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STATE OF HAWAI'I
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OFFICE OF THE SUPERINTENDENT

July 21, 2015

TO: The Honorable Lance Mizumoto
Chairperson, Board of Education

FROM: Kathryn S. Matayoshi
Superintendent

SUBJECT: **Board Action on Designation of Board Members to Investigative Committee(s) (A Permitted Interaction Group Pursuant to Hawaii Revised Statutes Section 92-2.5(b)(1)), Concerning the Department of Education's Fiscal Year 2017 Supplemental Budget and Recommendations of the Committee on Weights ("COW") Regarding the Weighted Student Formula ("WSF") Fund Allocation**

1. RECOMMENDATION

The creation of Permitted Interaction Group(s) (PIG) with between two to four Board members to investigate the Fiscal Year 2016-17 (FY17) supplemental budget recommendation and the recommendations of the Committee on Weights IX (COW IX).

2. RECOMMENDED EFFECTIVE DATE

Upon approval.

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

Not applicable.

4. DISCUSSION

a. Conditions leading to the recommendation

Action by the Board will be needed to establish the Weighted Student Formula (WSF) for SY 2016-17, prior to the release of tentative FY17 WSF

allocations in September 2015. The tentative WSF allocations are used by schools to develop their Financial Plans.

Action by the Board will be needed to submit a supplemental budget request proposal to the Governor for consideration for inclusion in the Executive Branch FY17 Supplemental Budget Request, which will be submitted to the Legislature prior to Session 2016. Although the Administration's FY17 Supplemental Budget Preparation Instructions have not been issued, the Department anticipates this submittal being due in late September or early October.

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

On August 20, 2013, the Finance and Instructure Committee and Board were presented with the Committee on Weights VIII Recommendation on the Weighted Student Formula for School Year 2014-15, which was approved at the October 15, 2013 Committee and Board meeting.
http://www.hawaiiboe.net/Meetings/Notices/Documents/08-20-13%20FIC/08202013_FIC_VB_Discussion-Committee%20Action%20on%20the%20Committee%20on%20Weights%20VIII%20Recommendation%20on%20the%20Weighted%20Student%20Formula%20.pdf

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

1200.1.12
"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."

Hawaii Revised Statute: §302A-1303.6 Weighted student formula.
"Based upon recommendations from the committee on weights, the board of education may adopt a weighted student formula for the allocation of moneys to public schools that takes into account the educational needs of each student."

d. Arguments in support of the recommendation

Establishing a PIG to investigate both the Department's supplemental budget request and the COW IX recommendation will support more informed and transparent decision making by the Board, as the PIG will be reporting findings and recommendations to the board at a meeting of the Board. Decision making by the Board would occur at a Board meeting held subsequent to the meeting at which the findings and recommendations of the investigation was presented to the Board.

e. Arguments against the recommendation

If the PIG makes any recommendations on matters before the Board, that will necessitate the deferral of decision making until a subsequent meeting.

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

None.

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

None anticipated.

KSM:BH:ks

c: Amy S. Kunz, Senior Assistant Superintendent and CFO
Budget Branch