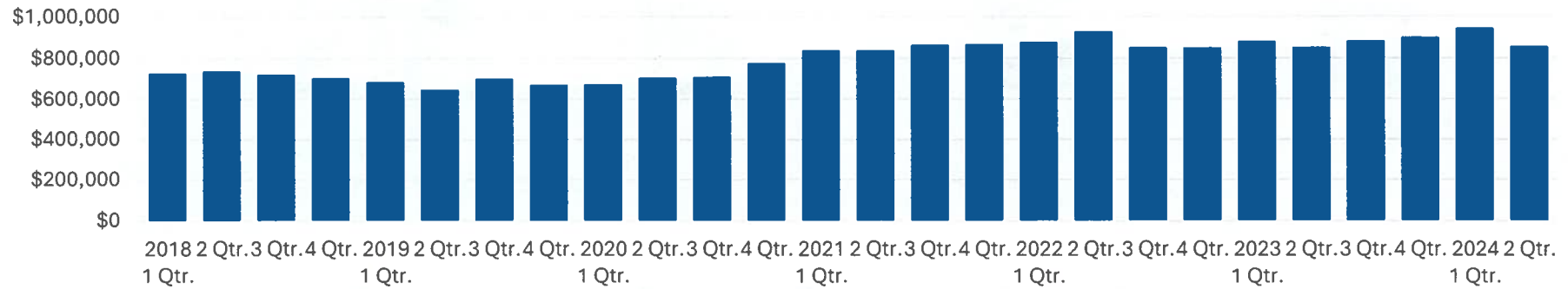
Volume of home sales

(1st half 2024 increased 25.2%)



Average sale price

(1st half 2024 increased 4.0%)



Summary of current economic conditions

- **Construction industry is booming**
- **Real estate industry is improving**
- **U.S. economy continues to grow in 2025**
- **Canadian, Japanese, European and Oceania economies are going to be better in 2025**

- **We are losing labor force and employment, probably population as well**
- **Consumer inflation has been higher**
- **Visitor industry performance in 2024 is below expectation**
- **Uncertainties are still high**

DBEDT most recent economic forecast

Economic Indicators	Actual					Forecast			
	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total population (1,000)	1,457	1,451	1,447	1,439	1,435	1,433	1,433	1,437	1,439
Visitor arrivals (1,000)	10,387	2,708	6,778	9,234	9,658	9,565	9,841	10,092	10,323
Visitor expenditures (\$M)	17,844	5,162	13,154	19,800	20,866	20,744	21,712	22,770	23,874
Honolulu consumer inflation rate (%)	1.6	1.6	3.8	6.5	3.1	4.2	3.1	2.5	2.4
Personal income (\$M)	78,587	82,714	88,342	90,054	94,971	97,695	101,521	105,406	109,632
Non-agricultural wage & salary jobs (1,000)	658.6	560.0	586.9	618.0	632.2	637.3	645.3	653.1	659.7
Civilian unemployment rate (%)	2.5	11.7	6.0	3.3	3.0	2.8	2.7	2.5	2.5
Real GDP growth rate (%)	0.0	-10.1	5.7	2.9	2.0	1.3	2.0	2.1	2.2

Source: Hawaii State Department of Business, Economic Development & Tourism, September 5, 2024



GOVERNOR'S BUDGET EXECUTION POLICIES FISCAL YEAR 2025

Budget Execution Policies for FY 25 contained in this document are generally similar to those issued for FY 24, except for substantive changes, deletions, and/or additions in the following sections (does not include renumbering and updates to budget acts, dates, etc.):

- 2. General Statement of Policies (Item 2.h.)
- 3. Allocations
- 5. Allotment of Appropriations for Specific Purposes from Act 164, SLH 2023, as amended by Act 230, SLH 2024
- [6]. Allotment of Appropriations for Capital Improvement Program Projects in the Operating Budget (deleted)
- 7. Allotment of Appropriations for Funds to Private Agencies
- 8. Deficiency Spending Prohibited
- 9. Lapsing of Funds
- 10. Delegation by Department Heads
- 11. Federal Funds
- 17. Workforce Control
- 18. Transfer of Funds and/or Positions
- 21. Information Systems Technology and Telecommunication Services, Facilities, and Resources
- 24. Procurement of Goods, Services, and Construction (Chapter 103D, HRS) and Purchase of Health and Human Services (Chapter 103F, HRS)
- 26. Allotment Balances/Transfer of Funds
- 29. Capital Improvement Program Expenditures

Questions on the specific policies and instructions contained in this document should be directed to the Department of Budget and Finance (B&F) through the B&F budget analyst(s) assigned to each department.

1. **Scope and Applicability.**

The Governor's Budget Execution Policies and Instructions shall apply to all means of financing (MOF) appropriated and authorized by Act 164, SLH 2023, as amended by Act 230, SLH 2024, and other specific appropriations authorized for expenditure in FY 25 by the 2024 Legislature or other legislative sessions.

26. Allotment Balances/Transfer of Funds.

- a. Requests for Allotment (**Form A-19**) shall be used, as appropriate, for adjustments of program allotments.
- b. Unless otherwise provided by statute, Act 164, SLH 2023, as amended by Act 230, SLH 2024, does not provide authority for the Governor to approve the transfer of operating funds between appropriations within the same fund within an expending agency. In addition, transfers for disasters and DLNR's fire fighter's contingency fund must be done pursuant to emergency proclamation.

This section shall apply to any transfer of funding between any agency or program authorized in Act 164, SLH 2023, as amended by Act 230, SLH 2024, regardless of MOF, except for: UH, DOE, Charter Schools, and special fund appropriation transfers in HHSC, as authorized by general law.

27. Transfer of Vacation Credits.

Pursuant to Section 78-23(b), HRS, transfer of funds representing accumulated vacation credits shall be made only when an employee is transferred between government jurisdictions as defined by Sections 78-1.5 and 76-11, HRS, or between positions within the same jurisdiction that are financed by different funds. Transfer of vacation funds shall not be made when the employee transfers between positions within the same jurisdiction and if the transferred employee's salary is to be paid from the same fund. The transfer of vacation funds can be reversed if the employee returns to his or her original position within the same fiscal year. Vacation transfer funds are considered to be realizations to the general fund or the respective non-general fund.

28. Reimbursement for Vacation Payouts.

Act 164, SLH 2023, as amended by Act 230, SLH 2024, includes \$9,700,000 in general funds for FY 25 for B&F to reimburse departments for vacation payouts made for general-funded employees who have left the Executive Branch of the State of Hawai'i. B&F appropriation account G-25-013-O has been established for the purposes of vacation payout. Reimbursements for split-funded positions should be made for only the general-funded portion.

Reimbursements will be made on a first come, first served basis. Any additional expenses incurred above \$9,700,000 will be the responsibility of the individual departments and agencies.

A monthly report indicating the use of this appropriation shall be submitted to the B&F budget analyst assigned to your department within 10 days of the end of the preceding month. Departments should refer to F.M. No. 19-10, *Vacation Payout Reimbursements for General Fund Employees*, dated August 12, 2019,¹⁶ for the report format and other specific instructions. However, as there is no transfer provision, departments should not include an “authorizing proviso section” in the explanation section of the journal voucher.

29. **Capital Improvement Program Expenditures.**

In general, departments are directed to consult guidelines and instructions in E.M. No. 97-07, *Procedures for Requesting the Implementation of Capital Improvement Projects*, dated June 19, 1997; F.M. No. 19-03, *General Obligation Tax-Exempt Bonds, Use of Bond Proceeds*, dated March 12, 2019; and F.M. No. 19-09, *General Obligation Tax-Exempt Bonds, Private Use of Bond Proceeds and Bond-Financed Facilities, Public-Private Partnership Arrangements and Other Transactions*, dated July 24, 2019.

In addition, the following updated and/or amended guidelines shall also apply:

- a. CIP projects described in Part V of Act 164, SLH 2023, as amended by Act 230, SLH 2024, have been inputted into eCIP. Project information should have already been completed by your department.
- b. The MOF authorized for CIP projects appropriated in Part II described in Part V of Act 164, SLH 2023, as amended by Act 230, SLH 2024, may not be changed to another MOF without legislative amendment or as otherwise provided by law.
- c. Departments with G.O. bond-funded CIP projects appropriated in Part II and described in Part V of Act 164, SLH 2023, as amended by Act 230, SLH 2024, that require supplemental funding may only consider appropriations for the

¹⁶ <https://budget.hawaii.gov/wp-content/uploads/2019/08/FM-19-10-Vacation-Payout-Reimbursements-for-General-Fund-Employees.pdf>