



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

OFFICE OF THE SUPERINTENDENT

June 17, 2014

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

FROM:  Kathryn S. Matayoshi, Superintendent

SUBJECT: **DISCUSSION/RECOMMENDATION FOR BOARD ACTION ON THE  
DEPARTMENT OF EDUCATION'S OPERATING BUDGET FOR FISCAL  
YEAR 2014-15**

1. RECOMMENDATION

It is recommended that the Board of Education (Board) adopt the Department's recommended fiscal year (FY) 2014-15 general fund allocation plan, which aligns appropriated resources with the Strategic Plan 2011-2018 (2012 update). (See attachment.)

2. RECOMMENDED EFFECTIVE DATE

Recommended effective date is upon approval so that the issuance of allocation documents for FY 2014-15 can commence in advance of the new fiscal year beginning on July 1, 2014.

3. DISCUSSION

a. Conditions leading to the recommendation

For the Department's FY 2014-15 operating budget, while the total level of general funds appropriated are close to the total amount requested, several of the Executive Supplemental Budget Requests were either partially funded or not funded at all. As a result, several of the high priority strategic plan related efforts require the reallocation of resources to support the budgetary gaps.

The Department is committed to implementing the on-going reforms and recommends the exercise of budget flexibility within the parameters of the provisos and statute, to use available revenues to fund these measurable efforts in FY 2014-15.

As was openly discussed with the administration, members of the Legislature, and the Board, the FY 2012-13 receipt of federal Impact Aid funds were substantially greater than anticipated or budgeted. These one-time excess Impact Aid funds were an available source of revenues to sustain the reform efforts for the first year of the biennium. The Board unanimously approved a recommendation to obligate approximately \$6.4 million of these Impact Aid funds for various program activities to implement the budget for FY 2013-14.

As the current fiscal year progressed, actual expenditure of funds have not required the level of support from these Impact Aid funds as was originally estimated. It is estimated that approximately \$2.7 million of the \$6.4 million approved for use during FY 2013-14 will be available to be re-obligated for Strategic Plan priority programs in FY 2014-15.

The attached spreadsheet includes all line item adjustments made by the Legislature in HB 1700, CD1, variances, proposed implementation of the line items.

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

On June 18, 2013, the Department recommended to the Finance and Infrastructure Committee a plan to use a portion of excess Impact Aid collections from FY 2012-13 to supplement the general fund appropriations made by the Legislature in the Conference Draft of HB 200. The recommendation passed unanimously.

On October 15, 2013, the Department's recommendation on the Supplemental operating budget for 2014-15 was presented to the Board's Finance and Infrastructure Committee. The Board unanimously approved the recommendation with an amendment to increase the WSF request from \$14 million to \$20 million.

On March 18, 2014, an update on the budget adjustments made to the Governor's budget request in the House Draft of HB 1700 was provided to the Finance and Infrastructure Committee.

On April 15, 2014, an update on the budget adjustments made to the Governor's budget request in the Senate Draft of HB 1700 was provided to the Finance and Infrastructure Committee.

On May 20, 2014, an update on the budget adjustments made to the Governor's budget request and insertions of provisos into the Conference Draft of HB 1700 was provided to the Finance and Infrastructure Committee.

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

Relying on one-time Impact Aid funds to support priority programs that have recurring funding requirements may necessitate seeking additional resources in the next Biennium Budget.

e. Arguments in support of the recommendation

The recommendation will allow the Department to continue to put into place the supports to implement the Strategic Plan, and does so within the general fund appropriations contained in HB 1700, CD1 and other available resources.

f. Findings and conclusions of the Board Committee

Not applicable.

g. Other agencies or departments of the State involved in the action

None.

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

Those that rely on consistent and predictable educational programs and reform efforts will likely support this recommendation because the DOE is prioritizing funding the Strategic Plan initiatives.

4. OTHER SUPPLEMENTARY RECOMMENDATIONS

None.

KSM:BH:ks

Attachment

c: Budget Branch

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

EDN	B&F Sub Org	Program ID	Program Description	FY 15 Budget Request Description	EXECUTIVE BUDGET REQUEST					CONFERENCE DECISIONS					CD1 - Gov	Supplemental General Fund allocation based on available			
					FY 15 Perm	FY 15 Temp	FY 15 A	FY 15 A1, B, C, M	FY 15 Total	FY 15 Perm	FY 15 Temp	FY 15 A	FY 15 A1, B, C, M	FY 15 Total		Impact Aid Funds	Implementation Plan Comment		
EDN100	AA	42100	WEIGHTED STUDENT FORMULA	WSF Base Funding	-	-	-	14,000,000	14,000,000					15,000,000	15,000,000	1,000,000		FY14-15 Increase Base Fund by \$59,523 per school....59,523.81 rounded down.	
EDN100	BJ	18864	ALTERNATIVE PROGRAMS	High Core Alternative Learning Center	-	-	-	120,545	120,545					-	-	(120,545)	120,545	Rely on use of prior year Impact Aid funds - FY14-15 only and consider including request in next biennium	
EDN100	BX	16173	LAHAINALUNA BOARDING DEPT-GEN FUND	HSE Add On - Dorm Attendants - Lahainaluna High School	-	-	-	-	-	2,000			63,528	-	63,528	63,528		Will allocate the (2) additional Dorm Attendants to program.	
EDN100	BX	23026	ADVANCED PLACEMENT INCENTIVE PROGRAM	Advanced Placement Incentive Program	-	-	56,259	498,120	554,379				-	-	-	(554,379)	554,379	Rely on use of prior year Impact Aid funds - FY14-15 only and consider including request in next biennium	
EDN100	CB	25235	WASC ACCREDITATION	WASC Accreditation	-	-	-	265,000	265,000					-	-	(265,000)	265,000	Rely on use of prior year Impact Aid funds - FY14-15 only and consider including request in next biennium	
EDN100	CB	25235	WASC ACCREDITATION	WASC Accreditation - transfer FTE	(2,000)	-	-	-	-	(2,000)				-	-	-		NOTE: Dept lost (2) Perm FTEs that would have gone to EDN200 to support WASC Accreditation	
EDN100	CQ	12666	HCPSS-SCHOOL ACCOUNTABILITY	ESEA Flex/Strive HI Accountability Reporting System	-	-	-	60,000	60,000					-	-	(60,000)	60,000	Rely on use of prior year Impact Aid funds - FY14-15 only and consider including request in next biennium	
EDN100	CT	NEW	GRANT IN AID AWARDS (see attached)	Conference Committee add-ons - various GIA applicants	-	-	-	-	-				1,426,207	1,426,207	1,426,207			Program managers to be identified. Release to be determined by available funds and approval of Governor.	
EDN100	GD	27100	ATHLETICS ( SALARY, SUPP & EQUIP )	Senate add-on - Athletics	-	-	-	-	-				2,000,000	2,000,000	2,000,000			To be allocated via Prog ID 27100 as determined by Program Manager.	
<b>EDN100 Total</b>					<b>(2,000)</b>	<b>-</b>	<b>56,259</b>	<b>14,943,665</b>	<b>14,999,924</b>	<b>-</b>	<b>-</b>	<b>63,528</b>	<b>18,426,207</b>	<b>18,489,735</b>	<b>3,489,811</b>	<b>999,924</b>			
EDN150	FA	17131	SPECIAL EDUCATION IN REGULAR SCHOOLS	Servicing SPED Students Until Age 22	-	-	-	3,664,694	3,664,694				3,664,694	3,664,694	-	-	-	To be allocated to OCISS in unique Prog ID to help support tracking of additional expenses associated with services to age 22.	
<b>EDN150 Total</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>3,664,694</b>	<b>3,664,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,664,694</b>	<b>3,664,694</b>	<b>-</b>	<b>-</b>	<b>-</b>		
EDN200	GC	25024	INSTRUCTIONAL SERVICES BRANCH	Formative Instruction	-	-	-	250,000	250,000					-	-	(250,000)		Schools and Complexes will have to manage with less support to implement formative instruction.	
EDN200	GD	26603	WASC ACCREDITATION - ADMINISTRATION	WASC Accreditation - Admin	2,000	-	92,086	125,000	217,086					-	-	(217,086)	217,086	Rely on use of prior year Impact Aid funds - FY14-15 only and consider including request in next biennium	
EDN200	GD	A9033	ESEA FLEX	ESEA Flex	-	22,000	1,586,000	414,000	2,000,000			21,000	1,511,472	414,000	1,925,472	(74,528)		Program will have to look to cut costs that have the least impact on program success such as use reduced travel and greater reliance on telecommunications.	
EDN200	GD	A9034	EDUCATOR EFFECTIVENESS SYSTEM (EES)	Educator Effectiveness System (EES)	-	-	-	1,267,700	1,267,700				600,000	600,000	(667,700)			Reduction to be managed by administering the student perception survey once instead of twice.	
EDN200	GG	NEW		Governor's add on - Digital Devices	-	3,000	146,733	453,267	600,000				-	-	(600,000)			For 3.0 unappropriated temp positions @ \$210,000 "A" and \$222,938 in "B". Rely on use of prior year Impact Aid funds - FY14-15 only and consider including request in next biennium	
EDN200	GH	25115	SABBATICAL LEAVE-TEACHERS	Sabbatical Leave for Teachers	-	-	-	592,000	592,000				592,000	592,000	-	-	-		

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

EDN	B&F Sub Org	Program ID	Program Description	FY 15 Budget Request Description	EXECUTIVE BUDGET REQUEST					CONFERENCE DECISIONS					CD1 - Gov	Supplemental General Fund allocation based on available Impact Aid Funds		Implementation Plan Comment
					FY 15 Perm	FY 15 Temp	FY 15 A	FY 15 A1, B, C, M	FY 15 Total	FY 15 Perm	FY 15 Temp	FY 15 A	FY 15 A1, B, C, M	FY 15 Total		Impact Aid Funds		
EDN200	CT	NEW	GIA - BEACH ENVIRONMENTAL AWARENESS CAMPAIGN HAWAII	Conference Committee add-on - GIA	-	-	-	-	-	-	-	-	180,000	180,000	180,000		Program manager to be identified. Release to be determined by available funds and approval of Governor.	
<b>EDN200 Total</b>					<b>2,000</b>	<b>25,000</b>	<b>1,824,819</b>	<b>3,101,967</b>	<b>4,926,786</b>	<b>-</b>	<b>21,000</b>	<b>1,511,472</b>	<b>1,786,000</b>	<b>3,297,472</b>	<b>(1,629,314)</b>	<b>650,024</b>		
EDN300	KD	33007	SUPERINTENDENT'S OFFICE	Office of the Superintendent	-	-	-	36,000	36,000	-	-	-	-	-	(36,000)	36,000	Rely on use of prior year Impact Aid funds - FY14-15 only and consider including request in next biennium	
EDN300	KD	33027	COMMUNICATIONS & COMMUNITY AFFAIRS OFC	Communications and Community Affairs Office	-	-	311,037	120,000	431,037	-	-	-	-	-	(431,037)		Will transfer general funds from various OITS programs for the "A" portion (\$311,037) only.	
EDN300	KD	NEW	(blank)	Governor's add on - Early Learning Coordinator	1,000	-	70,000	-	70,000	-	-	-	-	-	(70,000)		An Education Specialist to be funded from \$3 million in EDN700 for preschools for FY14-15 and beyond.	
EDN300	KH	33013	CIVIL RIGHTS COMPLIANCE	Civil Rights Compliance Office	-	2,000	130,360	-	130,360	-	1,000	32,590	-	32,590	(97,770)	65,180	Rely on use of prior year Impact Aid funds to fund 1.0 position - FY14-15 only and consider including request in next biennium	
EDN300	KO	33034	TEACHER MENTOR PROGRAM	Induction and Mentoring	-	-	-	256,000	256,000	-	-	-	256,000	256,000	-			
EDN300	KO	33292	PERSONNEL DEVELOPMENT BRANCH	Alternate Teacher Route Contract (TFA)	-	-	-	870,000	870,000	-	-	-	200,000	200,000	(670,000)	250,000	The Teach for America contract shortfall to be funded using combination SPED program funds for SPED teacher share and federal funds.	
EDN300	KO	33292	PERSONNEL DEVELOPMENT BRANCH	eHR Contract Funds	-	-	-	300,000	300,000	-	-	-	-	-	(300,000)	300,000	Rely on use of prior year Impact Aid funds to fund 1.0 position - FY14-15 only and consider including request in next biennium	
EDN300	KO	33292	PERSONNEL DEVELOPMENT BRANCH	Professional Development Management System (PDMS)	-	-	-	599,208	599,208	-	-	-	579,208	579,208	(20,000)		PDMS contract will be limited to \$579,208.	
EDN300	KO	33926	OFFICE OF HUMAN RESOURCES	HR Executive Assistant	(1,000)	-	99,378	1,125	100,503	-	-	-	-	-	(100,503)	100,503	Rely on use of prior year Impact Aid funds to fund 1.0 position - FY14-15 only and consider including request in next biennium	
EDN300	UA	??	OITS POSITION FTES	OITS New Position FTES	16,000	-	-	-	-	10,000	-	-	-	-	-	-	Positions to convert to permanent identified by OITS.	
<b>EDN300 Total</b>					<b>16,000</b>	<b>2,000</b>	<b>610,775</b>	<b>2,182,333</b>	<b>2,793,108</b>	<b>10,000</b>	<b>1,000</b>	<b>32,590</b>	<b>1,035,208</b>	<b>1,067,798</b>	<b>(1,725,310)</b>	<b>751,683</b>		
EDN400	OE	37720	UTILITIES	Central Utility Budget	-	-	-	9,000,000	9,000,000	-	-	-	9,000,000	9,000,000	-			
<b>EDN400 Total</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>9,000,000</b>	<b>9,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,000,000</b>	<b>9,000,000</b>	<b>-</b>	<b>-</b>		
<b>Grand Total</b>					<b>16,000</b>	<b>27,000</b>	<b>2,491,853</b>	<b>32,892,659</b>	<b>35,384,512</b>	<b>10,000</b>	<b>22,000</b>	<b>1,607,590</b>	<b>33,912,109</b>	<b>35,519,699</b>	<b>135,187</b>	<b>2,401,631</b>		