

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEE ON WAYS AND MEANS AND  
THE HOUSE COMMITTEE ON FINANCE

January 21, 2015

Chairs Tokuda and Luke and Members of the Committees:

Thank you for the opportunity to present an overview of the Executive's  
FB 2015-17 budget and the general fund financial plan.

These past few weeks have been a kaleidoscope of activity for me. I have gotten  
a crash course in the intricacies of the State budget as well as a whirlwind exposure to  
some of the myriad of issues and challenges facing the State of Hawaii.

We worked diligently these past few weeks to fulfill Governor Ige's promise to  
deliver a revised budget to the Legislature by the end of January. We just completed a  
series of meetings with the Governor and department heads this past weekend during  
which we worked towards finalizing decisions on the Administration's budget  
adjustments and legislative package. Please be aware though that the details are still  
being worked out in certain areas and that the final amounts requested may differ from  
what is reflected in this presentation.

Our plan is to submit the Administration's bills to the Legislature next Monday,  
January 26th, and the budget worksheets (Forms A and B for the operating budget and  
Form S and Tables P, Q and R for the Capital Improvements Program (CIP) budget)  
next Friday, January 30th. The formal Governor's budget message will follow within two  
weeks after submitting the budget worksheets.

"STATUS QUO" BUDGET

I will be turning now to the FB 2015-17 Executive "status quo" budget and the  
general fund financial plan transmitted to the Legislature on December 22, 2014.

## The Operating Budget

The “status quo” budget developed by the previous Administration sought to continue State services at their current levels. As will be discussed later, the “status quo” budget is not sufficient to maintain current services.

An operating “status quo” budget ceiling was established for each department based on their FY 15 appropriation minus non-recurring expenses plus collective bargaining (reflecting ongoing full-year costs for Units 2, 3, 4, 7, 8 and 9 that have contracts expiring on June 30, 2015; and negotiated increases for Units 1, 5, 6, 10, 11 and 13 that have contracts expiring on June 30, 2017) and Commission on Salaries allocations, as applicable. These base budget amounts were adjusted by requests for:

- Trade-offs and transfers to align the budget with current program operational requirements;
- Selected fixed costs and entitlements requirements;
- Certain non-general fund, including federal fund, requirements; and
- Restoration of justifiable non-recurring items identified by the Legislature.

For FB 2015-17, the operating budget request totaled \$12.6 billion in FY 16 and \$13.1 billion in FY 17 from all means of financing. This represented an increase of 4.0% and 8.2%, respectively, over the current level. Of these amounts, the requests for general funds totaled \$6.5 billion in FY 16 and \$6.8 billion in FY 17. This represented an increase of 4.7% and 9.9%, respectively, over the current level.

The increases were primarily due to escalating non-discretionary costs (general funds for debt service; health premium employer contributions; other post-employment benefits prefunding; retirement benefit employer contributions; and federal and general funds for Medicaid). Another significant factor contributing to increases was collective

bargaining costs for public employees. Limited general fund requests were also included as part of the “status quo” budget. You have heard from the respective departments over the past two weeks on the specifics of these requests.

#### The Capital Improvements Program Budget

For the CIP budget, a total of \$1,136.5 million in FY 16 and \$683.4 million in FY 17 from all means of financing were requested. Of these amounts, the requests for general obligation (G.O.) bonds totaled \$290.8 million (includes \$4.0 million in reimbursable G.O. bonds) in FY 16 and \$255.9 million in FY 17.

A substantial portion of the requested “status quo” G.O. bond funded projects will address health and safety issues or provide major repair and maintenance and other improvements throughout the State. As with the operating budget, you have heard from the respective departments on these requests.

A more in-depth summary of what is contained in the “status quo” Executive budget can be found in “The FB 2015-17 Executive Biennium Budget - Budget in Brief” that is available on Budget and Finance’s website at [www.budget.hawaii.gov/budget/](http://www.budget.hawaii.gov/budget/).

#### “STATUS QUO” GENERAL FUND FINANCIAL PLAN

The “status quo” general fund financial plan shown on Attachment A was based on the Council on Revenues’ September 10, 2014 general fund projections. The tax revenue projections provided for a 3.5% growth rate for FY 15 over FY 14 and a 5.5% growth rate annually for FY 16 through FY 21.

On the expenditure side, the amounts reflected the “status quo” Executive budget request and the Judiciary’s and Office of Hawaiian Affairs’ budget requests, and continuation of FY 14 funding levels for the Legislature. Also included were the

following set-asides for possible funding requirements that were not included in the “status quo” Executive budget:

1. Collective bargaining increases for bargaining units whose contracts expire on June 30, 2015 or whose contracts provide for reopeners for FY 2015-17 and collective bargaining subsidies for the Hawaii Health Systems Corporation;
2. Program expansions which were dependent on passage of the Constitutional Amendment to permit public funds to be used for private early childhood education programs; and
3. “Additional Resources” requests to cover critical program operational costs that were not includable under the strict criteria of the “status quo” budget.

Looking at the bottom of the financial plan to the “Carry-Over Balance (Deficit), Ending” line, you can see that even with the constrained “status quo” budget requests, the ending fund balances steadily decline from \$664.8 million in FY 14 to \$35.8 million in FY 18 (the first year of the following biennium). Looking two lines up at the “Revenue Over (Under) Expenditure” line, you can see the cause for the steady decline in the ending balances - annual expenditures exceed annual revenues by considerable amounts throughout this period.

Positive ending fund balances throughout the financial plan period is required for maintaining a balanced budget as noted in the Attorney General Opinion 97-1. A slight reduction to revenue estimates or increase in projected expenditures during the financial plan period could result in a financial plan that fails to comply with the balanced budget requirement. Furthermore, failure to maintain sufficient ending fund balances and reserves could jeopardize the State’s good bond rating resulting in increased costs impacting bond issues, debt service payments, and operating funds.

This is the reason for the Administration's cautious approach to budgeting and spending. With the small projected ending fund balance for FY 18, any significant increases in spending above the established parameters in this fiscal year or the upcoming biennium could result in a negative ending fund balance.

#### COUNCIL ON REVENUES GENERAL FUND PROJECTION REVISIONS

The Council on Revenues met on January 6, 2015. In its official report to the Governor dated January 12, 2015, the Council revised its general fund tax revenue projection for FY 15 upwards from a 3.5% growth rate to 4.5%, and made no revisions to the growth rates for the subsequent fiscal years. The impact of this increase and slight revisions to its non-tax revenue projections are shown in the table on Attachment B. The revised tax and nontax revenue projections (after taking into account revenues already reflected in the financial plan) amount to an increase of \$53.6 million in FY 15, \$56.3 million in FY 16, \$52.5 million in FY 17, and growing to \$60 - \$70 million per year for FY 18 through FY 21.

For your information, general fund tax collections for the first six months of FY 15 were 6.3% over collections for the same period in FY 14. Tax collections for the remaining six months of FY 15 must average 2.9% per month to reach the Council on Revenues' projection of 4.5% for FY 15.

#### THE REVISED IGE GENERAL FUND FINANCIAL PLAN

The revised Council on Revenues' projections gave the Administration a little more breathing room as we reviewed and considered the numerous pending departmental budget requests that were not included in the "status quo" budget. It allowed us to establish a specific budget planning set-aside for FY 15 emergency

appropriations and to increase the existing planning set-aside for “additional resources” requests.

However, as we delved into detailed budget reviews of the “additional resources” requests, we became aware of more program shortfalls that require additional funding and/or release of restrictions, and more situations where the Administration had little choice but to fund certain FB 2015-17 “additional resources” requests.

Turning now to the revised Ige Administration financial plan on Attachment C, the boxed areas shown on the plan are the revisions that we have made to the “status quo” financial plan. Starting from the top, the first revision is the net change in projected revenues reflecting the latest Council on Revenues’ forecast - these adjustments correspond to the amounts shown previously on Attachment B. The next adjustment line indicates the estimated revenue losses resulting from the two Administration bills that we are proposing to use a portion of the revenues from the barrel tax currently going to the general fund to instead have those revenues go to the Agricultural Development and Food Security Special Fund and the Environmental Response Revolving Fund.

Moving down the page to expenditures, the next adjustment line reflects the Governor’s budget message adjustments that will be requested. These adjustments correspond to the amounts shown on Attachment D, which I will discuss later when I cover the Ige Administration revised budget.

The adjustment line after that includes amounts being requested through specific appropriation bills for FY 15 emergency appropriations and an appropriation to do a major update of the Hawaii State Plan and a set-aside amount for FB 2015-17 subsidies for the Hawaii Health Connector. The Administration will be requesting emergency

appropriations to address the following FY 15 funding shortfalls which require immediate attention:

1. Litigation expenses for ongoing lawsuits;
2. Hawaii Health Connector deficit subsidy;
3. Governor's Office vacation payouts and operations shortfalls;
4. General Assistance program deficit to maintain the current monthly assistance payment level;
5. Hawaii Health Systems Corporation deficit; and
6. Emergency Response Revolving Fund deficit.

The last adjustment line reflects the release of certain departmental 5% restrictions and 5% contingency restrictions to reduce the amounts requested for some of the above noted emergency appropriations and to address other critical FY 15 program shortfalls. These shortfalls include:

1. National Guard expenses in response to the Pahoia lava flow and Hurricane Iselle;
2. School lunch program and student transportation program deficits;
3. Medicaid program reimbursements to the Hawaii Health Connector for Medicaid-related clients enrolled through the Connector's call center; and
4. County emergency medical services contract increases related to the Unit 10 collective bargaining agreement;

In addition, the last adjustment line reflects the deletion of the various budget planning set-asides that were established at the start of the budget planning process to facilitate deliberations. As I mentioned previously, budget planning set-asides were established to provide placeholder amounts for probable additional revenue losses and

expenditures - these set-asides are now being replaced by the decided upon budget requests.

Looking at the ending fund balances, you can see that the balances are an improvement over the balances of the “status quo” financial plan - this is a reflection of the Council on Revenues’ revenue projection increase and staying within the established set-aside parameters. However, please note that although the FY 18 balance appears to be much more robust, it represents less than 2% of FY 18 total revenues. Also note that on the “revenue over (under) expenditures” line (two lines above), annual spending still exceeds annual revenues by a substantial amount for the near-term fiscal years.

#### THE REVISED IGE ADMINISTRATION BUDGET

Given the magnitude and number of “additional resources” requests submitted during the “status quo” budget preparation process and limited time to review these requests, it was clear from the start that a detailed item-by-item process would not be workable to sort through the budget requests in the agreed upon time frame. To illustrate, general fund operating “additional resources” requests totaled 1,081 permanent positions and \$419.4 million in FY 16 and 1,042 permanent positions and \$473.7 million in FY 17.

A triage-like budget review approach was followed to quickly ascertain critical priority funding needs and determine the minimal amounts necessary to address those needs. This process started with my budget staff reviewing the departmental “additional resources” requests and identifying those requests that they felt merited further consideration. Worksheets of these filtered requests were sent back to the departments with instructions to reassess the requests in terms of their necessity, appropriateness



and departmental priority. Departments were allowed to modify the request listing - add requests, delete requests, or modify and reprioritize requests - as they felt necessary.

The revised general fund operating "additional resources" requests totaled \$394.4 million in FY 16 and \$451.2 million in FY 17.

The departments then presented their revised "additional resources" requests to the Governor and his staff and me, my Deputy and my staff. Budget and Finance reviewed these revised requests and made funding recommendations to the Governor who then made his decisions on these requests. The Governor's decisions were then distributed to the departments and they were given an opportunity to make a last appeal to the Governor (which took place this past weekend). The departments will be receiving copies of the Governor's final decisions on their "additional resources" requests today.

#### The Operating Budget

A statewide summary of the revised Ige Administration's general fund operating requests is shown on Attachment D. The left-most columns show the total amounts of each department's revised "additional resources" requests. The next two columns show the total of the Governor's final decisions for each department and the column next to that provides a brief, general description of the nature of the department's requests. The far right columns provide a breakdown of each department's total as a percentage of the overall total.

We acknowledge the significant budget request amounts; however, this budget reflects the additional funding required to support critical governmental operations and to meet contractual and policy commitments that were put in place prior to this Administration taking office. Given that the new fiscal year starts in about five months,

there is insufficient time to implement major program and/or contractual changes at this juncture to significantly lower costs. We will make it a priority to work with departments to find ways to better utilize our scarce resources as we prepare for the FY 17 Supplemental Budget.

#### The Capital Improvements Program Budget

It should be recognized that previously the State's G.O. bond authorizations for each fiscal year had averaged \$680 million. It has only been in the last four years that G.O. bond authorizations have been ramped up to an average of \$1 billion per fiscal year. This CIP push was made as part of a conscious policy to boost construction in order to promote economic activity in the State during the Great Recession. The benefits of such a policy were two-fold: it helped keep our construction companies afloat when there was very little private sector development activity; and it allowed the State to address its facility and repairs and maintenance needs at very competitive pricing levels. But now the situation has changed dramatically -- private sector development activity is booming and the rail project is in full swing -- resulting in escalating public sector project bids. Our past policy of trying to boost construction activity through \$1 billion per year G.O. CIP authorizations is currently working at cross purposes with our charge to be good stewards of the public purse.

With that in mind, the Administration is making a deliberate effort to keep CIP authorizations in its revised budget request closer to prior historical levels, especially with regard to G.O. bond-funded projects. It is important to note that the "status quo" budget already requests CIP authorizations totaling \$1.8 billion from all sources of funding for FY 2015-17, of which \$546.7 million is from G.O. bonds. Further, it should

be noted that there is approximately \$1.9 billion of G.O. CIP projects that are currently authorized but are only at a stage along the contracting process.

Having said that, the State's G.O. borrowing capacity is the one area where we have the funding flexibility to pursue policy initiatives. Municipal bond interest rates are near historical lows and we have sufficient bond margin within the existing G.O. bond authorization plan to accommodate select initiatives. Further, the initiatives being proposed in the revised CIP budget will not directly result in pushing up public sector CIP bids.

A statewide summary of the revised Ige Administration's G.O. bond funded CIP requests is shown on Attachment E. The left-most columns show the total amounts of each department's revised requests for additional CIP funding. The next two columns show the total of the Governor's final decisions for each department and the column next to that provides a brief, general description of the nature of the department's CIP requests. The far right columns provide a breakdown of each department's total as a percentage of the overall total.

#### THE GENERAL FUND EXPENDITURE CEILING

By law, general fund appropriations must comply with the expenditure ceiling requirements that are set forth in Section 9, Article VII of the Hawaii State Constitution and Section 37-92 of the Hawaii Revised Statutes.

At the aggregate level, including all branches of government, total proposed appropriations from the general fund are within the expenditure ceilings for FY 15, FY 16 and FY 17.

For the Executive Branch, currently authorized general fund appropriations are within the Executive Branch's appropriation ceiling for FY 15; however, funding in

proposed emergency and other specific appropriations that will be submitted to the 2015 Legislature will result in the Executive Branch's appropriation ceiling being exceeded by \$12.8 million (or 0.2%). The reasons for this excess are the substantial costs of health care and other critical requirements.

In addition, for the Executive Branch, total proposed appropriations from the general fund (including the FB 2015-17 Executive "status quo" budget, "additional resources" requests and specific appropriations that will be submitted to the 2015 Legislature) are within the appropriation ceiling for the Executive Branch in FY 16, but will exceed the appropriation ceiling by \$117.3 million (or 1.7%) in FY 17. The reasons for this excess are the substantial costs of social assistance entitlements, support for public education, debt service and fringe benefits and other critical requirements.

A summary statement on the General Fund Expenditure Ceiling and Executive Branch Appropriation Ceiling is included as Appendix 1.

#### THE DEBT LIMIT

Section 13, Article VII of the Hawaii State Constitution, places a debt limit on G.O. bonds that may be issued by the State. It has been determined that the total amount of principal and interest calculated on: a) all bonds issued and outstanding; b) all bonds authorized and unissued; and c) all bonds proposed in the Executive budget, including State guaranties, will not cause the debt limit to be exceeded at the time of each bond issuance.

It should be noted that an inadvertent error was found in a prior year CIP project identified for lapsing in the "status quo" CIP budget. That project was incorrectly

designated as reimbursable G.O. bond funded which will result in the bond margin being overstated by \$4,000,000.

This error is accounted for in the corrected Declaration of Findings with respect to the G.O. bond debt limit included as Appendix 2.

TAX REFUND OR CREDIT AND DEPOSIT TO THE EMERGENCY AND BUDGET  
RESERVE FUND

Article VII, Section 6 of the Hawaii State Constitution, requires that whenever the State general fund balance at the close of each of two successive fiscal years exceeds 5% of general fund revenues for each of the two fiscal years, the Legislature must provide for a tax refund or tax credit to the taxpayers of the State or make a deposit into one or more emergency funds, as provided by law. Section 328L-3, Hawaii Revised Statutes, provides that whenever general fund revenues for each of two successive fiscal years exceeds revenues for each of the preceding fiscal years by 5%, 5% of the general fund balance shall be deposited into the Emergency and Budget Reserve Fund (EBRF).

For FYs 13 and 14, general fund balances were greater than 5% of general fund revenues and FY 13 general fund revenues were greater than 5% of the previous year's revenues; however, general fund revenues for FY 14 were not greater than 5% of the previous year's revenues. Accordingly, the 2015 Legislature must provide for a tax refund or tax credit but need not make a deposit into the EBRF.

In summary, this revised Executive budget and financial plan reflects our continued commitment to deal with the State's long-term obligations, meet federal and State mandates, and maintain operations to deliver much needed public services. I want to thank you again for the opportunity to make this presentation. The Ige

Administration will work with you on a continual basis during the 2015 Session deliberations on the FB 2015-17 Executive budget and the general fund financial plan.

Attachments

**MULTI-YEAR FINANCIAL SUMMARY**  
**GENERAL FUND**  
**FISCAL YEARS 14 - 21**  
(in millions of dollars)

	<u>Actual*</u> <u>FY 14</u>	<u>Estimated</u> <u>FY 15</u>	<u>Estimated</u> <u>FY 16</u>	<u>Estimated</u> <u>FY 17</u>	<u>Estimated</u> <u>FY 18</u>	<u>Estimated</u> <u>FY 19</u>	<u>Estimated</u> <u>FY 20</u>	<u>Estimated</u> <u>FY 21</u>
<b>REVENUES:</b>								
Executive Branch:								
Tax revenues	5,370.7	5,558.2	5,863.9	6,186.4	6,526.7	6,885.7	7,264.4	7,663.9
Nontax revenues	690.9	606.0	601.4	614.7	620.0	628.5	630.9	632.2
Judicial Branch revenues	34.7	35.8	36.4	37.1	37.8	38.4	39.1	39.8
Other revenues	-	88.7	40.0	80.0	80.0	80.0	80.0	80.0
<b>TOTAL REVENUES</b>	<b>6,096.2</b>	<b>6,288.7</b>	<b>6,541.7</b>	<b>6,918.2</b>	<b>7,264.4</b>	<b>7,632.6</b>	<b>8,014.4</b>	<b>8,415.9</b>
<b>EXPENDITURES</b>								
Executive Branch:								
Operating	5,944.3	6,070.4	6,478.9	6,800.3	6,997.6	7,214.5	7,322.5	7,441.7
CIP	-	-	-	-	-	-	-	-
Specific appropriations	268.0	240.8	5.0	5.0	5.0	5.0	5.0	5.0
Other expenditures/adjustments	0.3	15.7	145.2	194.2	209.4	212.4	212.4	212.4
<b>Sub-total - Exec Branch</b>	<b>6,212.6</b>	<b>6,326.9</b>	<b>6,629.1</b>	<b>6,999.5</b>	<b>7,212.0</b>	<b>7,431.9</b>	<b>7,539.9</b>	<b>7,659.1</b>
Legislative Branch	35.5	35.5	35.5	35.5	35.5	35.5	35.5	35.5
Judicial Branch	148.7	154.9	159.5	162.0	162.0	162.0	162.0	162.0
OHA	3.1	2.7	3.7	3.7	3.7	3.7	3.7	3.7
Counties	-	-	-	-	-	-	-	-
Lapses	(124.5)	(80.0)	(80.0)	(80.0)	(80.0)	(80.0)	(80.0)	(80.0)
<b>TOTAL EXPENDITURES</b>	<b>6,275.4</b>	<b>6,440.0</b>	<b>6,747.9</b>	<b>7,120.8</b>	<b>7,333.3</b>	<b>7,553.2</b>	<b>7,661.2</b>	<b>7,780.4</b>
<b>REV. OVER (UNDER) EXPEND.</b>	<b>(179.2)</b>	<b>(151.4)</b>	<b>(206.2)</b>	<b>(202.6)</b>	<b>(68.9)</b>	<b>79.4</b>	<b>353.2</b>	<b>635.5</b>
<b>CARRY-OVER BALANCE (DEFICIT)</b>								
Beginning	844.0	664.8	513.5	307.3	104.7	35.8	115.2	468.4
Ending	664.8	513.5	307.3	104.7	35.8	115.2	468.4	1,103.9
Ending fund balance as % of revenues	10.91%	8.17%	4.70%	1.51%	0.49%	1.51%	5.84%	13.12%
<i>Emergency &amp; Budget Reserve Fund</i>	<i>83.2</i>	<i>90.9</i>	<i>103.4</i>	<i>116.0</i>	<i>125.5</i>	<i>135.1</i>	<i>144.6</i>	<i>154.2</i>
<i>Hawaii Hurricane Relief Fund</i>	<i>126.6</i>	<i>182.4</i>	<i>182.7</i>	<i>183.0</i>	<i>183.5</i>	<i>184.0</i>	<i>184.5</i>	<i>185.0</i>
<b>Total - Reserves</b>	<b>209.8</b>	<b>273.3</b>	<b>286.1</b>	<b>299.0</b>	<b>309.0</b>	<b>319.1</b>	<b>329.1</b>	<b>339.2</b>
<i>Reserves fund balances as % of revenues</i>	<i>3.44%</i>	<i>4.35%</i>	<i>4.37%</i>	<i>4.32%</i>	<i>4.25%</i>	<i>4.18%</i>	<i>4.11%</i>	<i>4.03%</i>

\* unaudited

Comparison Between Council on Revenues' January 12, 2015 and September 10, 2014 Reports  
General Fund  
(in millions of dollars)

		<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>
<b>Tax revenues</b>										
		9.9%	-1.8%	4.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
	01-12-15	5,466.9	5,370.3	5,611.9	5,920.6	6,246.2	6,589.8	6,952.2	7,334.6	7,738.0
		9.9%	-1.8%	3.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
	09-10-14	5,466.9	5,370.3	5,558.2	5,863.9	6,186.4	6,526.7	6,885.7	7,264.4	7,663.9
	<b>Difference</b>	-	-	<b>53.7</b>	<b>56.7</b>	<b>59.8</b>	<b>63.1</b>	<b>66.5</b>	<b>70.2</b>	<b>74.0</b>
<b>Non-tax revenues</b>										
Executive Branch:										
	01-12-15	730.5	690.9	694.6	601.1	607.5	617.3	624.5	626.6	629.1
	09-10-14	730.5	690.9	606.0	601.4	614.7	620.0	628.5	630.9	632.2
	<b>Difference</b>	-	-	<b>88.6</b>	<b>(0.3)</b>	<b>(7.2)</b>	<b>(2.7)</b>	<b>(3.9)</b>	<b>(4.3)</b>	<b>(3.0)</b>
Judiciary:										
	01-12-15	35.7	34.7	35.8	36.4	37.1	37.8	38.4	39.1	39.8
	09-10-14	35.7	34.7	37.0	37.7	38.4	39.1	39.8	39.8	39.8
	<b>Difference</b>	-	-	<b>(1.3)</b>	<b>(1.3)</b>	<b>(1.3)</b>	<b>(1.3)</b>	<b>(1.3)</b>	<b>(0.6)</b>	<b>0.0</b>
<b>Total - Non-tax revenues</b>										
	01-12-15	766.1	725.6	730.3	637.4	644.6	655.1	663.0	665.7	668.9
	09-10-14	766.1	725.6	643.0	639.1	653.1	659.1	668.2	670.6	671.9
	<b>Difference</b>	-	-	<b>87.3</b>	<b>(1.7)</b>	<b>(8.5)</b>	<b>(4.0)</b>	<b>(5.3)</b>	<b>(4.9)</b>	<b>(3.0)</b>
<b>TOTAL - TAX + NON-TAX</b>										
	01-12-15	6,233.1	6,095.8	6,342.3	6,558.0	6,890.8	7,244.9	7,615.2	8,000.3	8,406.9
	09-10-14	6,233.1	6,095.8	6,201.2	6,503.0	6,839.5	7,185.8	7,553.9	7,935.0	8,335.9
	<b>DIFFERENCE</b>	-	-	<b>141.0</b>	<b>55.0</b>	<b>51.2</b>	<b>59.1</b>	<b>61.3</b>	<b>65.3</b>	<b>71.0</b>
Already included in fin plan:										
Act 134/14 - Transfer excess from Med inv rec fund				1.0						
Premiums onf bonds sold (Nov. 2014)				87.7						
Judiciary non-tax revenue updates				(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	(0.6)	0.0
<b>Net impact on fin plan</b>				-	-	53.6	56.3	52.5	60.4	62.6
		-	-	53.6	56.3	52.5	60.4	62.6	65.9	71.0



**MULTI-YEAR FINANCIAL SUMMARY  
GENERAL FUND  
FISCAL YEARS 14 - 21  
(in millions of dollars)**

	<u>Actual*</u> <u>FY 14</u>	<u>Estimated</u> <u>FY 15</u>	<u>Estimated</u> <u>FY 16</u>	<u>Estimated</u> <u>FY 17</u>	<u>Estimated</u> <u>FY 18</u>	<u>Estimated</u> <u>FY 19</u>	<u>Estimated</u> <u>FY 20</u>	<u>Estimated</u> <u>FY 21</u>
<b>REVENUES:</b>								
Executive Branch:								
Tax revenues	5,370.7	5,558.2	5,863.9	6,186.4	6,526.7	6,885.7	7,264.4	7,663.9
Nontax revenues	690.9	606.0	601.4	614.7	620.0	628.5	630.9	632.2
Judicial Branch revenues	34.7	35.8	36.4	37.1	37.8	38.4	39.1	39.8
Other revenues	-	88.7	40.0	80.0	80.0	80.0	80.0	80.0
Net impact of COR 1-12-15 changes		53.6	56.3	52.5	60.4	62.6	65.9	71.0
Executive revenue impact bills			(4.4)	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)
<b>TOTAL REVENUES</b>	<b>6,096.2</b>	<b>6,342.3</b>	<b>6,593.6</b>	<b>6,966.4</b>	<b>7,320.5</b>	<b>7,690.8</b>	<b>8,075.9</b>	<b>8,482.5</b>
<b>EXPENDITURES</b>								
Executive Branch:								
Operating	5,944.3	6,070.4	6,478.9	6,800.3	6,997.6	7,214.5	7,322.5	7,441.7
Gov budget messages			117.0	120.2	120.2	120.2	120.2	120.2
Specific appropriations	268.0	240.8	5.0	5.0	5.0	5.0	5.0	5.0
Other expenditures/adjustments	0.3	15.7	145.2	194.2	209.4	212.4	212.4	212.4
Executive emergency/specific apprns		28.8	13.3	13.3	-	-	-	-
Release restr/delete budget planning set-asides		0.1	(92.4)	(92.4)	(103.0)	(106.0)	(106.0)	(106.0)
<b>Sub-total - Exec Branch</b>	<b>6,212.6</b>	<b>6,355.8</b>	<b>6,667.0</b>	<b>7,040.6</b>	<b>7,229.3</b>	<b>7,446.1</b>	<b>7,554.1</b>	<b>7,673.3</b>
Legislative Branch	35.5	35.5	35.5	35.5	35.5	35.5	35.5	35.5
Judicial Branch	148.7	154.9	159.5	162.0	162.0	162.0	162.0	162.0
OHA	3.1	2.7	3.7	3.7	3.7	3.7	3.7	3.7
Counties	-	-	-	-	-	-	-	-
Lapses	(124.5)	(80.0)	(80.0)	(80.0)	(80.0)	(80.0)	(80.0)	(80.0)
<b>TOTAL EXPENDITURES</b>	<b>6,275.4</b>	<b>6,468.9</b>	<b>6,785.8</b>	<b>7,161.9</b>	<b>7,350.5</b>	<b>7,567.4</b>	<b>7,675.4</b>	<b>7,794.6</b>
<b>REV. OVER (UNDER) EXPEND.</b>	<b>(179.2)</b>	<b>(126.7)</b>	<b>(192.2)</b>	<b>(195.5)</b>	<b>(30.1)</b>	<b>123.4</b>	<b>400.4</b>	<b>687.9</b>
<b>CARRY-OVER BALANCE (DEFICIT)</b>								
Beginning	844.0	664.8	538.2	346.0	150.5	120.4	243.8	644.2
Ending	664.8	538.2	346.0	150.5	120.4	243.8	644.2	1,332.1

**Statewide General Fund Summary**  
**Revised Department "Additional Resources" Requests\***

DEPT	"ADDT'L RESOURCES" REVISED REQUESTS		GOV'S DECISIONS		DESCRIPTION	As % of TTL	
	FY16	FY17	FY16	FY17		FY16	FY17
AGS	6,472,784	7,186,339	4,688,334	5,393,668	Network operations costs; voter registration	4.0%	4.5%
AGR	5,043,812	87,624	43,812	87,624	Pesticide inspectors	0.0%	0.1%
ATG	4,389,739	10,886,739	1,220,000	880,000	Salary shortage; sex assault services support	1.0%	0.7%
BED	910,297	419,005	876,577	385,285	Creative Lab Program; HI Growth broadband	0.7%	0.3%
BUF	18,800	18,800	18,800	18,800	PD neighbor island office rental	0.0%	0.0%
DEF	4,962,377	2,877,764	1,109,223	513,081	Veterans cemetary; support for new NG bldgs	0.9%	0.4%
EDN	65,148,702	76,467,321	25,915,096	21,894,594	Enrollment incr; WSF incr; lunch & trans deficits	22.1%	18.2%
EDN-CS	-	-	1,580,848	1,302,293	WSF adj	1.4%	1.1%
EDN-LIB	2,792,910	2,416,074	1,208,586	860,382	New libraries operations cost	1.0%	0.7%
GOV	358,690	430,549	358,690	430,549	Transition-related expenses & operations	0.3%	0.4%
HHL	10,608,656	10,872,766	-	-		0.0%	0.0%
HTH	37,467,323	41,125,345	23,711,122	28,391,378	DD; EMS; State hosp; Kupuna Care; vector cntl	20.3%	23.6%
HTH-HHSC	117,285,000	149,998,000	21,000,000	21,000,000	Subsidy increase	17.9%	17.5%
HRD	-	-	-	-		0.0%	0.0%
HMS	71,058,248	73,255,633	13,552,968	16,988,079	GA; homeless; Medicaid; TANF; systems maint	11.6%	14.1%
LBR	583,031	721,731	883,031	1,021,731	FF match reqmt; Disability comp; Prepaid TF	0.8%	0.8%
LNR	14,726,883	13,551,419	6,624,529	5,962,844	SHPD; KIRC; Inv species; Fisheries enforc unit	5.7%	5.0%
LTG	132,000	132,000	132,000	132,000	OIP 1/2 attorney	0.1%	0.1%
PSD	16,756,087	22,128,860	6,250,967	7,351,907	Full yr postn funding; prison food; renov relocatn	5.3%	6.1%
TAX	515,239	206,481	361,546	111,546	Full yr postn funding; Tax Review Comm	0.3%	0.1%
UOH	35,494,636	38,881,418	7,500,000	7,500,000	General support	6.4%	6.2%
Total	394,725,214	451,663,868	117,036,129	120,225,761		100%	100%

\* Additions to the FB 15-17 "Status Quo" Executive Budget

**FB 15-17 EXEC BIENNIUM BUDGET - CIP**  
**Statewide Totals by Department - GO & GOR**

DEPT	DEPT REVISED REQUESTS		GOV'S DECISIONS		DESCRIPTION	As % of TTL	
	FY 16	FY 17	FY 16	FY 17		FY 16	FY 17
AGS	37,020,000	39,030,000	-	-		0.0%	0.0%
AGR	150,000	750,000	5,000,000	-	Infusion for ag loans	4.3%	0.0%
ATG	-	-	-	-		0.0%	0.0%
BED	1,000,000	-	111,000,000	-	Infusion for RHTF & HI Growth; NELHA paving	94.5%	0.0%
BUF	-	-	-	-		0.0%	0.0%
CCA	-	-	-	-		0.0%	0.0%
DEF	3,454,375	28,190,250	-	25,384,000	Oahu VA long term care facility	0.0%	96.2%
EDN	299,700,000	313,000,000	-	-		0.0%	0.0%
EDN-CS	13,420,000	11,500,000	-	-		0.0%	0.0%
EDN-LIB	1,000,000	500,000	-	-		0.0%	0.0%
GOV	-	-	-	-		0.0%	0.0%
HHL	5,000,000	-	-	-		0.0%	0.0%
HTH	5,622,000	(59,000)	-	-		0.0%	0.0%
HTH-HHSC	33,861,000	71,653,000	-	-		0.0%	0.0%
HRD	-	-	-	-		0.0%	0.0%
HMS	-	-	-	-		0.0%	0.0%
LBR	-	-	-	-		0.0%	0.0%
LNR	11,500,000	11,500,000	-	-		0.0%	0.0%
LTG	-	-	-	-		0.0%	0.0%
PSD	2,250,000	-	-	-		0.0%	0.0%
SUB	-	-	-	-		0.0%	0.0%
TAX	472,000	-	472,000	-	TAX office improv to work with taxpayers	0.4%	0.0%
TRN	-	-	-	-		0.0%	0.0%
UOH	145,304,000	139,900,000	1,000,000	1,000,000	Capital renewal and deferred maintenance	0.9%	3.8%
Total	559,753,375	615,964,250	117,472,000	26,384,000		100.0%	100.0%
Bien. Total		1,175,717,625		143,856,000			

Note: In addition to the 143,856,000 in new authorizations, an error was found in a prior year CIP identified for lapsing. That project was incorrectly designated as reimbursable general obligation bond funded which will result in the bond margin being reduced by 4,000,000.

**SUMMARY STATEMENT OF GENERAL FUND  
EXPENDITURE CEILING AND APPROPRIATIONS (Revised)\***

**A. Total State Personal Income and State Growth**

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1. Total State Personal Income (in \$ millions)

Calendar Year 2010	56,824
Calendar Year 2011	59,192
Calendar Year 2012	61,968
Calendar Year 2013	63,468
Calendar Year 2014*	65,689
Calendar Year 2015*	67,989

\* As estimated by the Council on Revenues Nov. 2014

2. State Growth

Fiscal Year 2015	3.76%
Fiscal Year 2016	3.54%
Fiscal Year 2017	3.14%

**B. All Branches of State Government**

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1. General Fund Appropriations

Fiscal Year 2014 (incl proposed)	\$ 6,399,670,330
Fiscal Year 2015 (incl proposed)	\$ 6,633,302,517
Fiscal Year 2016 (incl proposed)	\$ 6,768,966,653
Fiscal Year 2017 (incl proposed)	\$ 7,096,183,337

2. General Fund Expenditure Ceiling

Fiscal Year 2015	\$ 7,576,523,885
Fiscal Year 2016	\$ 7,844,491,067
Fiscal Year 2017	\$ 8,090,823,885

**C. Executive Branch**

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1. Recommended General Fund Appropriations

Fiscal Year 2016	\$ 6,601,207,791
Fiscal Year 2017	\$ 6,925,803,616

2. Actual General Fund Appropriations

Fiscal Year 2014	\$6,212,309,385
Fiscal Year 2015	\$ 6,425,005,782
Proposed add'l appropriations	\$ 33,829,642

Total - FY 2015 apprms \$ 6,458,835,424

3. General Fund Appropriation Ceiling

Fiscal Year 2015	\$6,445,844,184
Fiscal Year 2016	\$6,687,272,099
Fiscal Year 2017	\$6,808,499,010

Note: For the Executive Branch, includes proposed emergency and specific appropriations for FY 15 and FB 15-17 "status quo" budget, additional resources requests and proposed specific appropriations for FY 16 and FY 17.

Corrected 1/20/15

## DECLARATION OF FINDINGS

Pursuant to Section 37-71(d)(6) of the Hawaii Revised Statutes, the Director of Finance finds and declares that with respect to the proposed capital improvement appropriations for the budget period 2015-2017 for which the source of funding is general obligation bonds:

(1) Limitation on general obligation debt. Article VII, Section 13, of the State Constitution, states in part: "General obligation bonds may be issued by the State; provided that such bonds at the time of issuance would not cause the total amount of principal and interest payable in the current or any future fiscal year, whichever is higher, on such bonds and on all outstanding general obligation bonds to exceed ... a sum equal to eighteen and one-half percent of the average of the general fund revenues of the State in the three fiscal years immediately preceding such issuance." Article VII, Section 13, also provides that in determining the power of the State to issue general obligation bonds, certain bonds are excludable, including "reimbursable general obligation bonds issued for a public undertaking, improvement or system but only to the extent that reimbursements to the general fund are in fact made from the net revenue, or net user tax receipts, or combination of both, as determined for the immediately preceding fiscal year."

(2) Actual and estimated debt limits. The limit on principal and interest of general obligation bonds issued by the State, actual for fiscal year 2014-2015 and estimated for each fiscal year from fiscal year 2015-2016 to 2018-2019, is as follows:

<u>Fiscal Year</u>	<u>Net General Fund Revenues</u>	<u>Debt Limit</u>
2011-2012	5,648,800,650	
2012-2013	6,226,008,766	
2013-2014	6,088,589,303	
2014-2015	6,193,855,000	1,107,742,921
2015-2016	6,497,096,000	1,141,354,606
2016-2017	6,833,970,000	1,158,071,652
2017-2018	7,181,386,000	1,204,036,795
2018-2019	(not applicable)	1,264,934,540

For fiscal years 2014-2015, 2015-2016, 2016-2017, 2017-2018 and 2018-2019 respectively, the debt limit is derived by multiplying the average of the net general fund revenues for the three preceding fiscal years by eighteen and one-half percent. The net general fund revenues for fiscal years 2011-2012, 2012-2013 and 2013-2014 are actual, as certified by the Director of Finance in the Statement of the Debt Limit of the State of Hawaii as of July 1, 2014, dated September 29, 2014. The net general fund revenues for fiscal years 2014-2015 to 2017-2018 are estimates, based on general fund revenue estimates made as of September 4, 2014, by the Council On Revenues, the body assigned by Article VII, Section 7, of the State Constitution to make such estimates, and based on estimates made by the Department of Budget and Finance of those receipts which cannot be included as general fund revenues for the purpose of calculating the debt limit, all of which estimates the Director of Finance finds to be reasonable.

(3) Principal and interest on outstanding bonds applicable to the debt limit. In determining the power of the State to issue general obligation bonds for the fiscal years 2014-2015 to 2034-2035, the total amounts of principal and interest on outstanding general obligation bonds are as follows:

Fiscal Year	Gross			Excludable			Net Debt Service		
Ending June 30	Principal Payable	Interest Payable	Debt Service Payable	Principal Payable	Interest Payable	Debt Service Payable	Principal Payable	Interest Payable	Debt Service Payable
2015	413,970,000	269,336,487	683,306,487	5,684,380	1,694,914	7,379,294	408,285,620	267,641,573	675,927,193
2016	414,145,000	279,788,472	693,933,472	4,392,997	1,540,729	5,933,726	409,752,003	278,247,743	687,999,746
2017	431,530,000	255,027,632	686,557,632	4,162,432	1,409,788	5,572,219	427,367,568	253,617,844	680,985,413
2018	409,010,000	237,727,401	646,737,401	3,111,048	1,274,682	4,385,731	405,898,952	236,452,719	642,351,670
2019	414,835,000	221,650,051	636,485,051	2,230,352	1,153,278	3,383,630	412,604,648	220,496,773	633,101,421
2020	388,295,000	201,183,495	589,478,495	2,339,328	1,044,279	3,383,607	385,955,672	200,139,216	586,094,887
2021	341,850,000	183,637,725	525,487,725	2,453,591	930,000	3,383,591	339,396,409	182,707,724	522,104,133
2022	360,695,000	167,063,700	527,758,700	2,572,569	808,089	3,380,658	358,122,431	166,255,611	524,378,042
2023	359,595,000	149,569,752	509,164,752	2,700,670	680,029	3,380,698	356,894,330	148,889,723	505,784,054
2024	368,595,000	131,973,038	500,568,038	2,835,234	545,738	3,380,972	365,759,766	131,427,300	497,187,066
2025	345,995,000	115,230,624	461,225,624	2,976,674	404,301	3,380,975	343,018,326	114,826,322	457,844,649
2026	338,910,000	99,428,241	438,338,241	3,124,957	255,885	3,380,842	335,785,043	99,172,356	434,957,399
2027	305,430,000	82,419,828	387,849,828	1,135,554	100,184	1,235,738	304,294,446	82,319,644	386,614,091
2028	292,190,000	68,008,193	360,198,193	893,484	43,869	937,352	291,296,516	67,964,324	359,260,841
2029	273,850,000	53,269,776	327,119,776	0	0	0	273,850,000	53,269,776	327,119,776
2030	234,500,000	39,466,709	273,966,709	0	0	0	234,500,000	39,466,709	273,966,709
2031	199,505,000	27,814,447	227,319,447	0	0	0	199,505,000	27,814,447	227,319,447
2032	208,705,000	18,522,869	227,227,869	0	0	0	208,705,000	18,522,869	227,227,869
2033	144,420,000	10,477,916	154,897,916	0	0	0	144,420,000	10,477,916	154,897,916
2034	109,240,000	4,726,733	113,966,733	0	0	0	109,240,000	4,726,733	113,966,733
2035	51,965,000	1,118,719	53,083,719	0	0	0	51,965,000	1,118,719	53,083,719

Additionally, the outstanding principal amount of bonds constituting instruments of indebtedness in which the State has incurred a contingent liability as a guarantor is \$233,500,000, all or a portion of which pursuant to Article VII, Section 13 of the State Constitution, is excludable in determining the power of the State to issue general obligation bonds.

(4) Amount of authorized and unissued general obligation bonds and proposed bonds. As calculated from the State Comptroller's bond fund report as of October 31, 2014, the total amount of authorized and unissued general obligation bonds is \$3,050,719,693. The amount of general obligation bonds proposed in THE MULTI-YEAR PROGRAM AND FINANCIAL PLAN AND EXECUTIVE BUDGET FOR THE PERIOD 2015-2021 [Budget Period: 2015-2017] (referred to as the "Budget") is \$1,146,697,000 (but does not include capital improvement appropriations to be funded through the issuance of general obligation bonds proposed by the Judiciary). The total amount of general obligation bonds previously authorized and unissued and the general obligation bonds proposed in the Budget is \$3,597,228,425.

(5) Proposed general obligation bond issuance. As reported in the Budget, as it applies to the fiscal period 2014-2015 to 2018-2019, the State proposed to issue \$400,000,000 in general obligation bonds during the second half of fiscal year 2014-2015, \$500,000,000 in general obligation bonds semiannually during fiscal year 2015-2016, \$550,000,000 in general obligation bonds semiannually during fiscal year 2016-2017, and \$300,000,000 in general obligation bonds semiannually during fiscal years 2017-2018 and 2018-2019. It is the practice of the State to issue twenty-year serial bonds with principal repayments beginning the fifth year, payable in substantially equal annual installments of principal and interest payment with interest payments commencing six months from the date of issuance and being paid semi-annually thereafter. It is assumed that this practice will continue to be applied to the bonds which are proposed to be issued.

(6) Sufficiency of proposed general obligation bond issuance to meet the requirements of authorized and unissued bonds and the bonds proposed in the Budget. From the schedule reported in paragraph (5), the total amount of general obligation bonds, which the State proposes to issue during this fiscal year and in fiscal years 2015-2016, 2016-2017, 2017-2018, and 2018-2019, is \$3,700,000,000. The total amount of \$3,700,000,000 which is proposed to be issued through fiscal year 2018-2019 is sufficient to meet the requirements of the previously authorized and unissued bonds and the bonds proposed in the Budget, the total amount of which is \$3,597,228,425, as reported in paragraph (4). Thus, taking the Budget into account the amount of previously authorized and unissued bonds and bonds proposed versus the amount of bonds which is proposed to be issued by June 30, 2019, the Director of Finance finds that in the aggregate, the amount of bonds is sufficient to meet these requirements.

(7) Bonds excludable in determining the power of the State to issue bonds. As noted in paragraph (1), certain bonds are excludable in determining the power of the State to issue general obligation bonds. (A) General obligation reimbursable bonds can be excluded under certain conditions. It is not possible to make a conclusive determination as to the amount of reimbursable bonds which are excludable from the amount of each proposed bond issuance because:



(i) It is not known exactly when projects for which reimbursable bonds have been authorized in prior acts and in the Budget will be implemented and will require the application of proceeds from a particular bond issue; and

(ii) Not all reimbursable general obligation bonds may qualify for exclusion.

However, the Director of Finance notes that with respect to the principal and interest on outstanding general obligation bonds, as reported in Section 3 herein, the average proportion of principal and interest which is excludable each year from calculation against the debt limit is 0.71 percent for approximately ten years from fiscal year 2014-2015 to fiscal year 2023-2024. For the purpose of this declaration, the assumption is made that 0.50 percent of each bond issue will be excludable from the debt limit, an assumption which the Director of Finance finds to be reasonable and conservative. (B) Bonds constituting instruments of indebtedness under which the State incurs a contingent liability as a guarantor can be excluded but only to the extent the principal amount of such guaranties does not exceed seven percent of the principal amount of outstanding general obligation bonds not otherwise excluded under subparagraph (A) of this paragraph (7) and provided that the State shall establish and maintain a reserve in an amount in reasonable proportion to the outstanding loans guaranteed by the State as provided by law. According to the Department of Budget and Finance and the assumptions presented herein, the total principal amount of outstanding general obligation bonds and general obligation bonds proposed to be issued, which are not otherwise excluded under Article VII, Section 13 of the State Constitution for the fiscal years 2014-2015, 2015-2016, 2016-2017, 2017-2018 and 2018-2019 are as follows:

<u>Fiscal Year</u>	<u>Total amount of General Obligation Bonds not otherwise excluded by Article VII, Section 13 of the State Constitution</u>
2014-2015	6,609,780,000
2015-2016	7,604,780,000
2016-2017	8,699,280,000
2017-2018	9,296,280,000
2018-2019	9,893,280,000

Based on the foregoing and based on the assumption that the full amount of a guaranty is immediately due and payable when such guaranty changes from a contingent liability to an actual liability, the aggregate principal amount of the portion of the outstanding guaranties and the guaranties proposed to be incurred, which does not exceed seven percent of the average amount set forth in the last column of the above table and for which reserve funds have been or will have been established as heretofore provided by, can be excluded in determining the power of the State to issue general obligation bonds. As it is not possible to predict with a reasonable degree of certainty when a guaranty will change from a contingent liability to an actual liability, it is


assumed in conformity with fiscal conservatism and prudence, that all guaranties not otherwise excluded pursuant to Article VII, Section 13 of the State Constitution will become due and payable in the same fiscal year in which the greatest amount of principal and interest on general obligation bonds, after exclusions, occurs. Thus, based on such assumptions and on the determination in paragraph (8), the aggregate principal amount of the portion of the outstanding guaranties; which must be included in determining the power of the State to issue general obligation bonds, is \$0.

(8) Determination whether the debt limit will be exceeded at the time of issuance. From the foregoing and on the assumption that the bonds identified in paragraph (5) will be issued at an interest rate of 5.25 percent in fiscal year 2015, and 6.00 percent thereafter, as reported in the Budget, it can be determined from the following schedule that the bonds which are proposed to be issued, which includes all bonds issued and outstanding, bonds previously authorized and unissued and the bonds proposed in the Budget, will not cause the debt limit to be exceeded at the time of each bond issuance:

<u>Time of Issue and Amount of Issue to be Counted Against Debt Limit</u>	<u>Debt Limit at Time of Issuance</u>	<u>Greatest Amount &amp; Year of Principal &amp; Interest</u>
2nd half FY 2014-2015 \$398,000,000	1,107,742,921	707,452,632 (2016-2017)
1st half FY 2015-2016 \$497,500,000	1,141,354,606	722,377,632 (2016-2017)
2nd half FY 2015-2016 \$497,500,000	1,141,354,606	727,332,401 (2017-2018)
1st half FY 2016-2017 \$547,250,000	1,158,071,652	749,915,051 (2018-2019)
2nd half FY 2016-2017 \$547,250,000	1,158,071,652	782,750,051 (2018-2019)
1st half FY 2017-2018 \$298,500,000	1,204,036,795	804,081,838 (2021-2022)
2nd half FY 2017-2018 \$298,500,000	1,204,036,795	821,991,838 (2021-2022)
1st half FY 2018-2019 \$298,500,000	1,264,934,540	840,105,000 (2023-2024)
2nd half FY 2018-2019 \$298,500,000	1,264,934,540	869,640,000 (2023-2024)

(9) Overall and concluding finding. From the facts, estimates, and assumptions stated in this declaration of findings, the conclusion is reached that the total amount of principal and interest estimated for the general obligation bonds proposed in the Budget and for all bonds previously authorized and unissued and calculated for all bonds issued and outstanding and guaranties, will not cause the debt limit to be exceeded at the time of issuance.

The Director of Finance hereby finds that the bases for the declaration of findings set forth herein are reasonable. The assumptions set forth in this declaration with respect to the principal amount of general obligation bonds which will be issued, the amount of principal and interest on reimbursable general obligation bonds which are assumed to be excludable and the assumed maturity structure shall not be deemed to be binding, it being the understanding that such matters must remain subject to substantial flexibility.

A handwritten signature in black ink, appearing to read "Nerdy K. Maciada". The signature is fluid and cursive, with a large, stylized initial "N".

Director of Finance  
State of Hawaii