



STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

March 17, 2015

TO: The Honorable Brian De Lima  
Chairperson, Committee on Finance and Infrastructure

FROM: Kathryn S. Matayoshi  
Superintendent

SUBJECT: **Committee Action On Removal Of Restrictions On Department Of Education Budget, Fiscal Year 2015**

1. RECOMMENDATION

In light of the Governor's release of \$19.2 million of the \$24.66 million general fund restriction (Attachment A) imposed on the Department of Education (Department) budget, it is recommended that the Board of Education (Board) approve the distribution of these funds to the food service and student transportation programs in the amounts of \$8,319,009 and \$10,880,991, respectively.

2. RECOMMENDED EFFECTIVE DATE

Recommended effective date upon approval, so that the available general funds can be allocated to the two shortfall programs immediately.

3. DISCUSSION

a. Conditions leading to the recommendation

On Sept. 2, 2014, the Governor imposed a 10% restriction on what the Department of Budget and Finance determined to be the "discretionary" portion of the Department's FY 2014-15 general fund appropriation. This restriction totaled \$24.66 million.

On September 16, 2014, the Department presented a recommendation to the Board's Finance and Infrastructure Committee to distribute the restrictions across specific programs in the various EDNs. Included in this was a restriction of \$567,314 for food service and \$1,615,503 for student transportation.

On October 21, 2015, the Department presented a proposed Fiscal Biennium (FB) 2015-17 Budget Request to the Board's Finance and Infrastructure Committee noting the projected FY 2014-15 shortfalls of the appropriation level of \$9.9 million for food service and \$9.3 million for student transportation exclusive of previous internal restrictions.

If the total shortfall had been reported from the current allocation level (appropriation less restriction), the amounts would have been \$10.5 million for food service and \$10.9 million for student transportation.

On December 18, 2014, the Department wrote to the Governor requesting the release of what the Department of Budget and Finance had termed the "5% contingency" portion of the restriction, to help reduce the Department's need to seek the two emergency appropriations.

On February 18, 2015, the Governor issued a memorandum to release \$19.2 million, or nearly 78%, of the general fund restriction to the Department to "address projected shortfalls for the department's school food service and student transportation programs."

b. Previous action of the Board on the same or similar matter

On October 15, 2013, the Board approved the Department's Supplemental Budget Request for FY 2014-15.

On September 16, 2014, the Board approved the Department's FY 2014-15 allocation plan based on the budget execution policies from the Governor (Executive Memorandum 14-06) with a few small adjustments for weighted student formula, grants-in-aid, athletics, and EDN 300. The amounts restricted from food service and student transportation were as proposed.

On October 21, 2014, the Board approved the Department's Fiscal Biennium Operating Budget for 2015-17 that was premised upon FY 2014-15 shortfalls for food service and student transportation being addressed within FY 2014-15.

c. Other policies affected

1200-1.5 Board of Education Roles and Responsibilities: *2. Review and approve the Board/Department/Public Library budgets; ensure congruence of spending priorities with the Board's goals and objectives.*

1200-1.12 Department of Education Budgets: *Any Department proposal to make adjustments in the operating budget and Capital Improvements Program shall require prior approval of the Board.*

d. Arguments against the recommendation

None.

e. Arguments in support of the recommendation

The recommendation will negate the need for emergency appropriations for both the food service and student transportation services programs for the current fiscal year.

f. Possible reaction of the public, professional organizations, unions, DOE staff and/or others to the recommendation

Those that rely on consistent and predictable school lunch and bus transportation services will likely support this recommendation.

4. OTHER SUPPLEMENTARY RECOMMENDATIONS

None.

KSM:BH:ks

Attachment

c: Budget Branch



DEPT OF EDUCATION  
SUPT'S OFFICE

EXECUTIVE CHAMBERS

HONOLULU

DAVID Y. IGE  
GOVERNOR

2015 FEB 19 P 3:52

February 18, 2015

TO: The Honorable Kathryn S. Matayoshi, Superintendent  
Department of Education

SUBJECT: Request for Release of the 5% Contingency Restriction for FY 15

Your memorandum dated December 18, 2014, requesting to release the Department of Education's 5% contingency restriction for FY 15, has been reviewed.

As this request will address projected shortfalls for the department's school food service and student transportation programs, I am releasing a total of \$19,200,000 in general fund restrictions (\$9,325,096 in general fund 5% restrictions and \$9,874,904 in general fund 5% contingency restrictions).

Attached is the revised Exhibit 1 (dated February 9, 2015) which contains the department's revised funding allocation for FY 15. Please remit the respective Request for Allotment (Form A-19) to the Department of Budget and Finance to reflect the necessary changes.

For future reference, please ensure requests provide an appropriate level of information for review and processing. Your understanding on this matter is appreciated.

A handwritten signature in black ink, appearing to read "David Y. Ige".

DAVID Y. IGE  
Governor, State of Hawaii

Attachment

c: Honorable Wesley K. Machida

**FY 2015 ALLOCATION**  
**DEPARTMENT OF EDUCATION**  
 revised February 9, 2015

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dept'l Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation	GO Bond Funds (CB)*
Appropriation	19,234.47 1,406,144,711	737.50 55,959,324	5.00 233,651,324	- 17,343,500			- 24,290,000	- 10,545,605		8.00 28,834,438		19,984.97 1,776,768,902	
Collective Barg.	69,552,343	213,732	2,698,619	-			20,338	12,231		74,820		72,572,083	325,906
Restrictions	(3,005,254)											(3,005,254)	
Contingency restrictions	(2,455,446)											(2,455,446)	
Vacation payout													
<b>TOTAL</b>	<b>19,234.47 1,470,236,354</b>	<b>737.50 56,173,056</b>	<b>5.00 236,349,943</b>	<b>- 17,343,500</b>			<b>- 24,310,338</b>	<b>- 10,557,836</b>		<b>8.00 28,909,258</b>		<b>19,984.97 1,843,880,285</b>	<b>- 325,906</b>

Details of Collective Bargaining													
Bargaining Unit	General Fund	Special Funds	Federal Funds				Trust Funds	Inter-dept'l Transfers		Revolving Funds	Other Funds	Total CB Allocation (Operating)	GO Bond Funds (CB)*
BU 01 - Included	3,054,161	351	6,897									3,061,409	
- Excluded	183,209	128,443	116									311,768	
BU 02,03 & 04 - Included	9,268,324	36,527	222,693				15,776	2,847		20,905		9,567,072	60,388
- Excluded	492,304	1,233	935,551				289			373		1,429,750	410
BU 05 - Included	43,574,286		53,692					8,395				43,636,373	
- Excluded	1,460,626		899,065				4,273	989				2,364,953	
BU 06 - Included	5,424,234	8,956	346,053							7,408		5,786,651	6,833
- Excluded	474,953	10,041	93,295							9,283		587,572	
BU 08 - Included												-	
- Excluded												-	
BU 09 - Included	24,067											24,067	
- Excluded												-	
BU 09 (2014) - Included	14,138											14,138	
- Excluded												-	
BU 10 - Included	30,383											30,383	
- Excluded												-	
BU 10 (2ndSp) - Included	97,432											97,432	
- Excluded												-	
BU 11 - Included												-	
- Excluded												-	
BU 13 - Included	193,374		16,477							5,193		215,044	17,147
- Excluded												-	
BU 13 (2ndSp) - Included	5,145,890	28,181	117,128							29,164		5,320,363	231,901
- Excluded	114,962		7,652							2,494		125,108	7,227
Salary Commission/ Statutorially-Linked												-	
<b>TOTAL C.B.</b>	<b>69,552,343</b>	<b>213,732</b>	<b>2,698,619</b>				<b>20,338</b>	<b>12,231</b>		<b>74,820</b>		<b>72,572,083</b>	<b>325,906</b>

\* Note: GO Bond CB for info only; not to be allotted