

DEPARTMENT OF EDUCATION
 FISCAL YEAR 2014-15 SUPPLEMENTAL OPERATING BUDGET SUMMARY BY EDN - GENERAL FUNDS
 BUDGET BILL (HB 1700 HD1 SD1 CD1)

		ACT 134, SLH 2013 FY 2013-14			ACT 134, SLH 2013 FY 2014-15			CONFERENCE DECISIONS FY 2014-15			BUDGET BILL (HB 1700 HD1 SD1 CD1) FY 2014-15 TOTAL		
					(A)	(B)	(C)	(D)	(E)	(F)	(G=A+D)	(H=B+E)	(I=C+F)
EDN	MOF	FY 14 Perm (FTE)	FY 14 Temp (FTE)	FY 14 \$ (Amount)	Perm (FTE)	Temp (FTE)	\$ (Amount)	Perm (FTE)	Temp (FTE)	\$ (Amount)	Perm (FTE)	Temp (FTE)	\$ (Amount)
EDN100	A	12,561.350	678.300	817,507,508	12,561.350	678.300	794,398,920	-		18,489,675	12,561.350	678.300	812,888,595
EDN150	A	5,173.625	1,229.250	321,843,969	5,173.625	1,229.250	321,843,969			3,664,694	5,173.625	1,229.250	325,508,663
EDN200	A	377.000	59.000	45,120,095	377.000	59.000	44,132,348	-	21.000	3,297,472	377.000	80.000	47,429,820
EDN300	A	446.500	10.000	42,276,161	446.500	10.000	42,276,161	10.000	1.000	1,067,798	456.500	11.000	43,343,959
EDN400	A	637.000	3.000	170,665,305	637.000	3.000	162,218,522			9,000,000	637.000	3.000	171,218,522
EDN500	A	29.000	5.000	2,500,000	29.000	5.000	2,500,000				29.000	5.000	2,500,000
Grand Tota		19,224.475	1,984.550	1,399,913,038	19,224.475	1,984.550	1,367,369,920	10.000	22.000	35,519,639	19,234.475	2,006.550	1,402,889,559

HB1700 HD1 SD1 CD1

COMMITTEE REPORTCONFERENCE COMMITTEE REP. NO. 148-14Honolulu, Hawaii
, 2014RE: H.B. No. 1700
H.D. 1
S.D. 1
C.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1700, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE STATE BUDGET,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

PART I. OVERVIEW

Your Committee on Conference has approved an executive supplemental budget bill that reduces the appropriation amounts requested by the Administration. The Conference Draft appropriates \$159,239,203 in all funds, inclusive of \$65,709,287 in general funds, for fiscal year 2014-2015. The Conference Draft also reduces the appropriation of all funds for fiscal year 2013-2014 by \$92,507,527, the majority of which comprises

HB1700 HD1 SD1 CD1

general funds. The following table displays the results of your Committee on Conference's actions.

	Fiscal Year 2013-2014		Fiscal Year 2014-2015	
	All Funds	Gen. Funds	All Funds	Gen. Funds
Executive Supplemental Request (Including Governor's Messages)	(53,414,636)	(53,417,636)	273,612,110	200,154,616
Conference Draft Appropriation Adjustment	(39,092,891)	(38,814,391)	(114,372,907)	(134,445,329)
Net Change	(92,507,527)	(92,232,027)	159,239,203	65,709,287

Your Committee on Conference emphasizes that the total general fund *reduction* to the supplemental budget request in fiscal years 2013-2014 and 2014-2015 exceeds \$173 million.

In the interest of full disclosure, however, your Committee on Conference notes that a portion of the \$134.4 million general fund reduction in fiscal year 2014-2015 is derived from programs that your Committee intends to fund through separate bills. Reductions have been made from supplemental budget requests for the Hawaii Invasive Species Council, Kupuna Care, and other senior citizens programs. Appropriations for those programs are included in joint majority package bills (S.B. No. 2343/H.B. No. 1716 and S.B. No. 2346/H.B. No. 1713).

	Fiscal Year 2013-2014		Fiscal Year 2014-2015	
	All Funds	Gen. Funds	All Funds	Gen. Funds
2013 Exec. Budget Act 134	11,819,318,188	6,036,556,466	11,988,000,674	6,123,494,985
Net Change of Conference Draft	(92,507,527)	(92,232,027)	159,239,203	65,709,287
Total Appropriation	11,726,810,661	5,944,324,439	12,147,239,877	6,189,204,272

HB1700 HD1 SD1 CD1

The net change of the Conference Draft results in an executive budget for fiscal biennium 2013-2015 of the following:

PART II. STATE'S FISCAL SITUATION

Your Committee on Conference finds that the expectations of state departments and other parties requesting funds from the Legislature are unrealistic in light of the State's fiscal situation. Fiscal year 2012-2013 ended with a carryover balance of \$844,000,000. This was a cumulative result of four years of austere budgets, revenue changes, furloughs, and layoffs. Sacrifices were made by everyone -- families, businesses, and government. The ending balance for fiscal year 2012-2013 was already being used to fund expenses such as collective bargaining and other fixed cost increases before deliberations began on the supplemental budget in December 2013.

On March 11, 2014, the Council on Revenues reduced revenue projections for the current and next fiscal bienniums. The following table displays the differences between the Council's tax revenue and Department of Budget and Finance's non-tax revenue projections of March 11, 2014, and January 7, 2014, and the cumulative impact of the reduced revenue projections.

COUNCIL ON REVENUES' TAX REVENUES & DEPARTMENT OF BUDGET AND FINANCE'S NON-TAX REVENUES (03/11/14)							
	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19
COR & B&F 03/11/14	6,233.0	6,133.5	6,360.0	6,643.6	7,009.3	7,409.3	7,784.6
COR & B&F 01/07/14	6,233.0	6,323.0	6,662.3	7,128.5	7,512.0	7,939.2	8,349.2
DIFFERENCE	0.0	(189.5)	(302.3)	(484.9)	(502.7)	(529.9)	(564.6)
CUMULATIVE IMPACT (Sum of the Differences of Previous Years)	NA	(189.5)	(491.8)	(976.7)	(1,479.4)	(2,009.3)	(2,573.9)

When compared against the Council on Revenues' January 7, 2014, projection, the table indicates that general fund revenues now available for state budgets are \$189,500,000 less in fiscal year 2013-2014 and \$491,800,000 less in fiscal year 2014-2015.

Despite these fiscal challenges, as stewards of the taxpayers' money, your Committee on Conference has an obligation to spend wisely on today's needs while ensuring that there are sufficient funds to address future challenges. Your Committee on Conference commits to the following:

HB1700 HD1 SD1 CD1

- (1) Maintaining contributions to pay the other post-employment benefits unfunded liability according to the schedule set forth in Act 268, Session Laws of Hawaii 2013; and
- (2) Supporting budget reserves of at least \$200,000,000 by the end of fiscal year 2013-2014, growing to over \$270,000,000 by the end of fiscal year 2014-2015.

Your Committee on Conference recognizes that the current unprecedented budget surplus was the result of a collective effort. As a result, the State finds itself in a unique position to:

- (1) Continue the work done a year ago in the biennium budget to provide stability to the State's overall financial outlook;
- (2) Strengthen core programs;
- (3) Increase transparency in how taxpayer money is spent; and
- (4) Strategically plan for the long term through the supplemental budget.

Your Committee on Conference has approved this bill with general fund appropriations of much less than those requested in the Administration's initial proposal. Your Committee on Conference has done so after reviewing the different priorities of the Senate and House, the departments, and the community. Your Committee on Conference is satisfied that the programs and projects funded in this bill are all deserving of legislative support. In sum, your Committee on Conference finds that this bill represents a balance among the needs of the beneficiaries of state government, the availability of projected future revenues, and the preservation of adequate reserves.

Your Committee on Conference notes that, due to the projected reduction of the general fund tax revenue growth rates, the State's financial plan will show negative revenues over expenditures annually at least through fiscal year 2016-2017. The State will avoid violating the constitutional requirement for a balanced operating budget, however, by drawing down carefully on the \$844,000,000 ending balance.

HB1700 HD1 SD1 CD1

Education

The Conference Draft of the executive supplemental budget adjusts the department's appropriation for fiscal year 2013-2014 by reducing \$127,576 in general funds and for fiscal year 2014-2015 by adding \$41,534,247 in general funds and \$2,004,550 in non-general funds. The Administration's supplemental budget request was to add \$42,271,421 in general funds and \$1,888,850 in non-general funds for fiscal year 2014-2015.

Regular Education

Your Committee on Conference approves \$15,000,000 in general funds for the Weighted Student Formula (WSF) in School-Based Budgeting. These funds go directly to schools to provide resources for students. Your Committee reiterates its intent that all funds appropriated for the WSF be expended at the discretion of principals and that the use of the funds shall not be directed by the central office, district, or complex.

Your Committee on Conference also approves \$9,000,000 in general funds to account for a projected shortfall in the department's utilities budget. This funding will pay for utility shortfalls that resulted from overly optimistic energy savings assumptions for fiscal year 2014-2015 under the department's proposed Energy Efficiency and Sustainability Master Plan. Pilot installations of photovoltaic systems at a number of schools were delayed due to interconnection circuit problems that prevented Hawaiian Electric from issuing net energy metering agreements.

Your Committee on Conference also approves \$3,664,694 in general funds to provide special education services to qualifying students up to age twenty-two. On August 28, 2013, the federal Ninth Circuit Court of Appeals ruled that the Individuals with Disabilities Education Act (IDEA) prohibited the State of Hawaii from restricting special education services eligibility to qualifying individuals up to age twenty. This funding will be used to provide a free appropriate public education for eligible students with special needs in compliance with the court ruling.

Your Committee on Conference also approves twenty-one temporary positions and \$1,925,472 in general funds to implement the Strive-HI performance system. Strive-HI is the foundation of Hawaii's Elementary and Secondary Education Act (ESEA)

HB1700 HD1 SD1 CD1

Waiver, which replaces the No Child Left Behind Act (NCLB). The funds and positions appropriated will be used to form Complex Area Support Teams (CAST) that serve schools designated as "Focus" and "Priority" under the new Strive-HI classification. Focus and Priority schools are those that struggle to meet the educational standards outlined in the State's ESEA Waiver.

Your Committee on Conference also approves \$2,000,000 in general funds for the restoration of school athletics programs. State funding for athletic programs has been significantly reduced from fiscal year 2008-2009 when \$13,337,483 was allocated for student sports. Currently, fiscal year 2014-2015 allocates \$9,193,798 for athletic programs. Reductions in athletic program funding have created additional challenges for neighbor island schools as athletes must travel to compete. Funding cuts have forced athletic teams to maintain smaller rosters, attend fewer events, and use worn equipment. It has also led to a loss of forty department-wide athletics staff positions. This appropriation will help restore funding to historically budgeted levels.

The Conference Draft also makes other significant adjustments, including the following:

- (1) Adding \$600,000 in general funds for the Educator Evaluation System to measure teacher effectiveness (EDN200/GD);
- (2) Adding \$256,000 in general funds for statewide teacher induction and mentoring (EDN300/KO);
- (3) Adding \$579,208 in general funds for the Professional Development Management System (PDE3) annual subscription in the State Administration (EDN300/KO); and
- (4) Adding \$200,000 in general funds for Alternate Teacher Route Contracts, including Teach for America (EDN300/KD).

Early Learning

The Conference Draft approves \$3,000,000 in general funds for a school readiness program under EDN700 (Early Learning) by establishing twenty-one pre-kindergarten classrooms on Department of Education campuses. This appropriation is

HB1700 HD1 SD1 CD1

intended to allow an estimated four hundred twenty children to attend pre-kindergarten classes in a statewide pilot partnership between the Department of Education and the Executive Office on Early Learning.

DEPARTMENT OF EDUCATION
FISCAL YEAR 2014-15 SUPPLEMENTAL OPERATING BUDGET REQUEST DETAILS - GENERAL FUNDS
BUDGET BILL (HB 1700 HD1 SD1 CD1)

EDN	Prog ID	Program Description	FY 15 Budget Request Description	GOVERNOR'S BUDGET			HOUSE DECISIONS			SENATE DECISIONS			CONFERENCE DECISION		
				Perm	Temp	\$ Amount	Perm	Temp	\$ Amount	Perm	Temp	\$ Amount	Perm	Temp	\$ Amount
EDN100	42100	WEIGHTED STUDENT FORMULA	Weighted Student Formula - increase in base funding at each school to help address: funding adequacy at all schools and the additional demands being placed on school staff around implementation of educator effectiveness, student data assessment, induction and mentoring, Elementary and Secondary Education Act (ESEA) Flex, information technology support, and Hawaii Common Core standards.	-	-	14,000,000			14,482,086			15,000,000			15,000,000
EDN100	18864	ALTERNATIVE PROGRAMS	High Core / Storefront - operating expenses, instructional materials, and funding for (8) part-time teachers and a counselor to allow for an extended day and night school program.	-	-	120,545			120,545			-			-
EDN100	27100	ATHLETICS (SALARY, SUPP & EQUIP)	Athletics - Add funds for school athletics	-	-	-			-			2,000,000			2,000,000
EDN100	23026	ADVANCED PLACEMENT INCENTIVE PROGRAM	Advanced Placement - operating expenses and funding for 1.0 permanent state level resource teacher position to help administer student support programs.	-	-	554,379			554,379			-			-
EDN100	16173	LAHAINALUNA BOARDING DEPT-GEN FUND	Dorm Attendants - Add (2) positions and funds to EDN 100/BX for Lahainaluna High School	-	-	-	2.00		63,528			-	2.00		63,528
EDN100	25235	WASC ACCREDITATION	WASC Accreditation - Request for operating funds and funding for 2.0 appropriated but unfunded permanent positions to provide administrative services to facilitate school improvement efforts through the accreditation process.	-	-	265,000	-		-	-		-	-		-
EDN100	25235	WASC ACCREDITATION	WASC Accreditation - to transfer 2.0 permanent FTEs from EDN 100/CB to EDN 200/GD to provide administrative support to facilitate school improvement efforts through the WASC accreditation process.	(2.00)	-	-	(2.00)		-	-		-	(2.00)		-
EDN100	12666	HCPS-SCHOOL ACCOUNTABILITY	Strive HI accountability system - to expand existing services to support data validation work and yearly processing and modifying ESEA accountability analyses and reports.	-	-	60,000			60,000			-			-
EDN100	A90xx	GIA - VARIOUS SEE ATTACHED	GIA - VARIOUS SEE ATTACHED	-	-	-									1,426,147
EDN150	A9047	SPECIAL EDUCATION TO AGE 22	Special Education Services - Resources to address additional requirement for special education services in response to US Court or Appeals for the Ninth Circuit decision.	-	-	3,664,694			-			3,664,694			3,664,694
EDN200	A9046	GIA - BEACH ENVIRONMENTAL AWARENESS CAMPAIGN HAWAII	GIA - BEACH ENVIRONMENTAL AWARENESS CAMPAIGN HAWAII	-	-	-									180,000
EDN200	25024	INSTRUCTIONAL SERVICES BRANCH	Formative Instruction - operating funds to support school level professional development costs related to transportation, supplies, and state membership to a multi-state working group on formative instruction.	-	-	250,000			250,000			-			-

DEPARTMENT OF EDUCATION
FISCAL YEAR 2014-15 SUPPLEMENTAL OPERATING BUDGET REQUEST DETAILS - GENERAL FUNDS
BUDGET BILL (HB 1700 HD1 SD1 CD1)

EDN	Prog ID	Program Description	FY 15 Budget Request Description	GOVERNOR'S BUDGET			HOUSE DECISIONS			SENATE DECISIONS			CONFERENCE DECISION		
				Perm	Temp	\$ Amount	Perm	Temp	\$ Amount	Perm	Temp	\$ Amount	Perm	Temp	\$ Amount
EDN200	26603	WASC ACCREDITATION - ADMINISTRATION	WASC Accreditation - Request for operating funds and funding for 2.0 appropriated but unfunded permanent positions to provide administrative services to facilitate school improvement efforts through the accreditation process.	-	-	217,086	-		-	-		-		-	
EDN200	26603	WASC ACCREDITATION - ADMINISTRATION	WASC Accreditation - to transfer 2.0 permanent FTEs from EDN 100/CB to EDN 200/GD to provide administrative support to facilitate school improvement efforts through the WASC accreditation process.	2.00	-	-	-		-		-	-		-	
EDN200	A9033	ESEA FLEX	Strive HI - for 22.0 temporary positions and funds to serve necessary support functions for Focus and Priority schools and contracts for support services for implementation of the Strive HI Performance System.	-	22.00	2,000,000		21.00	1,925,472		22.00	2,000,000		21.00	1,925,472
EDN200	A9034	EDUCATOR EFFECTIVENESS SYSTEM (EES)	Education Effectiveness System (EES) - for the student perception survey, train and certify administrators on the classroom observation framework, maintain and modify the PDE3 system, and travel expenses.	-	-	1,267,700			1,267,700			600,000			600,000
EDN200	NEW	Access Learning	Access Learning (Digital Curriculum) Pilot - to contract technology support services and provide professional development for the digital pilot schools.	-	3.00	600,000		-	-		-	-		-	-
EDN200	25115	SABBATICAL LEAVE-TEACHERS	Sabbatical Leave - to meet the Department's obligation to provide sabbatical leaves per the HSTA contract.	-	-	592,000			592,000			592,000			592,000
EDN300	33007	SUPERINTENDENT'S OFFICE	Council of Chief State School Officers (CCSSO) - to cover the cost of annual membership in the national educational organization for the nation's chief state school officers leading state educational agencies.	-	-	36,000			-			-			-
EDN300	33027	COMMUNICATIONS & COMMUNITY AFFAIRS OFC	Communications and Community Affairs Office - to fund personnel (5.0 permanent positions) and operating expenses for the strategic needs of the Department's communication arm.	-	-	431,037			396,037			-			-
EDN300	NEW	(blank)	Early Learning Coordinator - to fund position to support early childhood education policies, curriculum, and assessment relating to kindergarten and other pre-kindergarten programs.	1.00	-	70,000	-		-	-		-	-		-
EDN300	33013	CIVIL RIGHTS COMPLIANCE	Civil Rights Compliance Office - for (2.0) temporary FTEs to assist in meeting the most immediate needs of the Department with respect to compliance in the area of Title VI of the Civil Rights Act and federal audits.	-	2.00	130,360		2.00	130,360		-	-		1.00	32,590
EDN300	33034	TEACHER MENTOR PROGRAM	Teacher Mentor Program - to provide research-based mentor training; beginning teacher, mentor, and induction leadership professional development; cross state professional development opportunities; consultation and support complex areas; training materials; office supplies; and travel.	-	-	256,000			256,000			-			256,000
EDN300	33292	PERSONNEL DEVELOPMENT BRANCH	Alternative Teacher Route - to extend the current alternative route teaching contract to recruit and place teacher candidates.	-	-	870,000			435,000			-			200,000

DEPARTMENT OF EDUCATION
FISCAL YEAR 2014-15 SUPPLEMENTAL OPERATING BUDGET REQUEST DETAILS - GENERAL FUNDS
BUDGET BILL (HB 1700 HD1 SD1 CD1)

EDN	Prog ID	Program Description	FY 15 Budget Request Description	GOVERNOR'S BUDGET			HOUSE DECISIONS			SENATE DECISIONS			CONFERENCE DECISION			
				Perm	Temp	\$ Amount	Perm	Temp	\$ Amount	Perm	Temp	\$ Amount	Perm	Temp	\$ Amount	
EDN300	33292	PERSONNEL DEVELOPMENT BRANCH	Electronic Human Resources (eHR) - to maintain technical production support for the existing system that is business critical to the Department.	-	-	300,000			300,000			-			-	
EDN300	33292	PERSONNEL DEVELOPMENT BRANCH	Professional Development Management System (PDMS) - to maintain the subscription for the PDE3 technology platform, a secure, on-line, portal that connects educations with professional development opportunities tied to their education effectiveness data.	-	-	599,208			599,208			579,208			579,208	
EDN300	33926	OFFICE OF HUMAN RESOURCES	HR Executive Assistant - to fund position to improve HR support to the field through streamlined recruitment, onboarding and alignment initiatives.	(1.00)	-	100,503	-		100,503	-		-			-	
EDN300	Various	OITS POSITION FTEs	OITS positions - for 16.0 Permanent FTEs for the Office of Information Technology Services: 1.0 DPSA V for the Network Design Section; 3.0 DPSA IV positions to support school level technology integration; 7.0 IT Specialist III to improve the quality and responsiveness of information technology services and support to the schools, complex areas, and state administrative; 1.0 DPSA IV to fulfill the role of the Information Systems Training Unit (ISTU) Head; 1.0 DPSA VI for to Data Management Section to lead database development, administration, and maintenance; 2.0 DPSA IV to provide programming/integration for educational technology systems and the development maintenance, administration, and management of all School systems; and 1.0 Data Processing Specialist II to serve as IT Project Manager.	16.00		-		15.00		10.00				10.00		-
EDN300	NEW	PREKINDERGARTEN	Prekindergarten Program - Add funds for Department of Education pre-kindergarten classes/school readiness program	-	-	-			3,000,000			-			-	
EDN400	37720	UTILITIES	Utilities - to account for the projected shortfall in the utility budget, which covers the cost of electricity, gas, water and sewer expenses.	-	-	9,000,000			9,000,000			9,000,000			9,000,000	
TOTAL				16.00	27.00	35,384,512	-	38.00	33,532,818	10.00	22.00	33,435,902	10.00	22.00	35,519,639	

Short Description	CONF add on - GIA
Row Labels	Sum of FY 15 Total - CONF
EDN100	1,426,147
GIA - AFTER SCHOOL ALL STARS HAWAII	75,000
GIA - BEST BUDDIES HAWAII, LLC	125,000
GIA - HAWAII AGRICULTURAL FOUNDATION	466,339
GIA - HAWAII COUNCIL FOR THE HUMANITIES	72,366
GIA - HUI MALAMA LEARNING CENTER	125,000
GIA - KALANAI HONUA	92,362
GIA - KULA NO NA PO'E HAWAII	80,000
GIA - MA KA HANA KA IKE	102,680
GIA - MAUI HIGH BOOSTER CLUB	50,000
GIA - READ TO ME INTERNATIONAL FOUNDATION	237,400
EDN200	180,000
GIA - BEACH ENVIRONMENTAL AWARENESS CAMPAIGN HAWAII	180,000
Grand Total	1,606,147

PROVISOS

(16) By amending section 18 to read:

"SECTION 18. Provided that of the general fund appropriation for school-based budgeting (EDN100), [~~the sum of~~] at least \$535,423 [~~or so much thereof as may be necessary~~] for fiscal year 2013-14 and [~~the sum of~~] at least \$535,423 [~~or so much thereof as may be necessary~~] for fiscal year 2014-15 shall be expended for the operation of the high core (storefront) alternative learning center~~[-]~~; provided that, if the department of education determines that the appropriation for at risk programs (EDN100/BJ) for fiscal year 2014-15 is not sufficient to fund the high core alternative learning center at the minimum \$535,423 for fiscal year 2014-15 without jeopardizing the operation of other alternative learning centers, the department shall transfer from instructional support (EDN200) or state administration (EDN300) to EDN100/BJ or funds from school-based budgeting (EDN100) at the discretion of the impacted principals may be used, as necessary to make up the shortfall."

(17) By adding a new section to read:

"SECTION 18.1. (a) Any part of the appropriation for the weighted student formula in school-based budgeting (EDN100) for fiscal year 2014-15 that is allocated to a school according to the formula shall be expended at the discretion of the principal

HB1700 HD1 SD1 CD1

of the school in compliance with chapter 302A, part V, Hawaii Revised Statutes.

(b) The superintendent of education or other officer of the department of education may prohibit a planned expenditure or order remedial action for an actual expenditure only when the planned or actual expenditure does not comply with chapter 302A, part B, Hawaii Revised Statutes."

(18) By adding a new section to read:

"SECTION 19.1. Provided that of the general fund appropriation for instructional support (EDN200), the sum of \$592,000 or so much thereof as may be necessary for fiscal year 2014-2015 shall be expended for the purpose of sabbatical leave for teachers; and provided further that any funds not expended for this purpose shall lapse to the general fund at the end of the fiscal year for which the appropriation was made."

(19) By adding a new section to read as follows:

"SECTION 19.2. Provided that of the general fund appropriation for state administration (EDN300), the sum of \$200,000 or so much thereof as may be necessary for fiscal year 2014-2015 shall be expended for the purpose of an alternate teacher route contract; and provided further that any funds not expended for this purpose shall lapse to the general fund at the end of the fiscal year for which the appropriation was made."

(20) By adding a new section to read:

HB1700 HD1 SD1 CD1

"SECTION 19.3. Provided that:

- (1) Not more than \$579,208 of general or other funds shall be expended in fiscal year 2014-15 by the department of education for the professional development management system annual subscription under the sole source supplemental contract funded in school administration (EDN300); and
- (2) The department of education shall pursue all avenues to reduce the cost of the professional development management system that is available from the vendor and plan for procuring and providing a professional development management system after the expiration of the five-year period of the supplemental contract."

(21) By adding a new section to read:

"SECTION 19.4. Provided that of the general fund appropriation of \$9,000,000 added by this Act for fiscal year 2014-15 for school support (EDN400):

(1) If a portion of the general fund appropriation is not expended or encumbered for fiscal year 2014-15, the unexpended and unencumbered portion shall not be expended or encumbered for any other purpose during fiscal year 2014-15 and shall lapse into the general fund on June 30, 2015;

HB1700 HD1 SD1 CD1

(2) The department of education shall submit to the legislature a report on its utility costs that includes at least the following:

(A) Projected costs for electricity, water, sewer, and gas for each fiscal year through fiscal year 2015-16;

(B) Projected cost savings during each of the same fiscal years from renewable energy and other projects planned to be implemented by the department;

(C) Projected operating and capital costs, means of financing, and installation timeline for the renewable energy and other projects planned to be implemented by the department through fiscal year 2015-16.

The department shall submit the report to the legislature not later than twenty days prior to the convening of the regular session of 2015."

(22) By adding a new section to read as follows:

"SECTION 19.5. Provided that of the general fund appropriation for early learning (EDN700):

(1) The sum of \$3,000,000 or so much thereof as may be necessary for fiscal year 2014-2015 shall be used for a pre-kindergarten program in public school classrooms identified jointly by the department of education and executive office of early learning;

HB1700 HD1 SD1 CD1

(2) None of the appropriation shall be expended for a family-child interaction learning program."

(5) By adding a new section to read:

"SECTION 122.1. (a) For the purpose of this section, "ESEA waiver" means a waiver from any requirement of the federal Elementary and Secondary Education Act of 1965, as amended, under an ESEA flexibility request approved for the state department of education.

(b) The state department of education shall notify the legislature prior to executing the ESEA waiver if the ESEA waiver will result in a request for additional general funds beyond the supplemental request for fiscal year 2014-2015.

(c) The state department of education shall hold a briefing on the ESEA waiver for the senate standing committee on education, house standing committee on education, senate standing committee on ways and means, and house standing committee on finance."

(6) By adding a new section to read:

"SECTION 122.2. In carrying out their strategic plan and in the execution of their six priority strategies, the department of education shall consider workload and capacity issues at both the complex area and school level. Before additional districtwide requirements are considered that are not required for federal compliance or negotiated contract purposes,

HB1700 HD1 SD1 CD1

the department of education shall assess whether or not any such mandate can be accomplished given existing school-level resources."

(7) By amending section 123 to read:

"SECTION 123. Provided that the director of finance shall ensure that non-facility per-pupil general fund amounts allocated for department of education and charter school students are equal on an annualized fiscal year basis; provided further that, notwithstanding any other law to the contrary, for fiscal year 2013-2014 and fiscal year 2014-2015, the director of finance shall:

(1) Determine the sum of general fund appropriations made for the department of education and charter school student non-facility costs;

(2) Determine the sum of department of education and charter school student enrollment based upon verified actual student enrollment counts;

(3) Determine a per-pupil amount by dividing the sum of general fund appropriations determined under paragraph (1) by the sum of student enrollment determined under paragraph (2);

(4) Transfer a general fund amount between the department of education and charter schools prior to November 1, 2013, and November 1, 2014, that will provide each with a per-pupil

HB1700 HD1 SD1 CD1

allocation equal to the amount determined on an annualized fiscal year basis under paragraph (3); and

(5) Account for all calculations and transfers made pursuant to this section in a report to the legislature, governor, department of education, and charter schools within ten days of any transfer made pursuant to this section; and provided further that for the purposes of this section, all general fund appropriations, except grants issued pursuant to chapter 42F, for school-based budgeting (EDN100), instructional support (EDN200), state administration (EDN300), and school support (EDN400), shall be considered non-facility appropriations for the department of education.

(b) Provided further that:

(1) Of the general fund appropriation for charter schools (EDN600), \$800,000 for fiscal year 2014-2015 shall be deemed additional to the per-pupil allocation for charter schools for that fiscal year as calculated pursuant to subsection (a);

(2) The \$800,000 shall be expended by the charter school commission for its operating and administrative costs for fiscal year 2014-2015; and

(3) As additional funding for its operating and administrative costs for fiscal year 2014-2015, the charter school commission may transfer from the per-pupil allocation for

HB1700 HD1 SD1 CD1

charter schools for fiscal year 2014-2015 not more than \$560,000
to the commission for expenditure for such costs."