

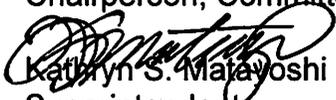


STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

June 2, 2015

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

FROM: 
Kathryn S. Matayoshi
Superintendent

SUBJECT: **Committee Action on Recommendation Concerning Department of Education's Operating Budget: Implementation for Fiscal Year 2016**

1. RECOMMENDATION

It is recommended that the Board of Education (Board) adopt the Department of Education's (Department's) recommended fiscal year (FY) 2016 allocation plan, which aligns appropriated resources with the Strategic Plan 2011-2018 (2012 update). See Attachments A-C:

Attachment A: Summary of Department Recommendation for FY 2016

Attachment B: FB 2015-17 Biennial Budget – General Funds Requests Not Funded

Attachment C: Supplemental Allocations Plan FY 2016

2. RECOMMENDED EFFECTIVE DATE

Upon approval, so that the allocation process for FY 2016 funds can begin in advance of the new fiscal year, which starts on July 1, 2015. This will provide programs access to these funds from the beginning of the new fiscal year.

3. RECOMMENDED COMPLIANCE DATE (if different from the effective date)

N/A

4. DISCUSSION

a. Conditions leading to the recommendation

Although the Legislature was supportive of many of the Board's FY 2016 requests, the majority of new funding went for basic needs (particularly in the areas of Food Service, Student Transportation, and Utilities), many of the

requests intended to advance the Strategic Plan goals around student, staff, and system support were not funded.

In addition, several programs, which were not included in the biennium request, require additional funds to maintain existing levels of service or address priority areas of need.

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

On May 19, 2015, the Finance and Infrastructure Committee was provided an "Update on Department of Education's Budget: Fiscal Biennium (2015-2017) Operating and CIP" that included a list of requests not funded by the Legislature in HB500, CD1.

http://www.hawaiiboe.net/Meetings/Notices/Documents/2015-05-19%20FIC/FIC_05192015_Update%20on%20DOE%27s%20Budget%20-%20Fiscal%20Biennium%202015-2017%20Operating%20and%20CIP.pdf

On October 21, 2014, the Finance and Infrastructure Committee and Board approved the Department's "Recommendation on the Fiscal Biennium (FB) Operating Budget for 2015-17."

http://www.hawaiiboe.net/Meetings/Notices/Documents/10-21-14%20FIC/FIC_Agenda%20VI_10212014_Presentation-Discussion-Committee%20Action%20on%20the%20DOE%27s%20Recommendation%20on%20the%20Fiscal%20Biennium%20Operating.pdf

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 budget shall require prior approval of the Board.*

d. Arguments in support of the recommendation

The recommendation provides one-time funding to support many program activities previously approved by the Board as priorities.

Funding to sustain many of the activities can be sought as part of the FY 2017 Supplemental Budget Request.

The program activities proposed for funding align with the Strategic Plan goals.

In response to potential concerns about the timing of this recommendation being made in advance of the Administration's Budget Execution Policies, approval of this recommendation would not preclude the Department and Board from restricting funds in the future if the Governor's FY 2016 Budget Execution Policies impose a spending restriction on the Department.

e. Arguments against the recommendation

Authorizing spending for the various programs in advance of the Governor's FY 2016 Budget Execution Policies would result in the need to re-evaluate these program priorities in the future if a restriction is imposed on the Department's appropriations.

f. Other agencies or departments of the State of Hawaii involved in the action

None.

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

Those that have an interest in the provision of quality education programs and support for continuous improvement will likely support this recommendation.

h. Facilities implications

Approval of the recommendations will not increase space requirements beyond existing capacity.

Funding for the five shortfall areas for the Facilities Maintenance Branch (cesspool monitoring, fire alarm maintenance, air conditioning maintenance, pest control, and tree trimming) will reduce the risk of damage to public school system facilities as well as the potential for costly repairs or replacements that can result from deferring maintenance.

5. OTHER SUPPLEMENTARY RECOMMENDATIONS

None.

KSM:BH:ks

Attachments

c: Budget Branch

Summary of Department Recommendation For Implementation of Fiscal Year 2016

FY16 General Fund Requests not funded (Attachment B):

39,853,456

<u>Funding Sources</u>	<u>FY15</u>	<u>FY16</u>
General Funds		2,132,652
Department of Defense Funds (DoD)		2,497,500
DAGS OIMT Request	-	4,860,331
Medicaid Reimbursement Funds		1,000,000
FY15 Restriction Release	4,067,589	
HI Sch for the Deaf and Blind (HSDB) Base Budget		189,255
Total by Year	4,067,589	10,679,738

Program Requirement not included in biennium budget
(Attachment C):

4,336,264

<u>Funding Sources</u>	<u>FY15</u>	<u>FY16</u>
General Funds		960,000
Department of Defense Funds (DoD)		2,261,264
FY15 Restriction Release	1,115,000	
Total by Year	1,115,000	3,221,264

COMBINED TOTAL ALL SOURCES:

19,083,591

<u>Funding Sources</u>	<u>FY15</u>	<u>FY16</u>
General Funds	-	3,092,652
Department of Defense Funds (DoD)	-	4,758,764
DAGS OIMT Request	-	4,860,331
Medicaid Reimbursement Funds	-	1,000,000
FY15 Restriction Release	5,182,589	-
HI Sch for the Deaf and Blind (HSDB) Base Budget	-	189,255
Total by Year	5,182,589	13,901,002

DEPARTMENT OF EDUCATION
 FB 2015-17 BIENNIAL BUDGET
 GENERAL FUNDS - REQUESTS NOT FUNDED

EDN	Program Description	Request Title	Description	General Fund Requests Not Funded FY 2015-16			Supplemental Allocations PLAN			Comment
				16 FTE (P)	16 FTE (T)	16 \$ Amount	Funding Source or Alt Strategy	FY15 Amt	FY16 Amt	
EDN100	RESOURCES FOR NEW FACILITIES	Textbooks and equipment for new facilities	Equipment and materials for new schools and facilities planned for the upcoming biennium.	-	-	1,902,400	FY15 Restriction Release	2,067,589		Pending Gov's decision. If approved, funds will be allocated to schools in FY15 and, if unexpended, will carryover at the school level. FY16 Adjusted Amount is in excess of original biennium request for projects scheduled to be completed in FY17.
EDN100	WORKERS COMPENSATION	Workers Compensation	\$2 million in each year of the biennium to help ensure the Department's Workers' Compensation (WC) Unit is able to administer the WC program and pay for all WC benefits and costs associated with the processing of these benefits and claims for individuals assigned to work which is to benefit the Department.	-	-	2,000,000	FY15 Restriction Release	2,000,000		Pending Gov's decision. If approved, FY15 funds will be carried over to FY16 for WC.
EDN100	ADVANCED PLACEMENT (AP) INCENTIVE	Advanced Placement	Add funds to provide all students with the opportunity to take AP college-level courses and exams, and earn "free" college credit or placement while still in high school.	-	-	498,120	General Funds		100,000	OCISS to provide details.
EDN150	SKILLED NURSING SERVICES	Skilled Nursing Services	Request for \$3.4 million per year to provide skilled nursing services to students, age three to 22 years as required by federal law, Individuals with Disabilities Education Act (IDEA) and Section 504 of the Rehabilitation Act of 1973.	-	-	1,400,000	Medicaid Reimbursement Funds		1,000,000	FY16 Medicaid reimbursement funds to be used to offset difference.
EDN150	HAWAII SCHOOL FOR THE DEAF AND BLIND	Hawaii School for the Deaf and Blind (HSDB)	Reduce funds for interpreter contract services. Cut to base budget initiated by the legislature.	-	-	189,255	HSDB Base Budget		189,255	Legislative Initiated Base Budget Cut. Will be implemented with -\$75,000 in "B" and -\$114,255 in "A1", and will monitor school's needs during the fiscal year.
EDN200	INSTRUCTIONAL SERVICES BRANCH	Engaging Students in Learning Outside of School (Achieve 3000)	\$1.92 million in each year of the biennium to provide 255 K-12 schools with the online age-appropriate, 24/7 Achieve3000 reading program which is aligned to the Hawaii Common Core; monitors student progress towards the Smarter Balanced assessment; and provides substantial support for literacy.	-	-	1,920,000	NA		-	Department negotiating pricing to support school purchasing. To maintain this service for their students, schools will need to use school funds.
EDN200	HAWAII VIRTUAL LEARNING NETWORK	BlackBoard	\$300,000 in both years of the biennium to provide 24/7 online access to the Department customized credit courses and professional development for students and educators. These funds will be used to purchase 15,000 licenses for the Blackboard Learning Management System.	-	-	300,000	General Funds		300,000	To provide 24/7 online access to the Department customized credit courses and professional development for students and educators.
EDN200	ACCESS LEARNING/TECHNOLOGY INTEGRATION	Access Learning	(6) temporary 12-month state office resource teachers and (1) 10-month state office resource teacher to provide school specific support to teachers, technology coordinators, and school leadership teams.	-	7,000	376,893	General Funds		140,000	For professional development to support Future Ready Learning, specifically by hosting cross-school leadership institutes and a 6 month facilitated planning workshop for the 42 schools in the Future Ready Pathway, as well as develop and implement an application process and materials for the fall/winter Future Ready Fast Track application cycle.

DEPARTMENT OF EDUCATION
 FB 2015-17 BIENNIAL BUDGET
 GENERAL FUNDS - REQUESTS NOT FUNDED

EDN	Program Description	Request Title	Description	General Fund Requests Not Funded FY 2015-16			Supplemental Allocations PLAN			Comment
				16 FTE (P)	16 FTE (T)	16 \$ Amount	Funding Source or Alt Strategy	FY15 Amt	FY16 Amt	
EDN200	ACCESS LEARNING/TECHNOLOGY INTEGRATION	Future Ready Learning (Access Learning) -Devices	Request for creation of a special fund to support technology integration with \$12 million in FY16 of the biennium and \$18 million in FY17. These funds (up to \$500/device) will be open for schools who have demonstrated that they are ready, willing, and able to implement a technology integration program via admission into the third phase (Future Ready Fast Track) of the Department's professional development plan for Future Ready Learning.	-	-	12,000,000	NA		-	Schools will need to continue to find funds from within their budgets to expand on the incorporation of technology into the classroom.
EDN200	ICAA CI-QUALITY AND PERFORMANCE	Support for Schools	The request includes \$2,700,375 in each year of the biennium to increase each of the (15) Indexed Complex Area Administration (ICAA) by \$180,025 for complex area staff to support implementation of the six (6) Priority Strategies in all 255 schools.	-	-	2,700,375	General Funds		1,350,000	\$90,000 per Complex Area for the cost of (1.5) 10-month state office teachers and \$7,250 for supplies, equipment, and travel.
EDN200	WASC ACCREDITATION-ADMINISTRATION	School Improvement Process	(2) permanent positions and \$127,056 in each year of the biennium) to support coordinated improvement processes for all schools, including accreditation and school transformation.	2.000	-	127,056	NA		-	Schools will need to continue to navigate the WASC accreditation process without dedicated positions to provide coordination and support.
EDN200	STRIVE HI AWARDS	Strive HI Awards	\$500,000 in each year of the biennium to provide Strive HI financial awards to the top five percent of schools (approximately 15 schools) classified each year as Recognition Schools, as part of the Strive HI Performance System (our federally-approved school accountability and improvement system), to recognize and incentivize high-performance and improvement.	-	-	500,000	NA		-	The Department will look for alternative means to reward Recognition school for their achievements.
EDN200	PRINCIPAL ENGAGEMENT AND LEADERSHIP	Principal Engagement	(1) Temporary Principal position and \$266,233 for each fiscal year of the biennium to support the Principal's Roundtable, Secondary School Forum, Secondary Principals professional development, intra-state travel.	-	1.000	266,233	DoD		135,000	To provide funds to support the Principal's Roundtable, Secondary School Principals Forum, professional development, and intra-state travel. Will not include funds for (1) temp Principal as was originally requested.
EDN300	WORKERS COMPENSATION-ADMINISTRATION	Workers Comp-Admin	(2) Personnel Management Specialists positions, (2) Personnel Clerks(4) positions and \$175,392 in each fiscal year of the biennium to address the need for adequate staffing to administer the Workers Compensation program.	-	4.000	175,392	General Funds		150,744	To provide OHRs with a revised request for \$150,744 for (3) Clerks and (1) Specialist for FY16, which is (1) more clerk and (1) less Specialist.
EDN300	CIVIL RIGHTS COMPLIANCE	Civil Rights Compliance	(1) Permanent Civil Rights Compliance Specialist II position, (1) existing temporary Civil Rights Compliance Specialist II position converted to permanent position and \$91,908 in each year of the biennium to address the increasing caseload.	2.000	(1.000)	91,908	General Funds		91,908	To funds (1) Compliance Specialist position to maintain the existing level of staffing in the Civil Rights Compliance program to address investigation and other compliance workload demands.
EDN300	INFORMATION SYSTEMS SERVICES	eSIS (Student Information System) Replacement	(6) permanent 12-month State Office Teacher positions and \$4,860,331 for FY16 and \$2,530,845 for FY17 to purchase and implement the Student Information System.	6.000	-	4,860,331	DAGS OIMT Req		4,860,331	The Department is working to communicate project requirements to the State's CIO, who was provided with funds to centrally prioritize and coordinate IT projects including this one.
EDN300	PERSONNEL MANAGEMENT BRANCH	Teach for America	\$670,000 in both years of the biennium to cover anticipated contract costs to maintain the Teach for America contract.	-	-	670,000	NA		-	FY16 cohort paid using FY15 funds.

DEPARTMENT OF EDUCATION
 FB 2015-17 BIENNIAL BUDGET
 GENERAL FUNDS - REQUESTS NOT FUNDED

EDN	Program Description	Request Title	Description	General Fund Requests Not Funded FY 2015-16			Supplemental Allocations PLAN			Comment
				16 FTE (P)	16 FTE (T)	16 \$ Amount	Funding Source or Alt Strategy	FY15 Amt	FY16 Amt	
EDN300	OFFICE OF STRATEGY, INNOVATION & PERFORMANCE	Strategy, Innovation, and Performance Operations	(22) positions and \$1,902,060 for each year of the biennium to support improved functionality and coordination between data governance, assessment and accountability, and planning and evaluation functions. This is accomplished via the recently approved reorganization that combines the functions and staff of the Data Governance Office (DGO), Student Assessment Office (SAO), and the Office of Strategic Reform (OSR) under one organizational structure.	10.000	-	821,876	NA		-	Positions will either not be established or, for those positions currently established using Grant Search and Federal Compliance Revolving Funds, remain under that funding source.
EDN400	FOOD SERVICES	School Food Services	A restoration of \$9.1 million in General Funds for FY16 and \$9.2 million for FY17 is requested to meet the projected shortfall for school food service programs, which must comply with USDA regulatory, nutritional and staffing requirements. (New estimate = \$0 FY16 / \$2.5M FY17)	-	-	3,993,367	NA		-	FY16 reflects new request based on price increase. No additional funds required in FY16.
EDN400	FACILITIES MAINTENANCE BRANCH	Underground Injection Control (Cesspool)	An additional \$800,000 for each year of the biennium is being requested to meet the Environment Protection Agency (EPA) requirements of testing and monitoring Individual Wastewater System (IWS) statewide which ensure safe and healthy school environments.	-	-	800,000	DoD		600,000	Approximately 75% of the biennium budget request. Could increase pressure on existing R&M funds.
EDN400	FACILITIES MAINTENANCE BRANCH	Fire Alarm	\$700,000 for each year of the biennium (FY16 and FY17) is requested to comply with fire code requirements regarding the testing and maintenance of the Fire Alarm Systems for 167 Oahu schools.	-	-	700,000	DoD		525,000	Approximately 75% of the biennium budget request. Could increase pressure on existing R&M funds.
EDN400	FACILITIES MAINTENANCE BRANCH	AC Extra Work	An additional \$1 million for each year of the biennium is requested to cover the extra repair work for air conditioning (AC) equipment that is not included in the current maintenance service contracts for Oahu.	-	-	1,000,000	DoD		750,000	Approximately 75% of the biennium budget request. Could increase pressure on existing R&M funds.
EDN400	FACILITIES MAINTENANCE BRANCH	Pest Control	An additional \$500,000 for each year of the biennium is requested to provide pest control services for Oahu schools, which are the responsibility of the Facilities Maintenance Branch (FMB).	-	-	500,000	DoD		375,000	Approximately 75% of the biennium budget request. Could increase pressure on existing R&M funds.
EDN400	FACILITIES MAINTENANCE BRANCH	Tree Trimming	\$150,000 in each year of the biennium needed to procure Emergency Tree Trimming services to remove dead trees, fallen trees and branches for Oahu schools.	-	-	150,000	DoD		112,500	Approximately 75% of the biennium budget request. Could increase pressure on existing R&M funds.
EDN700	PRESCHOOL	Preschool Admin	(2) Program Managers, (1) Operations Fiscal Manager, and (1) Data Analyst to staff the Executive Office on Early Learning.	4.000	-	290,000	NA		-	TBD by EOEL Director
EDN700	PRESCHOOL	Preschool Expansion	Additional supplies for DOE-EOEL Prekindergarten Program.	-	-	236,000	NA		-	TBD by EOEL Director
EDN700	PRESCHOOL	Preschool Expansion	Additional supplies for DOE-EOEL Prekindergarten Program.	-	-	159,000	NA		-	TBD by EOEL Director
EDN700	PRESCHOOL	Preschool Other (FCIL)	For Family-Child Interaction Learning (FCIL) program to provide family engagement services for four-year old children and their families.	-	-	1,000,000	NA		-	TBD by EOEL Director
EDN700	EXECUTIVE OFFICE ON EARLY LEARNING	Preschool transfer	Per HRS, 302L-1.5, transferring to EDN700/PK from GOV 100/EL	-	4.000	225,250	NA		-	TBD by EOEL Director

Total 4,067,589 10,679,738

Supplemental Allocations PLAN							
FY2015-16							
EDN	Program Description	Request Title	Description	Funding Source or Alt Strategy	FY15 Amount	FY16 Amount	Comment
EDN100	NATIONAL BOARD CERTIFICATION (EDN100)	National Board Certified (NBC) incentive payments	National Board Certified (EDN100)	FY15 Restriction Release	1,115,000		To fund bonus payments and reimbursements for certification expenses as required by statute. HB11, CD1/2015 increased program cost due to changes impacting the amount of bonuses for some NBC;d teachers.
EDN100	TEACHER RECRUITMENT AND RETENTION	Teacher Licensing Fees	To pay the licensing renewal fees to HSTB for tenured teachers that have an effective or higher rating, per the Unit 5 collective bargaining agreement	General Funds		300,000	Per MOU with HSTA, CB agreement Appendix XVI, page 126.
EDN150	SERVICES FOR CHILDREN WITH AUTISM	Autism shortfall	Autism shortfall	General Funds		1,000,000	In anticipation of shortfall based on historic experience.
EDN200	SABBATICAL LEAVE - TEACHERS	Salary for Teachers on Sabbatical	Estimated shortfall for salary requirements for teachers on sabbatical.	General Funds		300,000	In addition to the base budget funding level of \$592,000. Funds to assist with meeting cost of teacher sabbaticals for teachers pursuant to Article XII H. of the HSTA CB agreement.
EDN200	HAWAII VIRTUAL LEARNING NETWORK	(1) 10-month State Office Teacher for the e-school program	10 month teacher	General Funds		58,959	To maintain the current level of e-school offerings to meet the objectives of Goal 1 by equity of access to varied courses statewide.
EDN300	OFFICE OF HUMAN RESOURCES	Investigator in the Assistant Superintendent's Office	Funding for (1) Personnel Specialist, Investigator	General Funds		87,950	To provide investigative services concerning workplace complaints that include, but are not limited to, allegations of wrongdoings or violations or policy or procedures, employee misconduct, harassment, and discrimination.
EDN300	PERSONNEL ASSISTANCE BRANCH	Health Benefits (1) PMS III for Employee Benefits programs.	(1) Personnel Management Specialist to assist the Health Benefits and Awards Unit administer benefits to employees, specifically for Island Flex Spending Accounts, Flex Park Benefits, Incentive and Service awards, and health benefit transactions.	General Funds		44,412	To assist with administering the benefits programs including the Premium Conversion Plan, Island Flex Spending Accounts, Flex Park, and Service awards.

Supplemental Allocations PLAN							
FY2015-16							
EDN	Program Description	Request Title	Description	Funding Source or Alt Strategy	FY15 Amount	FY16 Amount	Comment
EDN300	BUDGET	Office Assistant for Online Training Academies	Funding for (1) Office Assistant to support SASA Academy	General Funds		28,872	(1) Office Assistant to provide administrative support for the SASA, Secretary, and CABM Academies as well as P-card and Procurement courses. Support includes registering and tracking participants and supporting the development of new curriculum/courses.
EDN300	INTERNAL AUDIT	Audit Specialist	Funding for (1) Internal Auditor	General Funds		84,163	(1) Auditor to enhance the capacity of the Internal Audit program's ability to carryout the annual audit plan as well as respond to issues warranting audit services as they arise.
EDN300	SUPERINTENDENT'S OFFICE	Community Engagement program staffing	(3) position for new Community Engagement program	General Funds		265,000	To further the reorganization of the Office of the Superintendent with the creation of the Community Engagement program in large part to advance Strategic Plan goal 1c: "students are connected to their school and community to develop a love of learning and contribute to a vibrant civic life."
EDN300	MILITARY LIAISON	Military Liaison program	(2) positions and operating expenses for the Military Liaison program	DoD		400,000	To fund the Military Liaison, an administrative support position, and operating funds including annual dues for membership with the National Association of Federally Impacted Schools and Military Impact Schools Association.
EDN300	CIVIL RIGHTS COMPLIANCE	(1) Compliance Specialist	(1) additional temp Compliance Specialist	General Funds		91,908	To help support the Department in maintaining compliance with civil rights laws and carryover investigations and other legally required functions.
EDN300	PERSONNEL DEVELOPMENT BRANCH	eHR Technical Support services	Professional services contract	DoD		300,000	To continue professional services contract to provide technical support services for the Department's electronic Human Resources management system know as eHR.

Supplemental Allocations PLAN		
FY2015-16		

EDN	Program Description	Request Title	Description	Funding Source or Alt Strategy	FY15 Amount	FY16 Amount	Comment
EDN400	OFFICE LEASING	Dole Rent	Dole Rent shortfall	DoD		260,000	To partially fund rent for the OHR and OITS facilities at Dole Cannery.

Row Labels	Sum of FY15 Amount	Sum of FY16 Amount	Total
DoD		960,000	960,000
FY15 Restriction Release	1,115,000		1,115,000
General Funds		2,261,264	2,261,264
Grand Total	1,115,000	3,221,264	4,336,264