EXECUTIVE CHAMBERS
State Capitol
Honolulu, Hawaii 96813

**GOVERNOR'S MESSAGE TO THE 24TH STATE LEGISLATURE OF HAWAII MEETING IN THE REGULAR SESSION OF 2007**

In compliance with Article VII, Section 8 of the Hawaii Constitution, I hereby submit to the State Legislature the Executive Budget for Fiscal Biennium 2007-09 and the Program and Financial Plan for the period 2007-13.

The Budget and Financial Plan that I am proposing for the upcoming Fiscal Biennium 2007-09 encompass both major goals of my Administration in the second term: addressing Hawaii's critical needs at the present time and laying the foundation for Hawaii's future success.

This Budget and Financial Plan represent a continuation of the fiscal principles and policies established during the first term of my Administration. We said that the State must live within its means and we have steadfastly adhered to this belief. In managing the public resources entrusted to us, we have concentrated on instituting responsible budgetary practices, improving fiscal accountability, and restoring long-term balance to the State Budget.

These sound principles and practices have served us well in the past four years. We successfully overcame the projected large revenue shortfalls in the first two years of our Administration by exercising executive control and management over State spending and program expenses. As the economy and revenue collections improved, fiscal constraints were relaxed to accommodate changing conditions and sustain the momentum of Hawaii's economic recovery.

I am pleased and proud to report that the State's fiscal condition has steadily and substantially improved over the past four years. The State closed Fiscal Year 2006 with a $732 million balance in the General Fund, the highest level attained in the past 30 years.

For Fiscal Biennium (FB) 2007-09, I am proposing an operating budget of $10.282 billion in FY 08 and $10.498 billion in FY 09 from all means of financing. This represents an increase of 4.8% and 7.0%, respectively, over the current level. Of these amounts, the request for general funds is $5.165 billion in FY 08 and $5.284 billion in FY 09, resulting in increases of 4.8% and 7.2%, respectively.

For capital improvements (CIP), I am recommending a total of $1.336 billion in FY 08 and $746 million in FY 09. Of these amounts, the request for general obligation (G.O.) bonds is $571 million and $428 million, respectively.

The increases recommended in the operating and CIP budgets reflect the need to address in a fiscally responsible manner those areas where programs have been previously deferred in the years of budget constraints and, more importantly, the need to invest adequate resources in building a vibrant Hawaii for the years to come. It is critical that we allocate sufficient funds to position Hawaii to take full advantage of the opportunities of the 21st Century global economy.

In addition, we will honor our ongoing pledge to do all we can to help residents meet the high cost of living through meaningful tax relief.

## THE ECONOMY

The State's strong economic turnaround over the past three years continued to produce positive results in calendar year 2006 for both residents and businesses.

In the first two quarters of 2006, total wages grew by 7.3% and personal income rose by 6.4%. Hawaii's unemployment rate dipped below 3% for most of the year and remained among the lowest in the nation. These gains are indeed remarkable because they were made on top of the exceptional growth achieved in 2005. It is also important to note that social well-being indicators have improved during this period of time. For example, Hawaii is now ranked the fourth healthiest place to live in the United States and Hawaii saw the biggest drop in the number of hungry people of any state in our nation. In one of the most challenging areas, mental health, Hawaii's rankings rose from worst in the nation to the eleventh best as of 2006.

After three straight years of extraordinary expansion, Hawaii's economy has started to show signs of a slower rate of growth. This was anticipated and is reflected in both visitor counts and real estate trends. However, for the foreseeable future, the Hawaii economy is expected to continue its expansion, albeit at a more moderate pace. This moderation may bring about a positive result in easing the inflationary pressures which pushed the Honolulu Consumer Price Index to 5.8% in the first half of 2006.

## REVENUE PROJECTIONS

Reflecting real gains in the economy, general fund tax revenues rose by 10.9% in FY 06, following a remarkable 16.0% growth in FY 05. These double digit rates are not expected to continue in the current fiscal year. The leveling off of the economy mentioned above has had an impact on recent State tax collections. For the first five months of FY 07, actual general fund tax revenues registered a 3.8% growth over the same period last year.

At the September 6, 2006 meeting, the Council on Revenues (COR) estimated a 6.0% growth for general fund tax revenues in FY 07 and projected a growth of 6.0% in FY 08 and 4.4% in FY 09. Revenue growth for the four out-years (FYs 10 to 13) was forecast to be in the range of 4.0% to 5.5%. These projections indicate that moderation in economic activities and tax revenues is expected to begin with the current fiscal year and continue into the six-year planning horizon.

## THE PROGRAM AGENDA

The Executive Budget recommendations for FB 2007-09 embody several initiatives. First is our focus on addressing issues that affect the quality of life in Hawaii. Second is our commitment to improving the well-being of our most vulnerable populations through increased access to education, healthcare, housing, and job opportunities. Third is the need to provide for catch-up activities in the repair and maintenance of public facilities, areas that were previously deferred due to insufficient revenues. With State finances now in a healthy condition, we must set our goals on building a better Hawaii for all, while recognizing that this financial condition will moderate in the future. As such, prudence must be exercised in borrowing for future projects.

The proposed expenditures contained in this biennial budget renew and increase our commitment in the areas critical to Hawaii's future: public education, workforce development, health and human services for those most in need, affordable housing, protection of natural resources, modernized transportation systems, increased emergency preparedness, energy efficiency and infrastructure rebuilding. The list is long but we are ready for the challenge.

*Education*

For the State's public education system, the biennium request is $2.313 billion in FY 08 and $2.344 billion in FY 09 for operations, of which approximately $2 billion each year is from general funds. An additional $142 million over two years is recommended for food services, student transportation, special education teachers and assistants, funding for substitute teachers, and purchases of classroom furniture and equipment for new schools and facilities.

Also included in this amount is $40 million to replace and provide new instructional equipment for classrooms statewide to ensure that teachers and students have the tools and supplies they need, including computers and books. Our objective continues to be channeling educational funding to the school level in order to meet the needs of students and teachers, and we will propose a mechanism to ensure that additional funding is directed into the classroom.

Charter school operations will require $51.6 million each year to provide alternative learning centers for students on all islands and maintain the funding for these schools on a par with traditional public schools.

The budget for the Hawaii Public Library System is recommended at $35 million each year, with additional funds for books, library materials, and energy efficiency improvements for library buildings.

The CIP plan for the DOE proposes a commitment of $300 million in G.O. bonds to build new schools in fast-growing communities, replace classrooms damaged by fires, rebuild classrooms on older campuses, and provide athletic facilities. To accommodate those areas where our school populations are growing, four new schools will be built (Ewa Makai Middle School, Kapolei II Elementary School, Wailuku II Elementary School and Lahaina III Elementary School). School buildings that were damaged by fire at Kalaheo Elementary and Paia Elementary will be replaced. A new cafeteria at Kilauea Elementary and a library at Kapaa Elementary are proposed. Recommendations are also included for locker and shower facilities at Konawaena Middle School and for additional classrooms at Mountain View Elementary School, Kaunakakai Elementary School, and Lanai High and Elementary School.

*University of Hawaii and Workforce Development*

The University of Hawaii has advanced a comprehensive plan to fulfill its mission as the State's flagship university system and a key driver of our new economy. Its expenditure plan identifies the need to: 1) increase the educational capital of the State by producing more graduates, 2) expand workforce development initiatives, 3) assist in diversifying the economy through technology transfer as well as entrepreneurship and training programs, 4) increase educational services to underserved populations and regions in the State, and 5) improve support services to students and staff throughout the system.

To support the University in these endeavors, substantial funding and position authorizations are being requested in the biennium. Total operating funds amount to $1.1 billion each year, of which $666.3 million in FY 08 and $708 million in FY 09 are from general funds. Over 60% of the University's operating expenses are supported with State general funds.

Incorporated in the proposed operating funds is a commitment to continue and augment workforce development programs. These monies will be utilized to increase the number of nurses trained by the community colleges, increase the number of certified teachers produced by the College of Education, and continue the Construction Academy that helps high school students prepare for entry into the building trades.

For capital improvements, a total of $160 million in G.O. bonds is requested for the biennium, of which $35 million is for the first increment of the infrastructure necessary to build the UH West

Oahu campus. This investment will attract an estimated $100 million in private funds for further development of this campus.

Other projects being recommended include the Waianae Education Center operated by Leeward Community College, a new Hawaiian Language Building at UH Hilo, and a new federally funded science facility at UH Hilo, the United States Geological Survey Research Center, which will also accommodate University research activities.

Substantial resources are proposed for the University to implement systemwide campus renovations, large-scale repairs and deferred maintenance. An amount of $50 million each year is set aside for this purpose.

*Health and Human Services*

Taking care of those who are less fortunate among us is an important mission of government. As a progressive and civilized society that prides itself in living aloha, we must not forget the needs of our vulnerable populations.

In the spirit of caring for our own, additional funding is being requested to provide basic health and human services for those in need. This means outpatient mental health services for over 5,000 adults ($10 million in FY 08 and $10 million in FY 09), increased staffing at community mental health centers to support new and expanded counseling and treatment programs (64 positions and $1.4 million in FY 08 and $1.7 million in FY 09), help for more people with developmental disabilities ($8.8 million in FY 08 and $11.5 million in FY 09), and early intervention services for nearly 2,000 children ($6.7 million each year).

Funds are included to ensure that comprehensive medical and healthcare services are available to the communities of Hana, Molokai and Waianae ($2.8 million each year). Our 12 community hospitals, in mostly rural areas that are managed by the Hawaii Health Systems Corporation (HHSC), continue to face operational and financial challenges. A substantial State subsidy is, therefore, required to bridge the gap between patient revenues and hospital costs. $52.1 million in general funds is requested for each year of the biennium to continue the current assistance level. An additional $1.5 million each year is included to help maintain operations at Kahuku Hospital in the event the hospital is affiliated with HHSC.

Expenditures for healthcare services for residents in the Medicaid program continue to grow due to higher costs, increased enrollment, and lower federal reimbursement rates. In total, $1.196 billion in FY 08 and $1.247 billion in FY 09 are requested, of which $479 million and $508 million, respectively, are from general funds. Additional monies are also provided to raise the personal needs allowance from $30 to $50 monthly for residents in nursing homes and care homes, increase the payment rates for psychiatric services on neighbor islands, strengthen support for foster families, provide drug abuse and mental health treatment for high-risk youth at the Hawaii Youth Correctional Facility, increase reimbursements to temporarily disabled clients, adjust QUEST-Medicaid rates, and fund three additional safe-houses for at-risk children.

For capital improvements, $10 million in G.O. bonds each year is recommended for repairs and renovations of community hospitals. In addition, a total of $57 million ($30.4 million in G.O. bonds) for both years is requested to finance projects for safe drinking water, wastewater treatment, harbor improvements at Kalaupapa Settlement, and other Department of Health facilities statewide, including the Hawaii State Hospital.

*Housing*

The high cost of housing in Hawaii has been exacerbated by extraordinary increases in real estate prices in recent years. While high prices affect all residents, the harshest impact has fallen on those who simply cannot afford the increasing rent. The lack of affordable rental housing and homelessness across the state demand

our collective attention and energy. The Next Step Project in Kakaako, the Onelauena shelter at Kalaeloa, the Lighthouse Outreach Center in Waipahu, and the Waianae Civic Center Shelter are the beginning of our longer-range efforts to help homeless individuals and families gain self-sufficiency.

We are proposing a substantial infusion of cash and bond funds in the biennium to continue our comprehensive, multi-level plan to address critical needs in this area. For the biennium, the following is recommended:

- Over $13 million in general funds for supportive services at homeless shelters and transitional housing projects. This money will be used to continue services in the existing programs mentioned above and to expand the homeless services programs in the Leeward area.

- $40 million in G.O. bonds for much-needed and long overdue major repairs and renovations of public housing projects statewide. Improvements are needed at all public housing buildings which contain over 6,000 units.

- An additional $15 million in G.O. bonds specifically for repairs and renovations of elevators in public housing projects statewide. Of the total number of 35 elevators, the 11 at Kuhio Park Terrace, Makua Alii, Banyan Street Manor, and Kalanihuia are on the top of the critical list.

- A total of over $10 million in general funds for security contracts and routine maintenance at public housing projects, including repairs of vacant units to make them ready to rent.

- An infusion of $50 million in general funds over two years into the Rental Housing Trust Fund for the development of affordable rental housing.

Additionally, we are accelerating the $30 million annual payment to the Department of Hawaiian Home Lands, allowing them to expend up to $90 million during the biennium for housing based on the exceptional track record they have developed of placing native Hawaiian families into homes.

*The Environment*

The establishment of the Northwestern Hawaiian Islands Marine National Monument in June 2006 was a proud moment for Hawaii and a strong reminder that we have a tremendously rich but fragile environmental heritage to protect. The federal proclamation and the accompanying Memorandum of Agreement between the State and Federal government recognize what we in Hawaii have always known - - that we must be vigilant in preserving and protecting our natural and cultural assets.

The threat of invasive species to our ecosystems cannot be overstated. To step up efforts against this threat, we are asking for the restoration of $2 million for the Hawaii Invasive Species Council to reinstate eradication programs and for additional resources to comply with the Endangered Species Act.

As the steward for the State's environment and natural resources, the Department of Land and Natural Resources (DLNR) has put forth a comprehensive program of conservation and enforcement. Ten new positions in the Park Ranger program and five new maintenance positions are proposed to provide a greater DLNR presence in State parks to promote safety, educate users, and enhance the park visitors' experiences.

A critical component of our environmental efforts is vigorous enforcement of environmental laws. Funding is proposed for 40 additional Conservation and Resources Enforcement Officers, support personnel, and related costs for wider coverage and enforcement of conservation rules from the mountains to the sea, a 36% increase in the staffing for this function.

An ambitious CIP program is recommended for the preservation and protection of Hawaii's natural assets. For the biennium, a total of $143 million ($118 million in G.O. and G.O. Reimbursable bonds) is requested for DLNR to continue and initiate important projects in conservation. This level of funding will allow the State to continue with rock fall mitigation on Kauai and at Diamond Head, acquire land at Maalaea Small Boat Harbor, cover the federal matching requirement for the existing commuter ferry system improvements, and retrofit the air conditioning system for Iolani Palace. In particular, $20 million is set aside for State parks improvements and another $20 million is for small boat harbor improvements statewide.

Subsequent to the 2006 floods, it is imperative that we continue a systematic program to inspect and manage state-owned dams. Toward this purpose, $20.5 million is proposed for DLNR and $10.3 million for the Department of Agriculture to perform assessment, maintenance, and remediation of dams and reservoirs on all islands. We need to initiate remediation work at locations where the condition of high hazard has been identified: Puukapu Dam on Hawaii, Lower Kapahi Reservoir on Kauai, and Wahikuli Reservoir on Maui.

Funding is also requested in the biennium CIP plan for projects to protect and develop our water resources, including: Waimanalo Irrigation System, Upcountry Maui Watershed Irrigation System, the North Kona Water System, and Waimea Wells.

*Transportation*

The need to take care of our aging transportation systems has been fully recognized by our Administration. For the biennium, funds are requested to continue the repair of deteriorating infrastructure, modernize facilities, and increase the carrying capacity of our transportation systems.

In addition to monies in the operating budget for maintenance purposes at all major airports, harbors and highways, I am recommending $20 million in airport special funds in FY 08 to address the increasing cost of maintaining escalators, elevators and jet bridges; provide for fire protection; and to recognize the need for resurfacing the runways and taxiways.

To continue the plan for modernizing the State's airports, substantial design and construction funds are requested for the biennium. Major CIP projects include a new connector and automated people mover at Honolulu International Airport ($21.3 million), improvements to the Diamond Head Concourse ($43.3 million), a cargo building and ramp at Hilo International Airport ($20.9 million), and modernization of loading bridges statewide ($23.9 million).

Over $10 million is requested for pier improvements at Honolulu and Kahului Harbors.

Major highway projects include the Honoapiilani Highway widening in Lahaina, Maui ($46 million), the North South Road from Kapolei Parkway to the H-1 Freeway ($35 million), Mamalahoa Highway drainage improvements in South Kona, Hawaii ($5 million), and improvements to Waimea Canyon Drive and Kokee Road on Kauai ($2 million).

To alleviate traffic congestion in West Oahu, G.O. bond funds are recommended for the East-West Collector Road in Kapolei ($17.2 million). An additional $5 million will be used to identify and implement traffic management improvements to relieve congestion.

As a result of prior year transfers from the Highway Fund to the General Fund, the special-funded Highways program is expected to encounter a serious revenue shortfall in the biennium which could adversely impact its ability to implement additional routine and special maintenance. We will be proposing legislation to address this.

*Emergency Preparedness*

To continue our earlier efforts to ensure that Hawaii remains prepared to deal with both natural and man-made disasters, I am recommending that we increase funding for the Major Disaster Fund by $500,000 in general funds to raise the budgeted level to $1 million each year. CIP monies are included for disaster warning and communication devices and for an emergency operating center in the Kalanimoku Building. A total of $5.2 million over two years will be expended by the Department of Defense to construct siren warning systems.

Legislation will be resubmitted to provide a permanent source of funding for emergency preparedness positions and equipment. Interest earnings from the Hurricane Relief Trust Fund are recommended for this purpose.

*Energy Efficiency*

In a world of geopolitical instability and high energy prices, it is critical that we address Hawaii's overdependence on imported oil. We should focus on the goal of becoming energy self-sufficient one day. With our natural endowment in renewable energy resources, we are seizing the opportunity and taking bold actions to develop Hawaii's potential for alternative energy programs.

I am recommending $21.5 million in G.O. bonds over two years for the Department of Accounting and General Services to develop and implement an energy efficiency program to retrofit public buildings and operations. In addition, funds are also requested for energy conservation programs specifically at the State's public libraries and correctional facilities.

*Fiscal Prudence*

In pursuing this aggressive agenda, we are mindful of the need for fiscal prudence because various financial constraints are always going to be with us, even during times of economic expansion.

Fixed costs such as debt service, payroll and fringe benefits are a concern since they continue to rise and account for a significant share of the total budget. Unfunded liabilities in the Employees' Retirement System and the Employer-Union Health Benefits Trust Fund are issues that we must address very shortly. Collective bargaining costs for the upcoming fiscal biennium have not been determined at this point. Collectively, these expenses promise to present a major challenge to our ability to maintain a balance between our commitments and our resources.

*Tax Relief for Hawaii Residents*

Last year, we introduced a number of proposals to provide tax relief for Hawaii citizens and the Legislature authorized a limited measure of tax reduction. The State constitution requires that the Legislature shall provide for a tax refund or tax credit to the taxpayers of the State when the general fund balance exceeds revenues by more than 5% for two consecutive years. We have met that threshold and should return a dividend payment to our taxpayers who have played a major role in our economic recovery. It is also our duty to ensure that this tax refund is significant, meaningful, and genuinely counters the high cost of living.

Tax relief measures will again be proposed and presented to the Legislature in this session.

## THE GENERAL FUND FINANCIAL PLAN

Next month my Administration will submit an extensive package of legislative proposals for your consideration, including measures that will have a financial impact. These proposals have been carefully and thoughtfully developed to bring about changes that will help position Hawaii to meet the challenges and capitalize on the opportunities that will arise during the next decade.

The current fiscal biennium will end on June 30, 2007 with an expected balance of $454.4 million in the General Fund. Taking into account the requests contained in this Executive Budget and the fiscal impact of legislative proposals to be submitted, including emergency appropriations for FY 07, the ending balance in the General Fund is projected to be $215.5 million in FY 08 and $43.1 million in FY 09. The Six-Year General Fund Financial Plan shows a positive balance for each year in the 2007-2013 period.

It is important to note that the State's disciplined approach to managing its budget has been favorably recognized by all three major credit rating agencies. Last year, Moody's Investor Service raised the State of Hawaii's rating to Aa2 and Standard & Poor's Rating Service upgraded Hawaii's outlook from stable to positive at the AA- level. In the last bond sale in February 2006, Fitch Ratings upgraded Hawaii to an AA.

I am gratified that this proposed biennial budget will enable us to care for those who are most in need, help us achieve an improved quality of life for all, and set the platform for a prosperous future in the decades ahead.

I respectfully ask for your favorable consideration of the recommendations and I will look forward to working with you in the upcoming session to bring forth a budget that is fiscally prudent, forward looking, and that meets the substantial needs of our community.

Sincerely,

/s/

LINDA LINGLE
Governor of Hawaii

## A. THE EXECUTIVE BUDGET RECOMMENDATIONS

### THE OPERATING BUDGET

#### All Means of Financing

For **FB 2007-09**, total operating budget requests from all sources of funding amount to $10.282 billion in FY 08 and $10.498 billion in FY 09.

| Means of Financing | FY 07 Allocation ($million) | FY 08 Request ($million) | FY 09 Request ($million) |
|---|---|---|---|
| General Funds | 4,929.0 | 5,165.2 | 5,283.5 |
| Special Funds | 1,827.5 | 1,963.9 | 2,011.7 |
| Federal Funds | 1,645.1 | 1,692.8 | 1,699.6 |
| Private Contributions | 0.2 | 0.2 | 0.2 |
| County Funds | 0.7 | 0.7 | 0.7 |
| Trust Funds | 56.4 | 62.2 | 59.0 |
| Interdept. Transfers | 983.9 | 1,019.0 | 1,065.9 |
| Revolving Funds | 361.3 | 366.0 | 366.2 |
| Other Funds | 9.7 | 11.8 | 11.7 |
| Total | 9,813.7 | 10,281.8 | 10,498.5 |
| Increase over FY 07 | | 468.1 | 684.8 |
| Percentage increase | | 4.8% | 7.0% |

The distribution by department is presented on page 4. Highlights of the Operating Budget by department are presented in the sections that follow.

#### General Fund

Total requests from the General Fund amount to $5.165 billion in FY 08 and $5.284 billion in FY 09. This represents an increase of $236.2 million (4.8%) in the first year and $354.5 million (7.2%) in the second year over the current FY 07 allocation level.

The distribution by department is presented on page 8.

#### Increase in Positions

The Executive Budget requests a significant increase in the number of permanent positions to be funded from various sources.

| | FY 08 | FY 09 |
|---|---|---|
| Total net additional positions | 857 | 1,030 |
| By means of financing: | | |
| General Funds | 503 | 635 |
| Special Funds | 188 | 228 |
| Federal Funds | 152 | 153 |
| Trust Funds | 6 | 6 |
| Revolving Funds | 2 | 2 |
| Interdepartmental Transfers | (2) | (2) |
| Other Funds | 8 | 8 |

The additional positions are for the following purposes:

1. 135 positions in FY 08 and an additional 12 positions in FY 09 are for health and safety reasons or for requirements to meet court orders and federal mandates. This includes 72 positions in the Department of Public Safety and 27 positions in the Department of Transportation.

2. 243 positions in FY 08 and an additional 114 positions in FY 09 for the University of Hawaii to implement its strategic plan for higher education in Hawaii.

3. 351 positions are being converted from temporary to permanent to support on-going services.

4. 241 positions in FY 08 and an additional 47 positions in FY 09 are for workload and various other purposes, including additional conservation officers and State parks positions in the Department of Land and Natural Resources.

5. 113 positions were deleted due to enrollment adjustments in the Department of Education.

THE CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET

For **FB 2007-09**, total requests for capital improvements amount to $1.336 billion in FY 08 and $746 million in FY 09, to be funded from the following sources:

| Means of Financing | FY 08 Request ($million) | FY 09 Request ($million) |
|---|---|---|
| General Funds | - | - |
| Special Funds | 323.2 | 107.7 |
| G.O. Bonds | 556.9 | 416.7 |
| G.O. Reimbursable | 14.5 | 11.0 |
| Revenue Bonds | 195.9 | 48.4 |
| Federal Funds | 230.1 | 162.0 |
| Private Contributions | 11.9 | - |
| County Funds. | 1.8 | - |
| Interdept. Transfers | - | - |
| Revolving Funds | 0.8 | - |
| Other Funds | 1.1 | 0.1 |
| Total | 1,336.2 | 745.9 |

The distribution by department is presented on page 10. Highlights of the CIP program by department are presented in the sections that follow.

## B. 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 both FY 08 and FY 09.

For the Executive Branch, total proposed appropriations from the General Fund (which include the Executive Budget for FB 2007-09 and other specific appropriation measures to be submitted) are within the appropriation ceiling for both fiscal years.

## C. 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.