



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

OFFICE OF THE SUPERINTENDENT

February 16, 2016

TO: The Honorable Grant Chun
Chairperson, Finance and Infrastructure Committee

FROM:  Kathryn S. Matayoshi
Superintendent

SUBJECT: **Update on the Department of Education's Operating Budget
Restriction for Fiscal Year 2015-2016**

1. DESCRIPTION

The Department of Education (Department) was informed by the Governor in August 2015 that it would be restricted a total of \$14,726,214: a 5% restriction (\$4,823,015), a 5% contingency restriction (\$4,823,015), and the Governor's allocation adjustment (\$4,000,000 utilities and \$1,080,184 Office of Strategy, Innovation and Performance).

At this time, the Governor has released the 5% contingency restriction of \$4,823,015, and the Department is informing the Board of Education (Board) that funds will be restored to programs that were assessed this portion of the restriction. (See Attachment A.)

2. UPDATE OR PRESENTATION

Background:

- a. On October 20, 2015, the Board approved the Department recommendation for implementation of the restriction imposed at the program level for the FY 2015-2016 general fund.

The restriction plan spread out the restriction in EDN 200 and 300. The Department's plan also involved the use of federal Compact of Free Association reimbursement funding, restrictions of grant-in-aid appropriations, and the Public Charter School true up funds to further minimize the impact on offices.

- b. As such, the Board approved the plan as it closely aligned with the Administration's basis for the restriction target calculation while still trying to minimize severely impacting any one program or specific office.
- c. At this time, the Department is planning to restore the 5% contingency restriction as follows (see Attachments B and C):
 - 1. The amount of \$3,398,015 into various programs that were assessed a share of this restriction; and
 - 2. The amount of \$1,425,000 set aside pending a response from the Department of Budget and Finance Director on the implementation of the BOE approved Restriction Plan from October 20, 2015.

KSM:KK:lgf
Attachments

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

**EXECUTIVE CHAMBERS**

HONOLULU

DAVID Y. IGE
GOVERNOR

January 14, 2016

EXECUTIVE MEMORANDUM

MEMO NO. 16-01

TO: All Department Heads**SUBJECT: Amendment to Executive Memorandum No. 15-03, FY 16 Budget Execution Policies and Instructions – Revised Allocations Only**

Executive Memorandum No. 15-03, FY 16 Budget Execution Policies and Instructions, imposed a 5% contingency restriction on each department's discretionary general fund appropriation. The 5% contingency restriction was intended as a contingency reserve for FY 16 subject to adjustment during the second half of the fiscal year based on actual tax collection trends and the Council on Revenues' (COR) updated forecasts later in the fiscal year.

Cumulative general fund tax collections for the first six months of FY 16 are at 9.5% and appear to have stabilized in the mid-9% range after declining with each monthly report for the previous five months. The current tax collections trend is consistent with COR's revised forecast (adopted at its meeting on January 7, 2016) that increases projected FY 16 general fund tax revenue growth from 6.0% to 6.7%. The increase was based on continued but modest growth in tourism, better than expected outlook for construction, and information on the status of general excise tax payments by online travel companies.

In light of this improved revenue outlook, I am releasing the 5% general fund contingency restriction, or balance thereof, for your department, as applicable. Your department's revised allocation for FY 16 is attached (Exhibit 1).

All departments are expected to continue to be prudent with their expenditures, regardless of means of financing, to ensure that the State is in the best position to deal with direct program impacts and changes to Hawaii's and the nation's economy. It is critical that program expenditures do not exceed the current allocations.

Please submit the appropriate Requests for Allotment (Form A-19) to the Department of Budget and Finance to reflect the changes.

Your attention and cooperation in this matter is appreciated.

DAVID Y. IGE
Governor, State of Hawaii

Exhibit 1 (except DCCA, HSPLS, DLIR, DOT)

FY 2016 ALLOCATION
DEPARTMENT OF EDUCATION
(revised January 8, 2016)

Exhibit 1

	General Fund	Special Funds	Federal Funds (N)	Other Federal Funds (P)	Private Contrib.	County Funds	Trust Funds	Inter-dep'tal Transfers	Federal Stimulus	Revolving Funds	Other Funds	Total Allocation
Appropriation	19,313,25 1,530,655,758	737.50 58,159,324	5.00 250,220,049	- 7,792,000	-	-	- 17,640,000	- 7,761,985	-	8.00 32,834,438	-	20,063.75 1,903,063,554
Collective Bargaining	35,864,710	38,191	2,103,142	80	-	-	50,438	8,528	-	26,927	-	38,090,016
Restrictions	(4,823,015)											(4,823,015)
Contingency Restrictions	-											-
Other Allocation Adj.	(5,080,184)											(5,080,184)
TOTAL	19,313.25 1,556,617,269	737.50 56,195,515	5.00 252,323,191	- 7,792,080	-	-	- 17,690,438	- 7,770,513	-	8.00 32,861,365	-	20,063.75 1,931,250,371

Bargaining Unit	Details of Collective Bargaining											Tot CB Allocation (Operating)
	General Fund	Special Funds	Federal Funds	Other Federal Funds			Trust Funds	Inter-dep'tal Transfers		Revolving Funds	Other Funds	
BU 01 & 10 - Included - Excluded												-
BU 02 - Included - Excluded	490,537	829	111									491,477
BU 03,04 & 14 - Included - Excluded	6,377,342 300,728	29,482 5,880	203,495 827,120	44 36			17,958 287	1,519		20,704 6,223		6,650,544 1,140,274
BU 05 - Included - Excluded	27,577,320 1,111,704		915,711 156,705				28,805 3,388	6,408 601				28,528,244 1,272,398
BU 07 - Included - Excluded												-
BU 08 - Included - Excluded												-
BU 09 - Included - Excluded	7,079											7,079
BU 11 - Included - Excluded												-
TOTAL C.B.	35,864,710	38,191	2,103,142	80	-	-	50,438	8,528	-	26,927	-	38,090,016

Discretionary:	5% restriction	5% cont. restr.	other alloc. Adj.
EDN 100	570,000	28,500	28,500
EDN 200	50,586,338	2,529,315	2,529,315
EDN 300	45,903,995	2,295,200	2,295,200
EDN 400			1,080,184
EDN 500	200,000	10,000	10,000
EDN 700	200,000	10,000	10,000
	97,460,333	4,873,015	4,873,015
			5,080,184
less disc. Adj.	(1,000,000)	(50,000)	(50,000)
	96,460,333	4,823,015	4,823,015
			5,080,184

A. GOVERNOR'S RESTRICTION CALCULATION BASED ON CLASSIFICATION OF PROGRAMS AS DISCRETIONARY (EM15-03)		
EDN100	57,000	10% of GIAs
EDN200	5,058,630	10% of GIA and other "Discretionary"
EDN300	5,670,584	10% of other "Discretionary" & Oth Adj of \$1.08M
EDN400	4,000,000	Other Adj. of \$4 million
EDN500	20,000	10% of GIA
EDN700	20,000	10% of GIA
Exec Restriction Sub Total	14,826,214	
Less \$1 million exclusion	(100,000)	
EXECUTIVE RESTRICTION	14,726,214	
B. 10/20/16 BOE APPROVED PLAN TO MEET EXECUTIVE RESTRICTION TARGET		
	(1,276,000)	COFA Reimbursement Offset
	(475,000)	* Estimate of Charter School True Up attributed to EDN200 & 300
	(950,000)	* Estimate of Charter School True Up attributed to EDN400
a.	(2,701,000)	Offsets * Adjustment based on actual charter school enrollment.
EDN100	(9,500)	GIA-Center for Tomorrow's Leaders
EDN100	(32,500)	GIA-Hawaii Agricultural Foundation
EDN100	(150,000)	GIA-Hui Malama Learning Center
EDN200	(25,000)	GIA-Leilehua Alumni/Community Association
EDN500	(20,000)	GIA-Read To Me International Foundation
EDN700	(20,000)	GIA-Kamalapua O Koolau
b.	(257,000)	GIAs
EDN200	(4,181,494)	Detailed in 10/20/15 Recommendation Memo
EDN300	(3,586,720)	Detailed in 10/20/15 Recommendation Memo
EDN400	(4,000,000)	Utilities
c.	(11,768,214)	DOE Programs
Total (a.+b.+c.)	(14,726,214)	
C. FY16 EM 16-01 RESTORATION OF 5% CONTINGENCY RESTRICTION		
	4,823,015	
D. FY16 RESTRICTION RESTORATION PLAN		
EDN100	4,750	GIA-Center for Tomorrow's Leaders
EDN100	16,250	GIA-Hawaii Agricultural Foundation
EDN100	142,500	GIA-Hui Malama Learning Center (pending formal opinion by A.G.)
EDN200	12,500	GIA-Leilehua Alumni/Community Association
EDN500	10,000	GIA-Read To Me International Foundation
EDN700	10,000	GIA-Kamalapua O Koolau
a.	196,000	GIAs
EDN200	1,512,905	See Attachment C
EDN300	1,699,110	See Attachment C
b.	3,202,015	DOE Programs
c. (a.+b.)	3,398,015	Restriction restoration plan for GIAs and DOE Programs
d.	1,425,000	Restriction restoration set aside - pending response from Finance Director on implementation of 10/20/15 BOE Approved Restriction Plan
Total (c.+d.)	4,823,015	

EDN	Program Description	Budget	10/20/2015 Restriction	Tentative Plan
100	GIA-Center For Tomorrow's Leaders (CTL)	95,000	9,500	4,750
100	GIA-Hawaii Agricultural Foundation	325,000	32,500	16,250
100	GIA-Hui Malama Learning Center	150,000	150,000	142,500
100 Total		570,000	192,000	163,500
200	ICAA CI-Quality And Performance	18,251,641	912,582	912,582
200	Athletics Administration	515,425	702	333
200	Haw Content & Perform Stand-Training	245,700	-	0
200	Teleschool	897,235	49,814	22,809
200	Instructional Development-Admin Svcs	363,830	3,849	1,823
200	Instructional Services Branch	1,636,669	5,133	2,432
200	Student Support Services Group-Admin	204,918	5,892	2,791
200	Hawaii Virtual Learning Network	1,340,976	38,920	18,437
200	English Language Proficiency (ELP) Standards/Assessments Implementation	855,514	82,551	39,106
200	Student Support Section	984,890	76,433	36,208
200	School Based Behavioral Health Services	1,020,182	-	0
200	Homeless Concerns	576,269	58,959	27,930
200	Advance Tech Research Branch-Admin	292,447	25,891	12,265
200	Comprehensive Student Support Services - Support System	109,100	88,512	41,930
200	GIA-Leilehua Alumni/Community Association	250,000	25,000	12,500
200	Employee Performance Management	19,998	2,000	947
200	Sabbatical Leave-Teachers	892,000	-	0
200	Leadership Development	3,836,947	383,695	181,765
200	Nationally Board Certified Teachers	2,319,525	-	0
200	Haw Content/Perform Stand-Assessment	9,167,179	2,000,000	0
200	Educator Effectiveness System	600,000	60,000	28,423
200	Coordinated Support	257,146	25,200	11,938
200	School Transformation	4,766,046	301,705	142,925
200	Sch Improvement/Comm Leadership Grp-Adm	102,988	700	332
200	Systems Accountability Office	1,438,672	58,956	27,929
200 Total		50,945,297	4,206,494	1,525,405
300	Duplicating Services	108,225	10,823	5,127
300	Budget	1,312,439	18,735	8,875
300	Accounting Services	3,315,938	248,127	117,543
300	Procurement Services	719,679	43,203	20,466
300	Fiscal Services	465,738	91,623	43,404
300	Blood Pathogen Control	63,592	-	0
300	Recruitment And Retention Incentive	40,365	4,037	1,912
300	Workers Compensation-Administration	793,077	1,580	748
300	Teacher Mentor Program	378,932	37,893	17,951
300	Para Educator Training Program	43,787	4,379	2,074
300	Personnel Development Branch	3,054,558	130,945	62,032
300	Service And Merit Awards	1,643	164	78
300	Personnel Assistance Branch	1,227,773	66,217	31,369
300	Personnel Management Branch	6,090,615	71,718	33,974
300	Criminal History Check	606,867	-	0
300	Office Of Human Resources	1,459,437	90,323	42,788
300	Enterprise Systems	8,883,925	971,843	460,384
300	Enterprise Architecture	329,005	24,904	11,798
300	Information Technology Project Mgmt	1,025,891	114,582	54,280
300	School Technology Services & Support	4,248,329	260,604	123,454
300	Office Of Info & Tech-General Direction	1,507,260	220,557	104,483
300	School Process And Analysis	1,608,778	118,308	56,045
300	Enterprise Infrastructure Services	5,167,795	543,656	257,542
300	Board of Education Support Office	203,165	-	0
300	Superintendent's Office	1,196,868	5,121	2,426
300	Data Governance Office	186,413	-	0

EDN	Program Description	Budget	10/20/2015 Restriction	Tentative Plan
300	Civil Rights Compliance	580,145	4,289	2,032
300	Corporate & Community Partnerships Office	187,412	50,000	23,686
300	Standard Practices Office	169,667	33,720	15,974
300	Special Projects Office	139,447	900	426
300	Communications & Community Affairs Ofc	647,958	2,150	1,019
300	Military Interstate Compact	25,000	3,028	1,434
300	Ofc Of Strategy, Innov & Performance	253,012	5,400	2,558
300	Policy, Innovation, Planning & Eval	827,172	400,000	189,489
300	Internal Audit	714,889	7,553	3,578
300	Protocol Fund	1,688	338	161
300 Total		47,586,484	3,586,720	1,699,110
400	Utilities	62,528,217	4,000,000	0
400 Total		62,528,217	4,000,000	0
500	GIA-Read To Me International Foundation	200,000	20,000	10,000
500 Total		200,000	20,000	10,000
700	GIA-Kamalapua O Koolau	200,000	20,000	10,000
700 Total		200,000	20,000	10,000
Grand Total		162,029,998	12,025,214	3,398,015