



**Draft Presentation
Budget Briefing
Department of Education**

Organizational Overview

Board of Education

Superintendent

Deputy Superintendent

Senior Assistant Superintendent

15 Complex Area Superintendents

Office of Curriculum, Instruction & Student Support

Office of Fiscal Services

Office of Human Resources

Office of Information Technology Services

Office of School Facilities & Support Services

255 Schools

Honolulu

Central

Leeward

Windward

Hawaii

Maui

Kauai

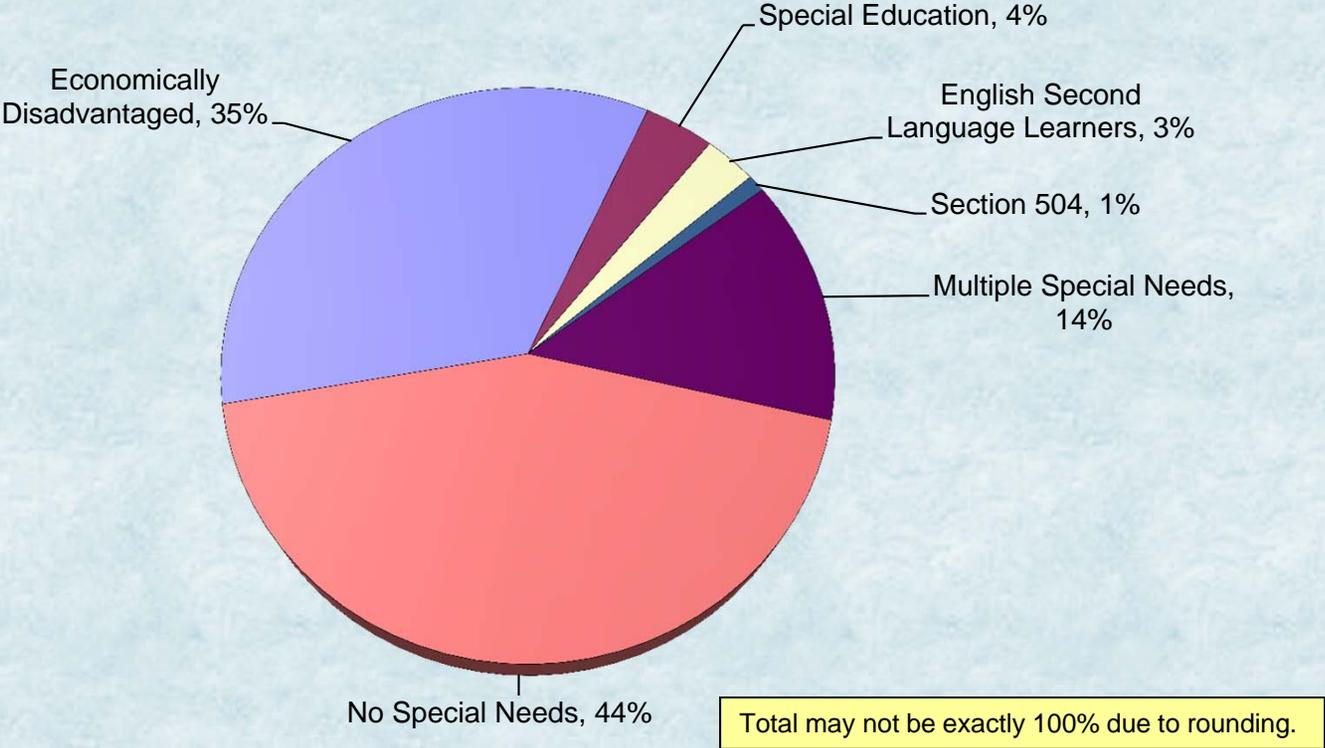
94% of budget

DOE Official Enrollment – Includes Special Education and Pre-Kindergarten

• FY 2007-08	173,897
• FY 2008-09	172,078
• FY 2009-10	172,327
• FY 2010-11	171,288
• FY 2011-12	173,540
• FY 2012-13 Projection	174,533

*Does not include charter school students

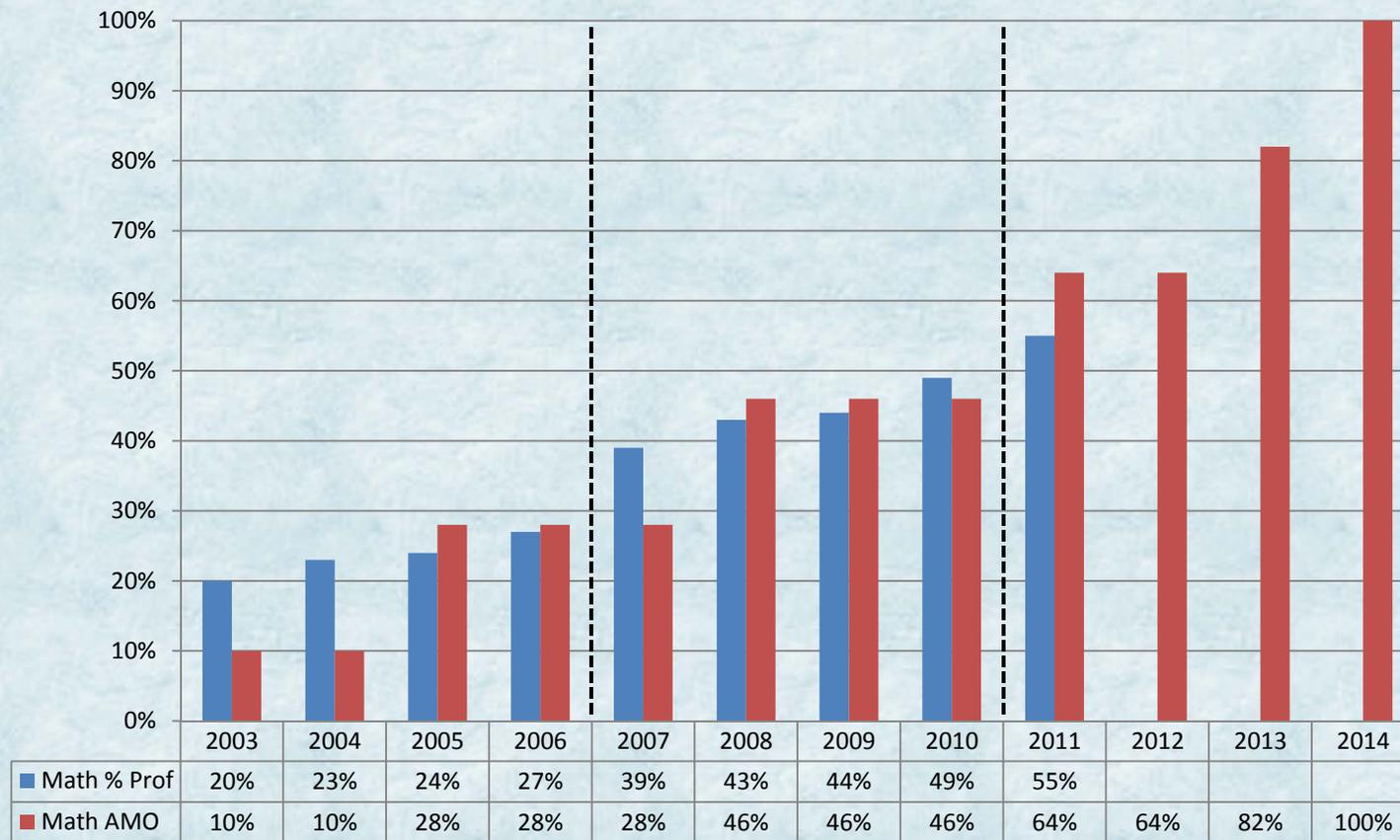
Percent of Students with Special Needs 2011



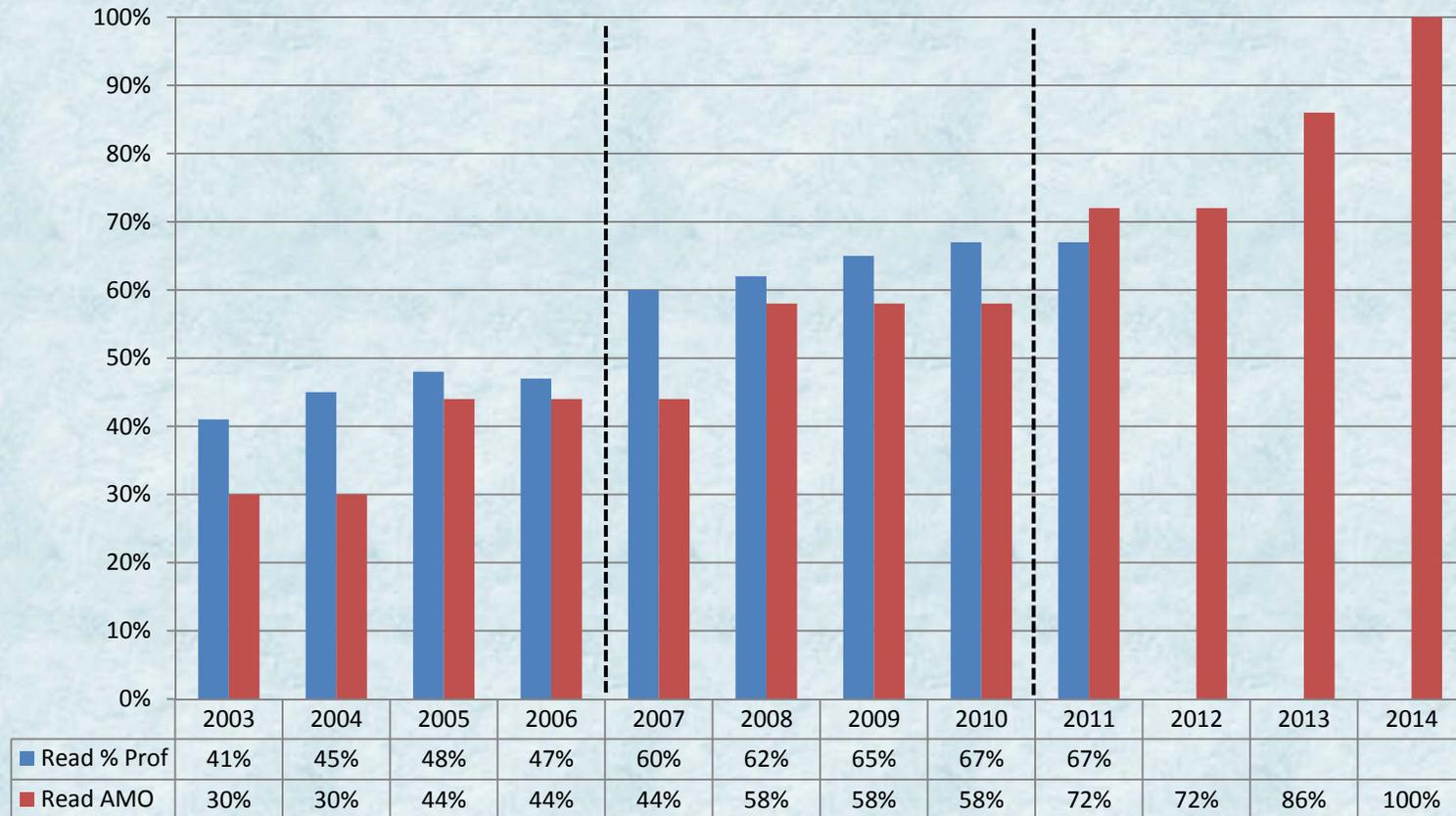
Source: Hawaii State Department of Education, System Evaluation & Reporting Section
Composite of selected enrollment rosters, unduplicated count

56% of our students require additional resources!

Adequate Yearly Progress (AYP) Results Hawaii State Assessment (HSA) Math



Adequate Yearly Progress (AYP) Results Hawaii State Assessment (HSA) Reading



National Assessment of Educational Progress (NAEP) Results

“In 2011, only one state, Hawaii, demonstrated statistically significant improvement in both reading and mathematics at both the fourth and eighth grades,” said Jack Buckley, National Center for Education Statistics Commissioner, in a statement. “We commend Hawaii for their performance on the 2011 NAEP assessments and are encouraged by their continued growth in student achievement.”

Budget Reductions: Impacts on DOE Operations FY 2008-09 to present

- Reduction in Force (RIF)
- Furloughs, pay reductions, directed leave without pay
- Program eliminations and reductions
- Increased costs to students/families
(lunch costs, bus fares, A+ fees, community schools fees)

Impact of Economic Conditions Since 2008

General Fund FTEs allocated to:

	FY08	FY13	% Change
Schools	18,866.40	18,485.80	-2%
Centralized services to schools	1,741.50	1,752.50	1%
Complex Area	335.00	306.50	-9%
State Offices	781.00	612.50	-22%
TOTAL	21,723.90	21,157.30	-3%

Impact of Economic Conditions Since 2008

General Fund \$ allocated to (in \$ millions):

Includes collective bargaining allocation

	FY08	FY13	% Change
Schools	\$1,006.2	\$ 961.4	-4%
Centralized services to schools	324.0	294.3	-9%
Complex Area	24.1	18.1	-25%
State Offices	84.0	71.0	-15%
Subtotal	\$1,438.3	\$1,344.8	-7%
Fringes, Debt Service, Risk Management*	619.3	0.0	
TOTAL	\$2,057.6	\$1,344.8	

*Moved to B&F and DAGS budgets in FY 2009-10

DOE's Strategic Plan 2011-2018

- Goal 1: Assure all students graduate college- and career-ready through effective use of standards based education
- Goal 2: Ensure and sustain a rich environment and culture for life-long learners
- Goal 3: Continuously improve the effectiveness, efficiency, and responsiveness of the educational system

Race to the Top

Assurance Areas

1. Standards and Assessments
2. Data Systems
3. Great Teachers and Great Leaders
4. Turn Around Lowest-Performing Schools
5. Realign DOE Organization

Elementary and Secondary Education Act (ESEA) Flexibility (application due February 21, 2012)

The U.S. DOE has announced its plan to grant "temporary waivers" to states to improve the No Child Left Behind (NCLB)'s law's impact on student achievement without Congressional action to:

- Improve educational outcomes for all students
- Close achievement gaps
- Increase equity
- Improve the quality of instruction



**Executive
Supplemental Budget Request
Fiscal Year 2012-13**

General Fund Changes for FY 2012-13 In Executive Supplemental Budget Request (\$ in millions)

Description	Amount
Labor savings reductions	(\$37.7)
Food Service reduction (part of \$50M Program Review)	(6.1)
Student Transportation *	25.0
Weighted Student Formula (enrollment growth)	13.6
Community Schools	2.5
Early Learning Council (administratively attached)	0.3
Hawaii Teacher Standards Board (administratively attached – converting to self-supporting)	(0.3)
TOTAL	(\$2.7)

* Even after \$25M increase, still short \$17M

DOE Budget Programs

EDN	Title	Description
100	School Based Budgeting	Classroom instruction; curriculum programs; at-risk programs.
150	Comprehensive Student Support Services	Special education; school-based behavioral health; autism; other related services.
200	Instructional Support	Support for curriculum, instruction and students; assessment; system accountability/monitoring; and complex areas.
300	State Administration	Board of Education; superintendent; communications; civil rights compliance; fiscal services; human resources; and information technology.
400	School Support	School food services; utilities; facilities planning; construction; repairs and maintenance; student transportation.
500	School Community Services	After-school Plus (A+) program; adult education.

General Funds (\$ in millions)

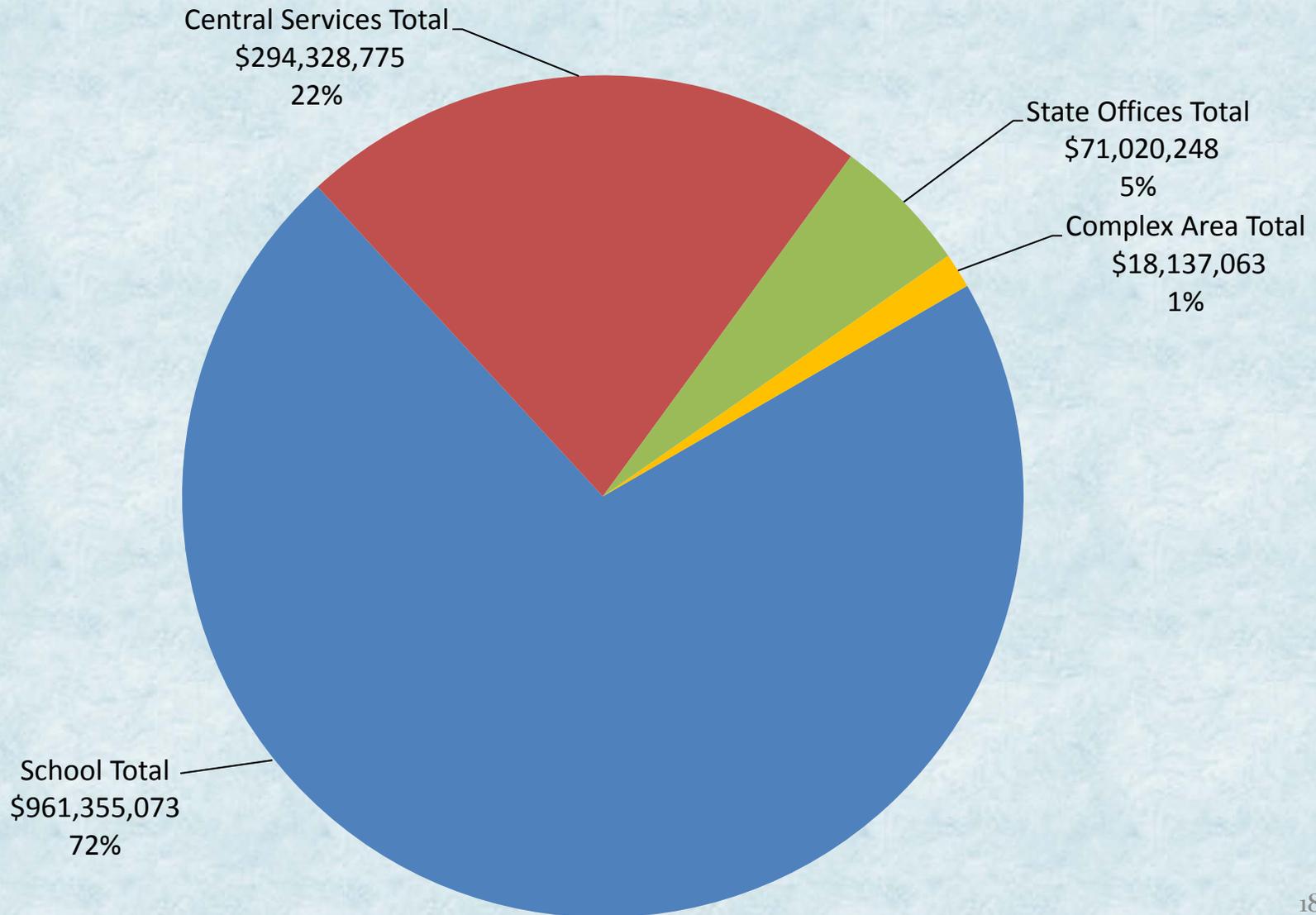
6.5% decrease over 5 years

EDN	FY08 Act 213/07	FY12 Act 164/11	FY13 Executive Budget Request
100*	\$ 766.9	\$ 775.2	\$ 772.0
150	361.2	322.2	313.7
200	34.4	45.7	43.8
300	50.4	43.3	41.9
400	170.3	174.1	170.9
500	11.0	5.1	2.5
Subtotal	\$1,394.2	\$1,365.6	\$1,344.8
Collective Bargaining (CB)	44.1		
Labor Savings		-37.0	
TOTAL	\$1,438.3	\$1,328.6	\$1,344.8

*FY08 excludes: EDN 100 Risk Management; EDN 900 Fringes, Debt Service

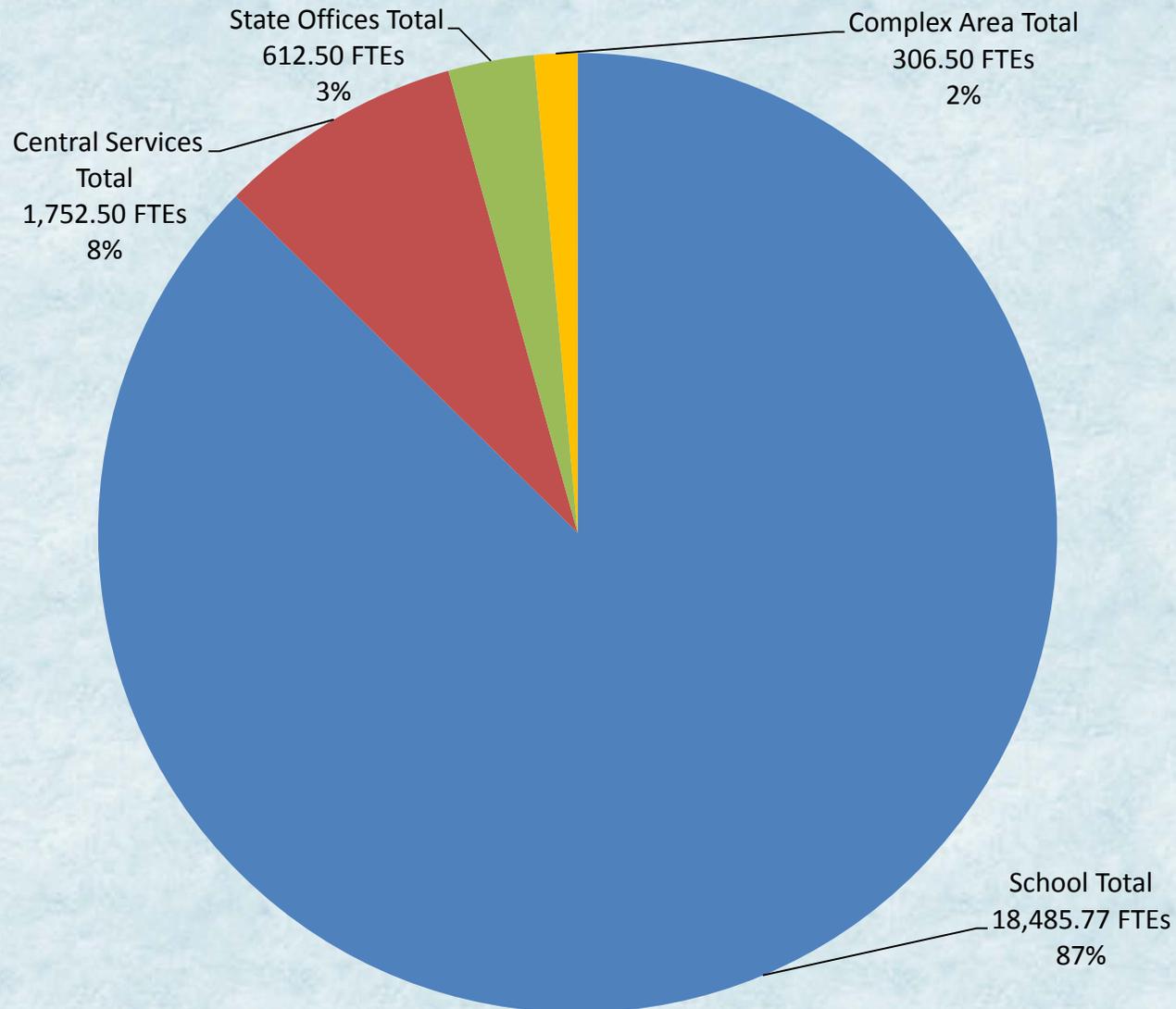
General Fund Budget Request, FY 2012-13

Total \$1,344,841,159



General Fund FTEs Requested FY 2012-13

21,157.27 FTEs



DOE Centralized Services for Schools

- Electricity bills and other utilities
- Network infrastructure support/development
- School food services
- Student transportation
- Diagnostic services for SPED services qualification
- Personnel hiring, recruitment, and recordkeeping
- Workers' compensation
- Unemployment benefits administration
- Financial accounting and reporting
- IT development, implementation, operations
- Litigation support
- Autism, school based behavioral health, skilled nursing
- Special education provision and recordkeeping

DOE State-Level Responsibilities to Support Schools

- Strategic Planning
- Student Achievement Standards Development
- Budget Preparation and Execution
- Teacher Certification (Hawaii Teacher Standards Board)
- Hawaii State Assessments
- Policy Development
- Internal Audit
- Compliance with US DOE and State Regulations
- Federal Reporting Requirements
- Inter-governmental Relationship Management

Actions to Prevent Fraud

- Training for vendor payment staff
- Audit plan approved by the Board of Education
- Request For Proposal (RFP) for web-based local school account system (in progress)
- Training for complex area business managers, complex area superintendents, and school administrators (in progress)
- Fraud reporting hotline (in progress); mechanism for reporting fraud being developed

Distribution of \$16.4M General Fund Reduction in Act 164/11

(\$ in millions)

EDN	FY13 Reduction
100 School Based Budgeting	(\$8.4)
150 Comprehensive Student Support Services	(0.6)
200 Instructional Support	(0.7)
300 State Administration	(0.5)
400 School Support	(1.1)
500 School Community Services	(5.1)
TOTAL	(\$16.4)

Total Department of Education Budget (\$ in millions)

All Means of Financing	FY08 Act 213/07	FY12 Act 164/11	FY13 Executive Budget Request
General	\$1,401.6	\$1,365.6	\$1,344.8
Federal (ceiling)	262.2	263.6	264.5
Special (ceiling)	32.9	47.1	58.7
Trust (ceiling)	6.3	32.9	32.9
Interdept Transfer	12.3	10.6	10.5
Revolving (ceiling)	19.4	30.4	30.4
Federal Stimulus*	0	47.9	20.1
SUBTOTAL	\$1,734.7	\$1,798.1	\$1,761.9
Collective Bargaining	47.0		
Labor Savings		-39.3	
TOTAL	\$1,781.7	\$1,758.8	\$1,761.9

*Federal Stimulus:

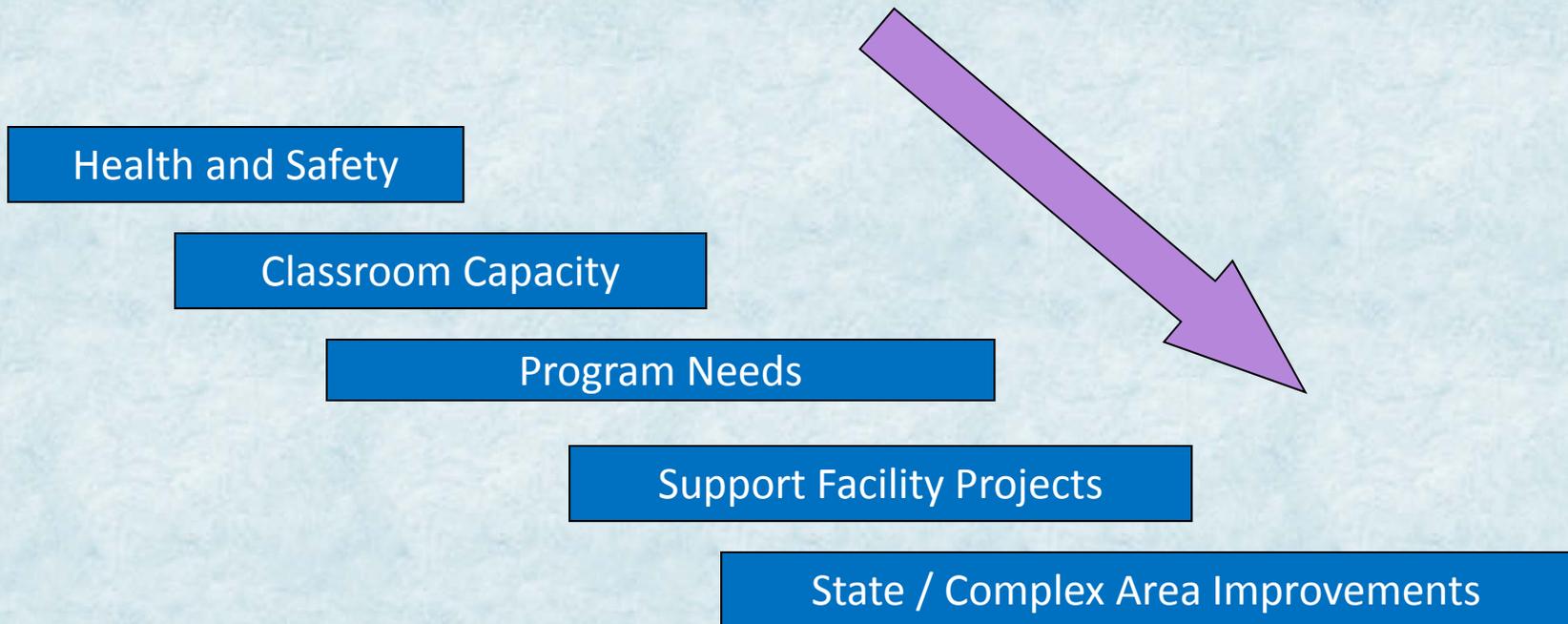
FY 12 = Education Jobs and Race to the Top

FY 13 = Race to the Top



Public School Facility Needs

Capital Improvement Program (CIP) Decision Matrix Determines the Priorities



Capital Improvement Program



Ongoing repair
and
maintenance



New facilities
at existing
schools



New Schools



Periodic
Rehabilitation
of older
facilities



Infrastructure
Upgrades



Supplemental FY 2012-13 CIP Request

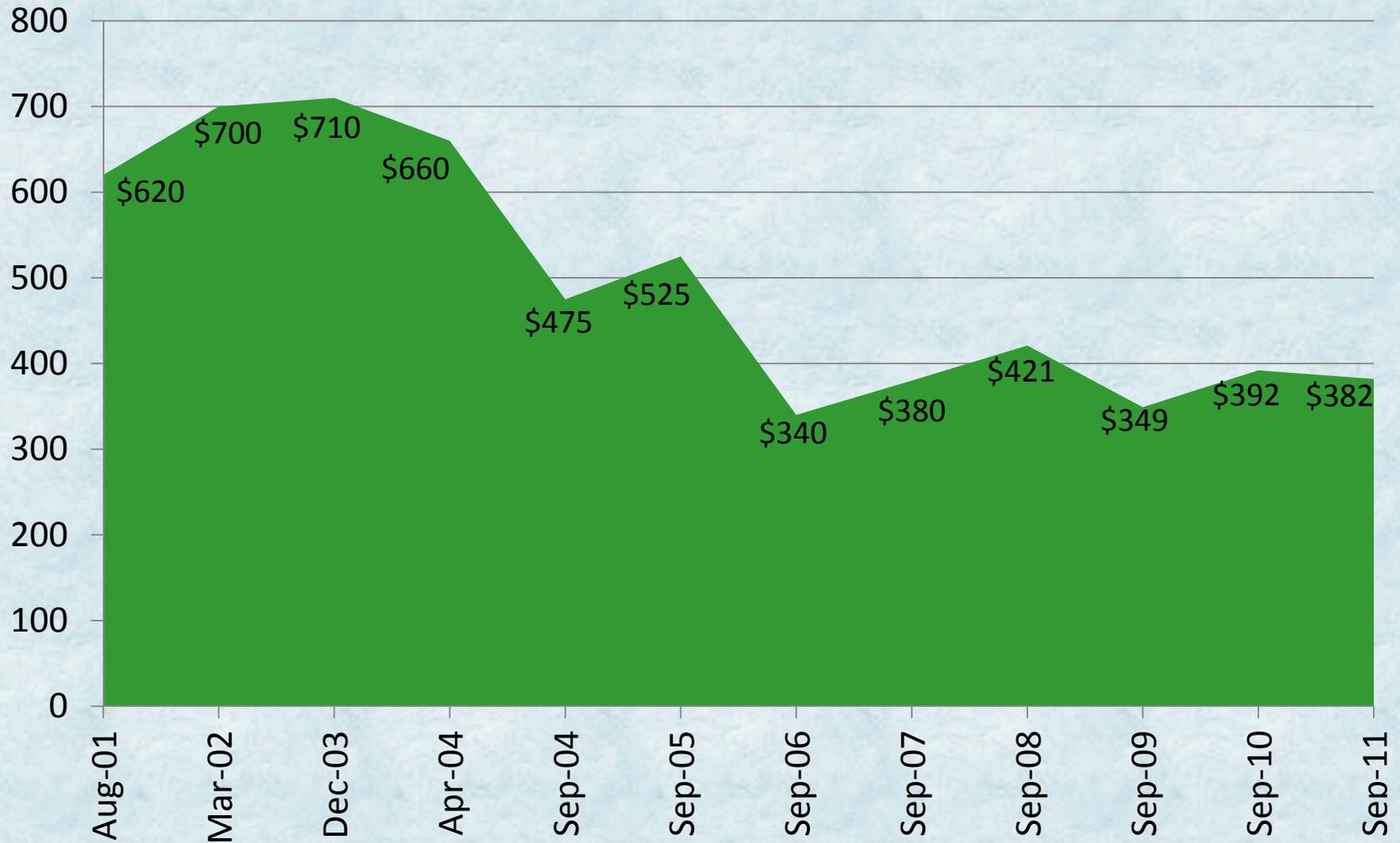
(\$ in millions)

	Act 164/11 FY13	BOE Request	Executive Request
Lump sums	\$95.7	\$62.5	\$21.6
Technology	0.0	15.0	5.0
Additional funds	0.0	16.4	16.4
New schools	42.3	0.5	0.5
Other improvements	33.0	35.8	6.5
Total	\$171.0	\$130.2	\$50.0

Ongoing Repair, Maintenance, and Minor Improvements

- “Best practice” is to provide between 2% and 4% of the replacement cost of a facility for its annual maintenance
- The replacement cost of DOE facilities is about \$5 billion. Using the middle of the range – 3% – results in an annual cost of \$150 million

Major Repair & Maintenance Backlog (\$ in millions)



Need for New Schools – Six Year Plan

- Growth areas need more schools:
 - Central Oahu: Schofield (elementary), Koa Ridge (elementary, middle, high)
 - Leeward Oahu: Royal Kunia (elementary), Kapolei (2 elementary, 2 middle, high)
 - Maui: West Maui (elementary), Central Maui (middle), Kihei (high)
 - Hawaii: North Kona (elementary), Waikoloa (elementary)
- Six-year need is \$1.2 billion

Energy Initiatives

- Ewa Makai Middle School, opened January 2011, earned LEED gold designation and Puu Kukui is targeted for LEED silver
- Contracts executed for power purchase agreement for solar power with re-roof at four Oahu high schools, and awarded for solar power for all Kauai schools
- Hawaii is participating in USDOE Green Ribbon Schools Program
- First ‘energy neutral’ portable classroom at Ewa Elementary to be completed summer 2013
- Sustainability audit for Keoneula Elementary School completed summer 2010 and Kalani High School completed fall 2011 (with UH)
- “Share the savings” program with schools continues to reduce electricity consumption
- Photovoltaic expansion planned

Electricity Consumption and Cost



Contingencies/Unknowns That May Impact DOE's Future Finances

- Federal cuts
- Act 167/10, amended by Act 52/11
- Junior kindergarten continuing
- Influx of military-connected students
- Cost of student transportation program

Act 167/10, Act 52/11

Student Instructional Time

	SY 11-12	SY 12-13	SY 13-14 SY 14-15	SY 15-16 SY 16-17	SY 17-18	SY 18-19 Potential
Minimum days per year	180	180	180	180	180	190
Minimum hours per year - 50% of elementary schools	915					
Minimum hours per year – 100% of elementary schools		915	915	915	1080	1140
Minimum hours per year - secondary (SY 11-12: average school 343 minutes short of 1,650 min/week, or 990 hrs)				990	1080	1140

Mahalo For Your Support

Attachments

Weighted Student Formula

doe.k12.hi.us

Weighted Student Formula (WSF) for SY 2012-13

Approved by BOE 9/20/11

Value of "1" = \$3,392.25

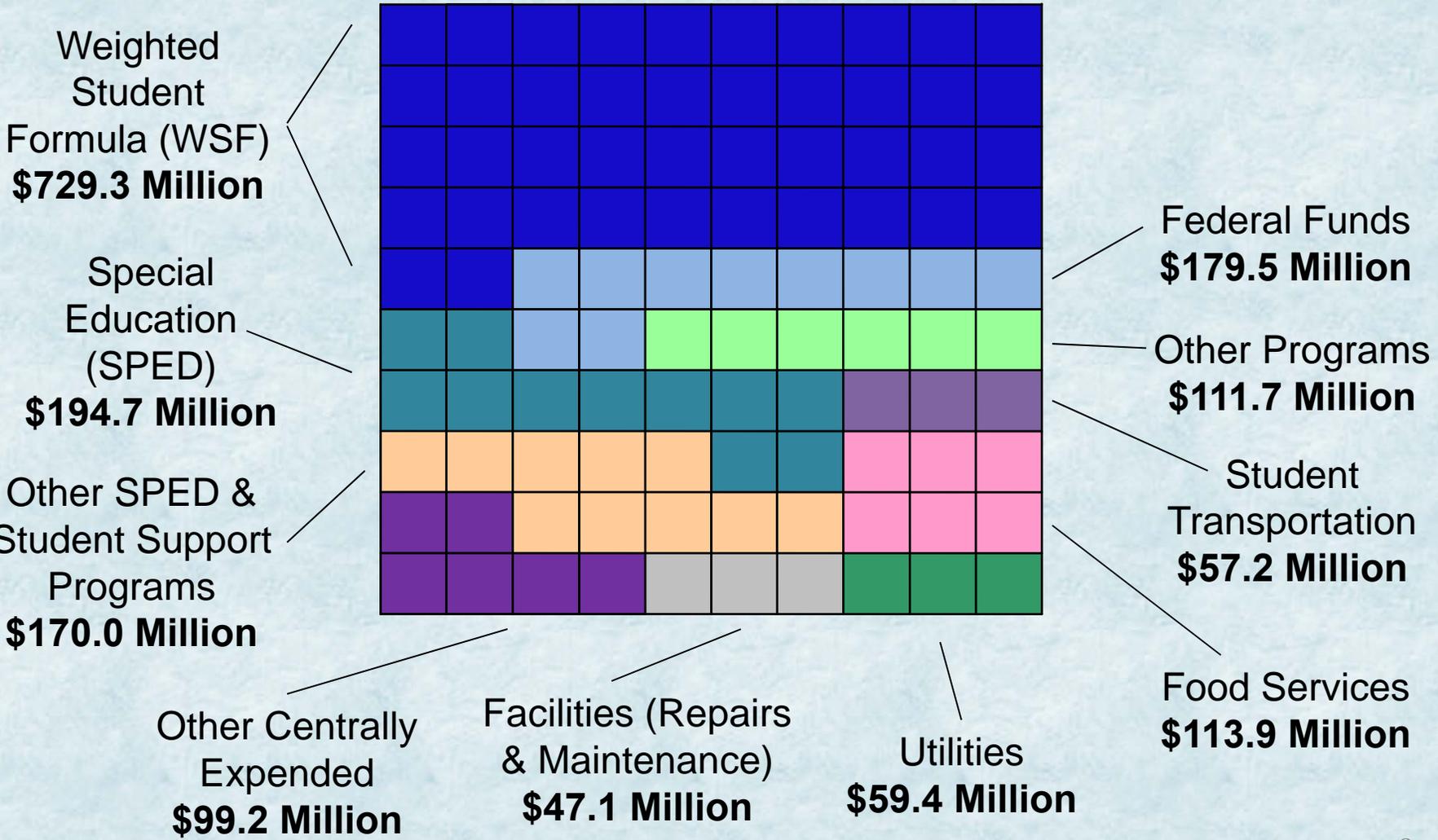
ESTIMATED

Weighted Characteristic	Weight	\$ Value
Economically Disadvantaged	.100	\$339.22
English Language Learner		
• Fully English Proficient	.058	\$196.59
• Limited English Proficient	.174	\$589.77
• Non English Proficient	.348	\$1,179.55
K-2 (class size)	.150	\$508.84
Middle school	.044	\$150.00
Gifted & Talented	.265	\$898.95
Transiency	.050	\$169.61
Neighbor Island School	.004	\$13.57
Base Funding – varies by school type (grades served and calendar) M/T = Multi-track	EL = \$200,000 HS = \$354,000 EL (M/T) = \$280,000 K-12 = \$465,500 Mid = \$347,000 K-8 = \$403,000 Mid (M/T) = \$427,000 6-12 = \$410,000	

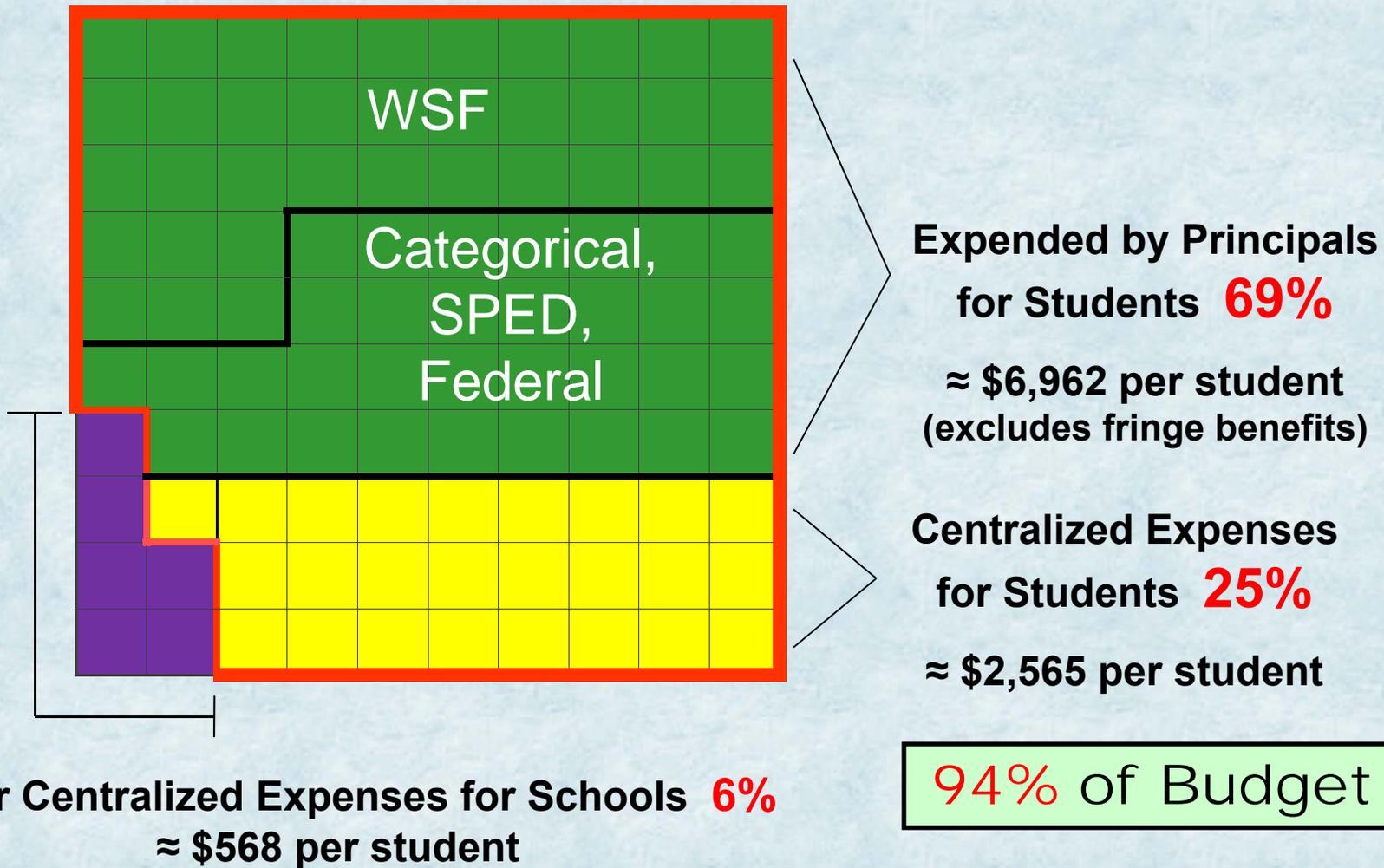
Does not include \$13.6M in Executive Budget Request

DOE FY 2012-13 Budget Request \$1.8 Billion

All Means of Finance (MOF)



Executive Budget Request Summary FY 2012-13



Other Centralized Expenses for Schools 6%
≈ \$568 per student

Expended by Principals for Students 69%
≈ \$6,962 per student (excludes fringe benefits)

Centralized Expenses for Students 25%
≈ \$2,565 per student

94% of Budget

Expenditures per student are based on SY 2012-13 Projected Enrollment Count

Where can I find the latest information on WSF?

Detailed information is available on the Department's website at:

<http://reach.k12.hi.us/empowerment/wsf/>