



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

OFFICE OF THE SUPERINTENDENT

November 30, 2011

TO: The Honorable Wesley Lo, Chairperson  
Board of Education Committee on Finance and Infrastructure

FROM:  Kathryn S. Matayoshi, Superintendent

SUBJECT: Presentation/Discussion on the State of Hawaii Executive Supplemental Budget for Fiscal Year 2012-13

On November 28, 2011, the Department of Budget and Finance (B&F) issued Finance Memorandum 11-20, which outlined B&F's recommendations on the Department of Education's Supplemental Budget requests for FY 2012-13 that had been approved by the Board of Education (BOE) on October 18, 2011. In this memorandum (see Attachment A), B&F recommended several adjustments to the budget. The following is a summary of the general fund requests that **were not** included in B&F's recommendation:

- \$3,300,000 for supplies for Special Education teachers;
- \$3,050,000 to alleviate the meal price increases; and
- \$2,500,000 for the Community Schools for Adults Program

In addition, B&F recommended the following general fund increases:

- \$25,000,000 for the Student Transportation Program when the Board had approved an increase of \$42,000,000; and
- \$13,557,000 for additional funds for Weighted Student Formula

I have scheduled a meeting with the Governor on Friday, December 2, 2011, to appeal the recommendations for the operating budget and ask that they approve the budget that was approved by the BOE on October 18, 2011.

The Capital Improvements Program recommendation is for a lump sum allocation of \$50,000,000 when the BOE had approved \$130,200,000.

If you have any questions, please contact Adele Chong, Budget Branch Director, at 586-3359.

KSM:EN:ks

Attachment

c: Members of the Board of Education

Mr. Ronn Nozoe, Deputy Superintendent

Ms. Amy Kunz, Assistant Superintendent & CFO, Office of Fiscal Services

Mr. Randy Moore, Assistant Superintendent, Office of School Facilities and Support Services

Ms. Adele Chong, Director, Budget Branch

Action #12473 EA: Please prepare response for Supt's signature.

Due : 11/30/11 9:00am

NEIL ABERCROMBIE  
GOVERNOR

GOVERNOR'S OFFICE

2011 NOV 28 A 11:41



**Attachment A**

KALBERT K. YOUNG  
DIRECTOR

LUIS P. SALAVERIA  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER  
PUBLIC UTILITIES COMMISSION

STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF ECONOMIC RECOVERY  
AND REINVESTMENT (ARRA)

November 28, 2011

FINANCE MEMORANDUM

MEMO NO. 11-20

TO: All Department Heads  
(Except for the Departments of Human Services and Land and Natural Resources)

FROM: Kalbert K. Young  
Director of Finance

A handwritten signature in black ink, appearing to be "K. Young", written over the name "Kalbert K. Young".

SUBJECT: Department of Budget and Finance's Recommendations on FB 2011-13 Supplemental Budget Requests

Your department's FB 2011-13 supplemental budget requests have been jointly reviewed with the Governor's Office with due regard to program requirements, the Administration's priorities, and the State's fiscal condition. Attached are the Department of Budget and Finance's (B&F) recommendations on your department's requests.

Please review these recommendations. Should you wish to appeal any of the proposed actions, the Governor will be available to discuss your concerns after 1:00 p.m. on Thursday, December 1, 2011 or Friday, December 2, 2011. Please contact Ms. Reena Rabago of the Governor's Office at 586-0004 to schedule an appointment.

Due to the tight timetable to complete the supplemental budget, please initiate the necessary update of budget and program information, except for requests which are subject to change due to appeal. Ultimately, all updates must be completed to reflect the Governor's final Executive Supplemental Budget decisions which are forthcoming.

**The following updates are due by 12:00 p.m. on Wednesday, November 30, 2011:**

**Operating and CIP Budget Preliminary Lump Sum Allocations**

Departments with preliminary lump sum operating or CIP allocations should allocate those amounts to specific original requests (i.e., the lump sum allocations are not intended for new requests). Priority shall be given to shovel-ready CIP projects. As applicable, each department shall use the revised Form B (*Department Summary of*

*Operating Budget Adjustment Requests*) or Form S (*Department Summary of Proposed CIP Lapses and New CIP Requests*), which reflect B&F's recommendations and will be e-mailed to the appropriate departments by their B&F analyst, to specify the requests to be funded by the lump sum allocation. Please submit the updated Form B and/or Form S to the B&F analyst assigned to your department by 12:00 p.m. on Wednesday, November 30, 2011.

**The following updates are due on Monday, December 5, 2011 (unless otherwise noted):**

**BJ Summary Tables and BJ Details**

All departments shall use the following guidelines to update their Act 164, SLH 2011, BJ Summary Tables and BJ Details. All departments, except for the Departments of Education and Transportation and the University of Hawaii, should use eBUDDI, the Budget Development and Information web-based system. These guidelines apply to all means of financing.

FY 10 - No changes.

FY 11 - Reflect actual expenditures.

FY 12 – No changes. (Unauthorized changes to FY 12 amounts will appear in the budget document as requested amendments to Act 164, SLH 2011.)

FY 13 - Reflect the Governor's final Executive Supplemental Budget decisions, including specific requests identified in the breakdown of lump sum operating allocations.

FYs 14 through 17 – Personal services costs must be adjusted to reflect the restoration of the labor savings reductions imposed pursuant to the current collective bargaining contracts. Position counts, other current expenses, equipment and motor vehicle costs shall be kept constant (i.e., same as FY 13) throughout the planning period.

Exceptions: Debt service, Employees' Retirement System, Employer-Union Trust Fund employer contributions, and Department of Human Services' entitlement programs should reflect projected requirements.

If time permits, departments should update their BJ Details to incorporate their approved supplemental budget requests so that their BJ Summary Tables can be generated by eBUDDI. If not, the BJ Summary Table amounts should be entered directly on the BJ Summary (BJ Edited) screen in eBUDDI.

Please notify your department's B&F analyst and Mr. Gregg Hirohata-Goto ([gregg.h.hirohata-goto@hawaii.gov](mailto:gregg.h.hirohata-goto@hawaii.gov)) via e-mail when you have completed your updates. The updated BJ Summary Tables are due on Monday, December 5, 2011 and BJ Details are due on **Friday, January 6, 2012.**

## **CIP Budget**

### Tables P, Q, and R

All departments should use eCIP, the Capital Improvement Program web-based system, to update their Tables P, Q and R to reflect the Governor's final Executive Supplemental Budget decisions, including specific requests identified in the breakdown of lump sum CIP allocations. Do not change any FY 12 amounts or appropriation language, unless the change reflects an approved request; otherwise, the change will appear in the budget document as a requested amendment to Act 164, SLH 2011.

All eCIP updates shall be completed by Monday, December 5, 2011. Please notify your B&F analyst and Mr. Hirohata-Goto when your department's eCIP update has been completed.

### Form PAB

Form PAB should also be updated, as applicable, and sent to your B&F analyst by Monday, December 5, 2011.

## **Budget Narratives**

Discuss the final approved Executive Supplemental Budget requests in the budget narrative in Section B (Description of Request) and Section C (Reasons for Request). Narratives are required only for program IDs with operating or CIP changes and are prepared at the program ID level (i.e., do not prepare separate narratives for organization codes within the program ID).

The narrative should be typed lengthwise, in two columns, on 14-inch paper using Ariel font, size 12, with a top margin of 1.00" and bottom and side margins of 0.75". Do not exceed one page, if possible. See attached narrative sample format. More narrative examples can be found on B&F's website in the 2011 Executive Supplemental Budget document.

All departments shall submit two hard copies of their budget narratives to this office, with electronic files e-mailed to your department's B&F analyst, by Monday, December 5, 2011.

**Due to the limited time to complete the Executive Supplemental Budget, these deadlines must be strictly observed.**

Your efforts are appreciated. Thank you for your understanding and cooperation in this matter.

Attachment(s)

(Print on LEGAL SIZE paper, 8 1/2"x14". Use top margin of 1.0" and side and bottom margins of 0.75")

Narrative for Supplemental Budget Requests  
FY 2013

Program ID: XXX 000  
Program Structure Level: 00 00 00 00 00  
Program Title:

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A. Program Objective

D. Significant Changes to Measures of Effectiveness and Program Size

B. Description of Request

C. Reasons for Request

**FY 13 SUPPLEMENTAL BUDGET  
DEPARTMENT SUMMARY OF OPERATING BUDGET ADJUSTMENT REQUESTS  
DEPARTMENT OF EDUCATION**

Dep't. Current (Act 164/11) Budget by MOF

MOF	FY 13		
	FTE (P)	FTE (T)	\$ Amount
A	19,173.72	1,988.55	1,347,648,368
B	732.50	6.00	48,548,877
N	5.00	150.50	264,773,434
R	-	-	-
S	-	-	-
T	-	-	32,990,000
U	-	-	10,550,000
V	-	-	20,073,434
W	8.00	2.00	30,406,763
X	-	-	-

**TOTAL**

<b>19,919.22</b>	<b>2,147.05</b>	<b>1,754,990,876</b>
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**LABOR SAVINGS & PROGRAM REVIEW ADJUSTMENTS**

Request Cat	B&F Code	Prog ID/Org	Dept Priority	Description	MOF	DEPARTMENT REQUEST		
						FTE (P)	FTE (T)	\$ Amount
LS		various	1	Labor Savings Adjustment	A	-	-	(37,719,962)
LS		various	1	Labor Savings Adjustment	B	-	-	(285,126)
LS		various	1	Labor Savings Adjustment	N	-	-	(2,169,612)
LS		EDN 100/XE	1	Labor Savings Adjustment	T	-	-	(70,940)
LS		various	1	Labor Savings Adjustment	U	-	-	(12,296)
LS		various	1	Labor Savings Adjustment	W	-	-	(36,426)
PR		EDN 400/MD	1	Reduce general fund budget for the Food Services Program	A	-	-	(6,100,000)
PR		EDN 400/MD	1	Increase special fund appropriation ceiling for the Food Services Program	B	-	-	6,100,000

**B&F RECOMMENDATION**

FTE (P)	FTE (T)	\$ Amount
-	-	(37,719,962)
-	-	(285,126)
-	-	(2,169,612)
-	-	(70,940)
-	-	(12,296)
-	-	(36,426)
-	-	(6,100,000)
-	-	6,100,000

**TOTAL REQUEST:**

-	-	(40,294,362)
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-	-	(40,294,362)
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Request Category Legend:	
LS	Labor Savings Adjustments
PR	Program Review Adjustments
FC	Fixed Cost/Medicaid
HS	H & S/Court Order/Fed. Mandate
PA	PA/COFA/TANF/School bus trans
TR	Trade-off/Transfer
AP	Administration's Program Initiatives
O	Other

By MOF

A	-	-	(43,819,962)	-	-	(43,819,962)
B	-	-	5,814,874	-	-	5,814,874
N	-	-	(2,169,612)	-	-	(2,169,612)
R	-	-	-	-	-	-
S	-	-	-	-	-	-
T	-	-	(70,940)	-	-	(70,940)
U	-	-	(12,296)	-	-	(12,296)
V	-	-	-	-	-	-
W	-	-	(36,426)	-	-	(36,426)
X	-	-	-	-	-	-

**SUBTOTAL = ACT 164/11 - LS - PR**

<b>19,919.22</b>	<b>2,147.05</b>	<b>1,714,696,514</b>
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<b>19,919.22</b>	<b>2,147.05</b>	<b>1,714,696,514</b>
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**FY 13 SUPPLEMENTAL BUDGET  
DEPARTMENT SUMMARY OF OPERATING BUDGET ADJUSTMENT REQUESTS  
DEPARTMENT OF EDUCATION**

By MOF

A	19,173.72	1,988.55	1,303,828,406	19,173.72	1,988.55	1,303,828,406
B	732.50	6.00	54,363,751	732.50	6.00	54,363,751
N	5.00	150.50	262,603,822	5.00	150.50	262,603,822
R	-	-	-	-	-	-
S	-	-	-	-	-	-
T	-	-	32,919,060	-	-	32,919,060
U	-	-	10,537,704	-	-	10,537,704
V	-	-	20,073,434	-	-	20,073,434
W	8.00	2.00	30,370,337	8.00	2.00	30,370,337
X	-	-	-	-	-	-

**SUPPLEMENTAL BUDGET REQUESTS**

Request Cat	B&F Code	Prog ID/Org	Dept Priority	Description	MOF	DEPARTMENT REQUEST			B&F RECOMMENDATION		
						FTE (P)	FTE (T)	\$ Amount	FTE (P)	FTE (T)	\$ Amount
PA		EDN 400/YA	1	Additional funds for the Student Transportation Program	A	-	-	42,000,000	-	-	25,000,000
TR		EDN 100/AA	1	Transfer out of funding for ALCs, Peer Education and Learning Centers out of WSF (EDN 100/AA) to EDN 100/BJ and EDN 100/BQ	A	(34.00)	(36.50)	(4,455,000)	(34.00)	(36.50)	(4,455,000)
TR		EDN 100/BJ	1	Transfer in of funding for ALC's, Peer Education, and Learning Centers from EDN 100/AA to EDN 100/BJ	A	34.00	22.00	3,105,000	34.00	22.00	3,105,000
TR		EDN 100/BQ	1	Transfer in of funding for ALC's, Peer Education, and Learning Centers from EDN 100/AA to EDN 100/BQ	A	-	14.50	1,350,000	-	14.50	1,350,000
O		EDN 100/AA	1	Additional general funds for WSF due to enrollment increases	A	-	-	13,557,502	-	-	13,557,502
O		EDN 150/FA	1	Additional general funds for supplies for Special Education teachers	A	-	-	3,300,000	-	-	0
O		EDN 150/VD	1	Request funds for the Early Learning Council	A	-	-	250,000	-	-	250,000
O		EDN 200/GH	1	Conversion of the budget for the Hawaii Teacher Standards Board from general funds to special funds.	A	(5.00)	-	(294,749)	(5.00)	-	(294,749)
O		EDN 200/GH	1	Conversion of the budget for the Hawaii Teacher Standards Board from general funds to special funds.	B	5.00	-	414,152	5.00	-	414,152
O		EDN 400/MD	1	Increase special fund ceiling for the Food Services Program to account for increases in commodity prices and fringe costs	B	-	-	3,900,000	-	-	3,900,000
O		EDN 400/MD	1	Additional general funds for the Food Services Program	A	-	-	3,050,000	-	-	-
O		EDN 500/PC	1	Increase federal fund ceiling for the Community Schools for Adults program to more accurately reflect federal funds available	N	-	-	1,870,000	-	-	-
O		EDN 500/PC	1	Additional funds for the Community School For Adults Program to meet their Maintenance of Effort requirements	A	-	-	2,500,000	-	-	-
TR		EDN 100/RR	1	Reconcile budget to current appropriation ceiling as a result of the distribution of the \$16.4 million Legislative reduction across all EDNs	A	-	-	7,964,146	-	-	7,964,146

**FY 13 SUPPLEMENTAL BUDGET  
DEPARTMENT SUMMARY OF OPERATING BUDGET ADJUSTMENT REQUESTS  
DEPARTMENT OF EDUCATION**

TR	EDN 150/RR	1	Reconcile budget to current appropriation ceiling as a result of the distribution of the \$16.4 million Legislative reduction across all EDNs	A	-	-	(594,056)	-	-	(594,056)
TR	EDN 200/RR	1	Reconcile budget to current appropriation ceiling as a result of the distribution of the \$16.4 million Legislative reduction across all EDNs	A	-	-	(710,250)	-	-	(710,250)
TR	EDN 300/RR	1	Reconcile budget to current appropriation ceiling as a result of the distribution of the \$16.4 million Legislative reduction across all EDNs	A	-	-	(513,433)	-	-	(513,433)
TR	EDN 400/RR	1	Reconcile budget to current appropriation ceiling as a result of the distribution of the \$16.4 million Legislative reduction across all EDNs	A	-	-	(1,073,518)	-	-	(1,073,518)
TR	EDN 500 /RR	1	Reconcile budget to current appropriation ceiling as a result of the distribution of the \$16.4 million Legislative reduction across all EDNs	A	-	-	(5,072,889)	-	-	(5,072,889)

**TOTAL REQUEST:**

-	-	70,546,905	-	-	42,826,905
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<b>Request Category Legend:</b>	
LS	Labor Savings Adjustments
PR	Program Review Adjustments
FC	Fixed Cost/Medicaid
HS	H & S/Court Order/Fed. Mandate
PA	PA/COFA/TANF/School bus trans
TR	Trade-off/Transfer
AP	Administration's Program Initiatives
O	Other

By MOF

A	(5.00)	-	64,362,753	(5.00)	-	38,512,753
B	5.00	-	4,314,152	5.00	-	4,314,152
N	-	-	1,870,000	-	-	-
R	-	-	-	-	-	-
S	-	-	-	-	-	-
T	-	-	-	-	-	-
U	-	-	-	-	-	-
V	-	-	-	-	-	-
W	-	-	-	-	-	-
X	-	-	-	-	-	-

**GRAND TOTAL = ACT 164/11 - LS - PR + SUPPL BUD**

19,919.22	2,147.05	1,785,243,419	19,919.22	2,147.05	1,757,523,419
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By MOF

A	19,168.72	1,988.55	1,368,191,159	19,168.72	1,988.55	1,342,341,159
B	737.50	6.00	58,677,903	737.50	6.00	58,677,903
N	5.00	150.50	264,473,822	5.00	150.50	262,603,822
R	-	-	-	-	-	-
S	-	-	-	-	-	-
T	-	-	32,919,060	-	-	32,919,060
U	-	-	10,537,704	-	-	10,537,704
V	-	-	20,073,434	-	-	20,073,434
W	8.00	2.00	30,370,337	8.00	2.00	30,370,337
X	-	-	-	-	-	-

**FY 13 SUPPLEMENTAL BUDGET  
DEPARTMENT SUMMARY OF NEW CIP REQUESTS - OTHERS  
DEPARTMENT OF EDUCATION**

PART A: PROPOSED LAPSES						B&F RECOMMENDATION	
Act/Yr	Item No.	Proj No.	Project Title and Reason for Lapsing	MOF	FY 13	FY 13	
			None		-	-	
<b>TOTAL</b>						-	-
<b>BY MOF</b>							
			General Fund	A	-	-	
			Special Funds	B	-	-	
			General Obligation Bonds	C	-	-	
			Reimbursable GO Bonds	D	-	-	
			Revenue Bonds	E	-	-	
			Federal Funds	N	-	-	
			Private Contributions	R	-	-	
			County Funds	S	-	-	
			Interdepartmental Transfers	U	-	-	
			Revolving Funds	W	-	-	
			Other Funds	X	-	-	

NEW REQUESTS - OTHERS							B&F RECOMMENDATION	
Req Cat	Dept Pri	Prog ID	Proj No.	Project Title	MOF	FY 13	FY 13	
HS	2	EDN100		Lump Sum - School Building Improvements	B	38,500,000		
HS	8	EDN100		Lump Sum - Electrical/Infrastructure Improvements	B	8,000,000		
HS	9	EDN100		Lump Sum - High School Science Facilities Upgrades	B	5,000,000		
O	14	EDN100		Lump Sum - Master Plan/Land Acquisition	B	2,000,000		
O	17	EDN100		Lump Sum - State/District Reloc/Improv	B	9,000,000		
O	18	EDN100		Lump Sum - Technology	B	15,000,000		
O	19	EDN100		Ewa Makai MS, New School Completion, Oahu	B	16,400,000		
HS	20	EDN100		McKinley HS, Bldg 857 Fire Safety Imprv & Renov, Oahu	B	6,000,000		
O	21	EDN100		Kea'au MS, Classrms/Admin./District Offices , Hawaii	B	3,000,000		
HS	24	EDN100		Konawaena MS, Locker/Shower Building, Hawaii	B	10,800,000		
O	26	EDN100		Farrington HS, Campus Modernization, Oahu	B	5,000,000		
O	27	EDN100		Waimea MS, Classroom Building, Hawaii	B	10,500,000		
O	28	EDN100		Kealakehe ES, Classroom Building, Hawaii	B	500,000		
O	29	EDN100		Central Maui MS, New School, Maui	B	500,000		
		EDN100		Lump Sum Allocation - Department to Breakout	C			50,000,000
<b>TOTAL - OTHERS</b>						130,200,000	50,000,000	
<b>BY MOF</b>								
			General Fund	A		-	-	
			Special Funds	B	130,200,000	-	-	
			General Obligation Bonds	C		-	50,000,000	

Request Category:  
 TR Tradeoff  
 HS Health, Safety, Court Mandates

1 of 2

**FY 13 SUPPLEMENTAL BUDGET  
DEPARTMENT SUMMARY OF NEW CIP REQUESTS - OTHERS  
DEPARTMENT OF EDUCATION**

E	Energy Efficiency
G	Governor's Program Initiatives
O	Other

Reimbursable GO Bonds	D	-	-
Revenue Bonds	E	-	-
Federal Funds	N	-	-
Private Contributions	R	-	-
County Funds	S	-	-
Interdepartmental Transfers	U	-	-
Revolving Funds	W	-	-
Other Funds	X	-	-