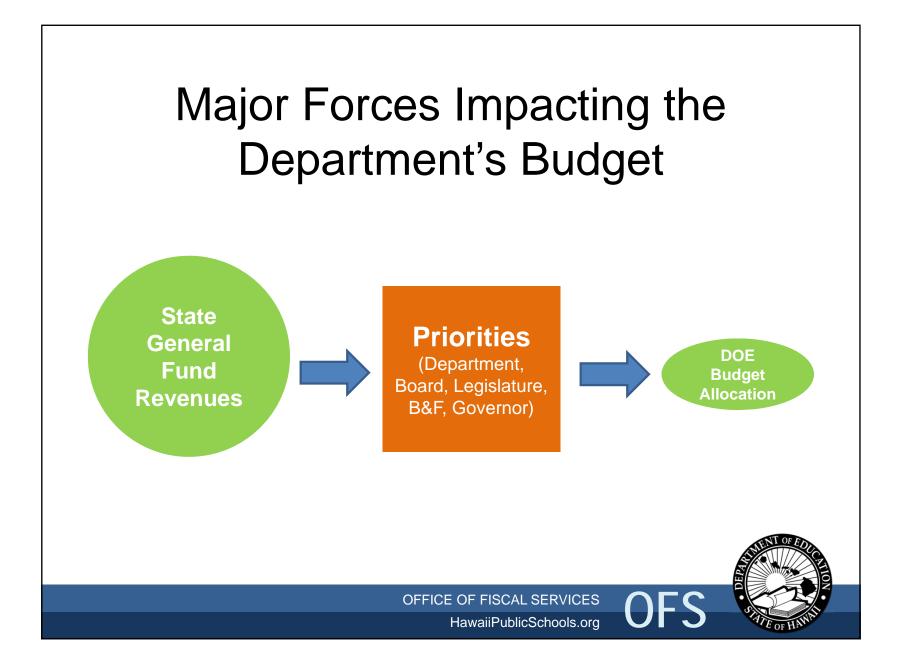
Agenda Item VII

Implementation of the Department's budget for Fiscal Year 2015 to include update on the Council on Revenues and State of Hawaii Budget and Finance Department budget restrictions

Board of Education Finance and Infrastructure Committee 8/19/14

OFFICE OF FISCAL SERVICES





State General Fund Revenues

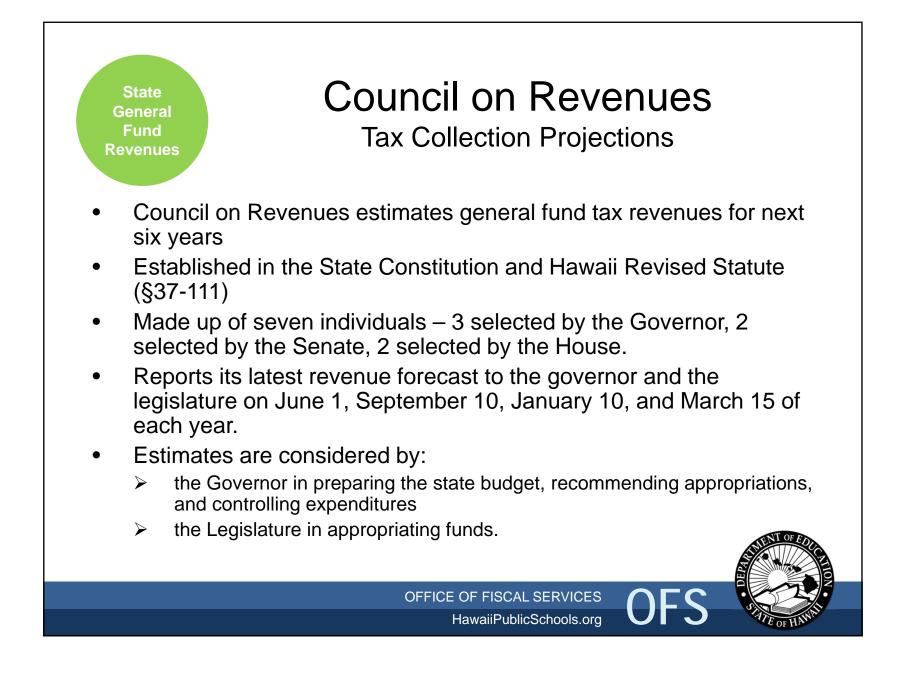
Breakdown of General Fund Tax Revenues

(using FY13 actual collections)

General Fund Revenue From Taxes					
General Excise Tax	2,944,487	53.86%			
Individual Income Tax	1,735,499	31.75%			
Corporate Income Tax	100,988	1.85%			
Public Service Company Tax	163,930	3.00%			
Insurance Premium Tax	131,906	2.41%			
Cigarette and Tobacco Tax	94,180	1.72%			
Liquor Tax	48,962	0.90%			
Bank and Other Financial Corp Tax	20,673	0.38%			
Inheritance and Estate Tax	14,886	0.27%			
Conveyance Tax	19,132	0.35%			
Miscellaneous Taxes	20,725	0.38%			
Transient Accommodations Tax	171,556	3.14%			
Total GF Revenue from Taxes	5,466,924	100.00%			



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State General Fund Revenues

Recent Council on Revenues General Fund Tax Revenue Projections

COR Meeting Date	Used by:	FY14 %	FY14\$	FY15%	FY15\$
	Considered by Governor in releasing				
5/28/13	FY14 Allocations	8.0%	5,741,649,000	7.0%	6,143,564,000
	Governor to submit FY15				
09/10/13	Supplemental Request	4.1%	5,690,941,000	7.4%	6,114,867,000
	House to prepare the House Draft of				
01/07/14	Supplemental Budget	3.3%	5,647,329,000	7.4%	6,065,230,000
	Senate to prepare the Senate Draft of				
	the Supplemental Budget and the				
	Conference Committee to negotiate				
03/11/14	final FY15 appropriations	0.0%	5,466,923,000	5.5%	5,767,604,000
	Considered by Governor in releasing				
05/29/14	FY15 Allocations	-0.4%	5,445,055,000	5.5%	5,744,533,000
Actual FY14					
Collections	Considered by Governor in releasing				
(estimate)	FY15 Allocations	-1.8%	5,368,518,000	5.5%	5,663,787,000
9/4/14	Considered by Governor in releasing FY15 Allocation and setting				
NEXT MEETING	FB15-17 Budget Preparation Instructions				

Note: in addition to Tax Revenues the General Fund receives approximately \$600 million a year in "non-tax" revenues.



OFFICE OF FISCAL SERVICES

FY15 General Fund Appropriations by Department or Branch

Department / Branch	FY15 Oper. Budget Apprn	FY15 % of Total Oper. Budget Apprn
Accounting and General Services	90,209,026	1.42%
Agriculture	13,807,110	0.22%
Attorney General	26,172,831	0.41%
Budget and Finance	2,111,301,146	33.14%
Business and Economic Development	9,127,604	0.14%
Charter Schools	69,325,807	1.09%
Defense	17,636,586	0.28%
Education	1,406,144,711	22.07%
Governor's Office	3,365,099	0.05%
Hawaiian Home Lands	9,632,000	0.15%
Health	400,753,750	6.29%
HI Health Systems Corp	91,440,000	1.44%

Note: does not include collective bargaining appropriations



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FY15 General Fund Appropriations by Department or Branch (cont.)

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Department / Branch	FY15 Oper. Budget Apprn	FY15 % of Total Oper. Budget Apprn
Human Resources Development	15,191,285	0.24%
Human Services	1,189,677,223	18.67%
Labor	14,788,300	0.23%
Land and Natural Resources	29,952,383	0.47%
Lt. Governor's Office	1,545,503	0.02%
Public Libraries	30,044,639	0.47%
Public Safety	222,540,886	3.49%
Taxation	28,892,138	0.45%
University of Hawaii	409,656,245	6.43%
Judiciary	146,892,702	2.31%
Legislature	30,605,664	0.48%
Office of Hawaiian Affairs	2,741,574	0.04%
Total	6,371,444,212	100.00%

Note: does not include collective bargaining appropriations



Governor's Interim Budget Execution Policies and Instructions for FY15

- Executive Memorandum 14-04 issued on June 19, 2014
- Recognized
 - Council on Revenues' May 2014 lowering of the FY14 growth rate
 - tax revenue growth has not been a straightforward reflection of Hawaii's economic performance
- FY15 DOE Allocation:
 - one-fourth of the "non-discretionary" general fund and entire nongeneral (federal and special) fund budget
 - 90% of one-fourth of "discretionary" general fund budget
 - Collective bargaining allocations to be made in September 2014
 - Grant in aid and specific appropriations to be considered for release in January 2015



FY15 General Fund Allocations by Department or Branch

Department / Branch	FY15 Gen. Fund Oper. Budget Apprn	Amount "Released" (E.M. 14-04 for Exec Branch)	% Released
Accounting and General Services	90,209,026	20,683,534	22.93%
Agriculture	13,807,110	3,044,100	22.05%
Attorney General	26,172,831	5,828,888	22.27%
Budget and Finance	2,111,301,146	527,527,239	24.99%
Business and Economic Development	9,127,604	2,053,711	22.50%
Charter Schools	69,325,807	41,085,484	59.26%
Defense	17,636,586	3,980,732	22.57%
Education	1,406,144,711	345,296,003	24.56%
Governor's Office	3,365,099	757,147	22.50%
Hawaiian Home Lands	9,632,000	2,167,200	22.50%
Health	400,753,750	97,692,783	24.38%
HI Health Systems Corp	91,440,000	20,574,000	22.50%



OFFICE OF FISCAL SERVICES

FY15 General Fund Allocations by Department or Branch (cont.)

Department / Branch	FY15 Gen. Fund Oper. Budget Apprn	Amount "Released" (E.M. 14-04 for Exec Branch)	% Released
Human Resources Development	15,191,285	3,617,001	23.81%
Human Services	1,189,677,223	294,513,383	24.76%
Labor	14,788,300	3,277,368	22.16%
Land and Natural Resources	29,952,383	6,739,286	22.50%
Lt. Governor's Office	1,545,503	347,738	22.50%
Public Libraries	30,044,639	6,765,045	22.52%
Public Safety	222,540,886	55,251,324	24.83%
Taxation	28,892,138	6,050,732	20.94%
University of Hawaii	409,656,245	99,665,879	24.33%
Judiciary	146,892,702	146,892,702	100.00%
Legislature	30,605,664	30,605,664	100.00%
Office of Hawaiian Affairs	2,741,574	2,741,574	100.00%
Total	6,371,444,212		



OFFICE OF FISCAL SERVICES

Estimate of DOE's Restriction based on 1st Quarter Allocation Withheld

(initial - with EDN700 categorized as "Discretionary")

FY14-15 General Fund Appropriations

	Non-Discretionary	Discretionary	Total
EDN100 - School Based Budgeting *	811,462,448	1,426,147	812,888,595
EDN150 - Special Ed. & Student Support Svcs	325,508,663		325,508,663
EDN200 - Instructional Support		47,429,820	47,429,820
EDN300 - State Administration		43,343,959	43,343,959
EDN400 - School Support **	19,566,597	151,651,925	171,218,522
EDN500 - School Community Services		2,500,000	2,500,000
EDN700 - Exec Office on Early Learning		3,255,152	3,255,152
	1,156,537,708	249,607,003	1,406,144,711
-10% of Discretionary = Es	t. Annualized Restriction	(24,960,700)	
* Grant in Aid appropriations classified as "Discretionary"			

** Food Service and Centralized Custodian Programs classified as "Non-Discretionary"



OFFICE OF FISCAL SERVICES

Estimate of DOE's Restriction based on 1st Quarter Allocation Withheld

(EDN700 reclassified to Non-Discretionary)

FY14-15 General Fund Appropriations

	Non-Discretionary	Discretionary	Total
EDN100 - School Based Budgeting	811,462,448	1,426,147	812,888,595
EDN150 - Special Ed. & Student Support Services	325,508,663		325,508,663
EDN200 - Instructional Support		47,429,820	47,429,820
EDN300 - State Administration		43,343,959	43,343,959
EDN400 - School Support	19,566,597	151,651,925	171,218,522
EDN500 - School Community Services		2,500,000	2,500,000
EDN700 - Exec Office on Early Learning	3,255,152		3,255,152
	1,159,792,860	246,351,851	1,406,144,711
			Est. Allocation
-10% of Discretionary = Estimated An	nualized DOE Restriction	(24,635,185)	1,381,509,526
Apply FY14 to FY15	5 Centralized Carryover	6,000,000	
Revised ESTIMATED TARGET for	Program Restrictions	<u> (18,635,185)</u>	STATENT OF FDIC
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FY14-15 Department Proposal to Meet Estimated Restriction by EDN

	А	В	C = B / A	D	E = D / A	
EDN	Total Appropriation	Est. Restriction = -10% of B&F Discretionary	Est. Restriction % of Apprn.	Dept. Proposal (after \$6 million FY14 Carryover)	Dept. Proposal % of Apprn.	
EDN100 * - School Based Budgeting	812,888,595	(142,615)	-0.02%	(863,837)	-0.11%	
EDN150 - Special Ed. & Support Svcs	325,508,663	-	0.00%	(9,152,065)	-2.81%	
EDN200 - Instructional Support	47,429,820	(4,742,982)	-10.00%	(2,336,521)	-4.93%	
EDN300 - State Administration	43,343,959	(4,334,396)	-10.00%	(1,232,251)	-2.84%	
EDN400 ** - School Support	171,218,522	(15,165,192)	-8.86%	(5,050,511)	-2.95%	
EDN500 - School Community Services	2,500,000	(250,000)	-10.00%	-	0.00%	
EDN700 - Exec Office on Early Learning	3,255,152	-	0.00%	-	0.00%	
TOTAL	1,406,144,711	(24,635,185)	-1.75%	(18,635,185)	-1.33%	
* Grant in Aid appropriations classified as "Discretionary" ** Food Service and Centralized Custodian Programs classified as "Non-Discretionary"						
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DOE Budget Allocation

Major Programs Proposed for Restriction

EDN	Program	Restriction	Budget	% of Budget	Comments
EDN 100	Athletics (various programs)	(337,653)	11,193,798	-3.02%	Salary Saving from trainers, supplies, equipment
EDN100	Jr. ROTC	(65,533)	2,172,547	-3.02%	Salary Savings
EDN100	Vocational & Applied Technology	(65,638)	5,494,503	-1.19%	Salary Savings
EDN 100	Hawaiian Language Immersion	(72,851)	2,415,136	-3.02%	Supplies, Travel, and Equipment
EDN 100	Hawaiian Studies	(70,929)	2,351,445	-3.02%	Part Time Teachers
EDN 100	Learning Centers	(39,647)	1,314,357	-3.02%	equipment and supplies
EDN 100	(11) Misc GIAs	(95,981)	959,808	-10.00%	10% reduction
EDN 100		(748,232)	25,901,594	-2.89%	
	Special Education in Regular Schools	(9,108,891)	202,520,648	-4.50%	Salary Savings
EDN150 -		(9,108,891)	202,520,648	-4.50%	
EDN200	ESEA Flex	(588,539)	1,925,472	-30.57%	Delay in hire and implementation
EDN200	National Board Certified Teachers	(1,000,000)	2,319,525	-43.11%	Full amt not required due to restructuring vs. priority language in statute
EDN200	HCPS - Assessment	(391,599)	8,711,000	-4.50%	Testing contracts
EDN200	School Improvement Leadership	(88,290)	2,961,547	-2.98%	Non-salary reductions
EDN200	Instructional Services Branch	(43,237)	1,450,328	-2.98%	Non-salary reductions
	Hawaii Virtual Learning Network	(36,241)	1,215,660	-2.98%	Non-salary reductions
EDN200	Total	(2,147,906)	18,583,532	-11.56%	
Note: this list represents 26 of the 72 total programs impacted to reach \$18,635,185 target					

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DOE Budget Allocation

Programs Proposed for Restriction (cont.)

EDN	Program	Restriction	Budget	% of Budget	Comments
EDN300	Information Systems Services	(366,932)	8,079,046	-4.54%	Scale back on LDS contract and portal
EDN300	Network Support Services	(306,932)	5,611,420	-5.47%	Reduce support for eHR and MS Windows licensing
EDN300	Personnel Development Branch	(210,000)	3,414,920	-6.15%	Reduce non-salary expenses
EDN300	Personnel Assistance Branch	(150,000)	1,046,792	-14.33%	Reduce non-salary expenses
EDN300	Accounting Services	(145,803)	3,100,599	-4.70%	Reprioritize contract work
EDN300	Total	(1,179,667)	21,252,777	-5.55%	
EDN400	Utilities	(1,744,841)	58,528,217	-2.98%	Aggressive conservation efforts & Ka Hei Program
EDN400	Student Transportation	(1,615,503)	54,189,773	-2.98%	Look to contain &/or cost shift mid-day & preschool related costs
EDN400	Food Services	(567,314)	19,029,723	-2.98%	Look to increase federal fund ceiling
EDN400	Auxiliary Services	(520,216)	17,449,922	-2.98%	Reduce funds for playground and minor CIP projects
EDN400	Facilities Maintenance	(482,234)	16,175,845	-2.98%	Prioritize essential R&M based on health and safety
EDN400 -	Total	(4,930,108)	165,373,480	-2.98%	
EDN500	Adult Education	-	2,500,000	0.00%	Excluded
EDN500	Total	-	2,500,000	0.00%	
Grand T	otal	(18,114,804)	436,132,031	-4.15%	ENT OF EDD

Note: this list represents 26 of the 72 total programs impacted to reach \$18,635,185 target

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