



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

OFFICE OF THE SUPERINTENDENT

September 20, 2018

TO: The Honorable Kenneth Uemura
Chairperson, Finance and Infrastructure Committee

FROM: Dr. Christina M. Kishimoto
Superintendent 

SUBJECT: **Update on the Development of the Department of Education's
Operating and Capital Improvements Program Budget for 2019-2021
Fiscal Biennium**

1. DESCRIPTION

The presentation will provide an update on the development of the Department of Education's operating budget requests and Capital Improvements Program (CIP) budget requests for 2019-2021 Fiscal Biennium.

2. PRESENTATION

See Attachment A (presentation slides for operating and CIP budget).

CMK:stk
Attachment

c: Phyllis Unebasami, Deputy Superintendent
Camille Masutomi, Chief of Staff to the Superintendent
Assistant Superintendents
Budget Branch

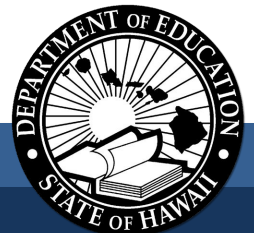
Update on the Development of the Department of Education's

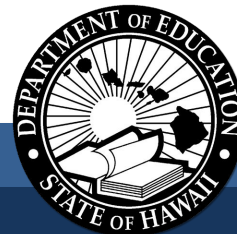
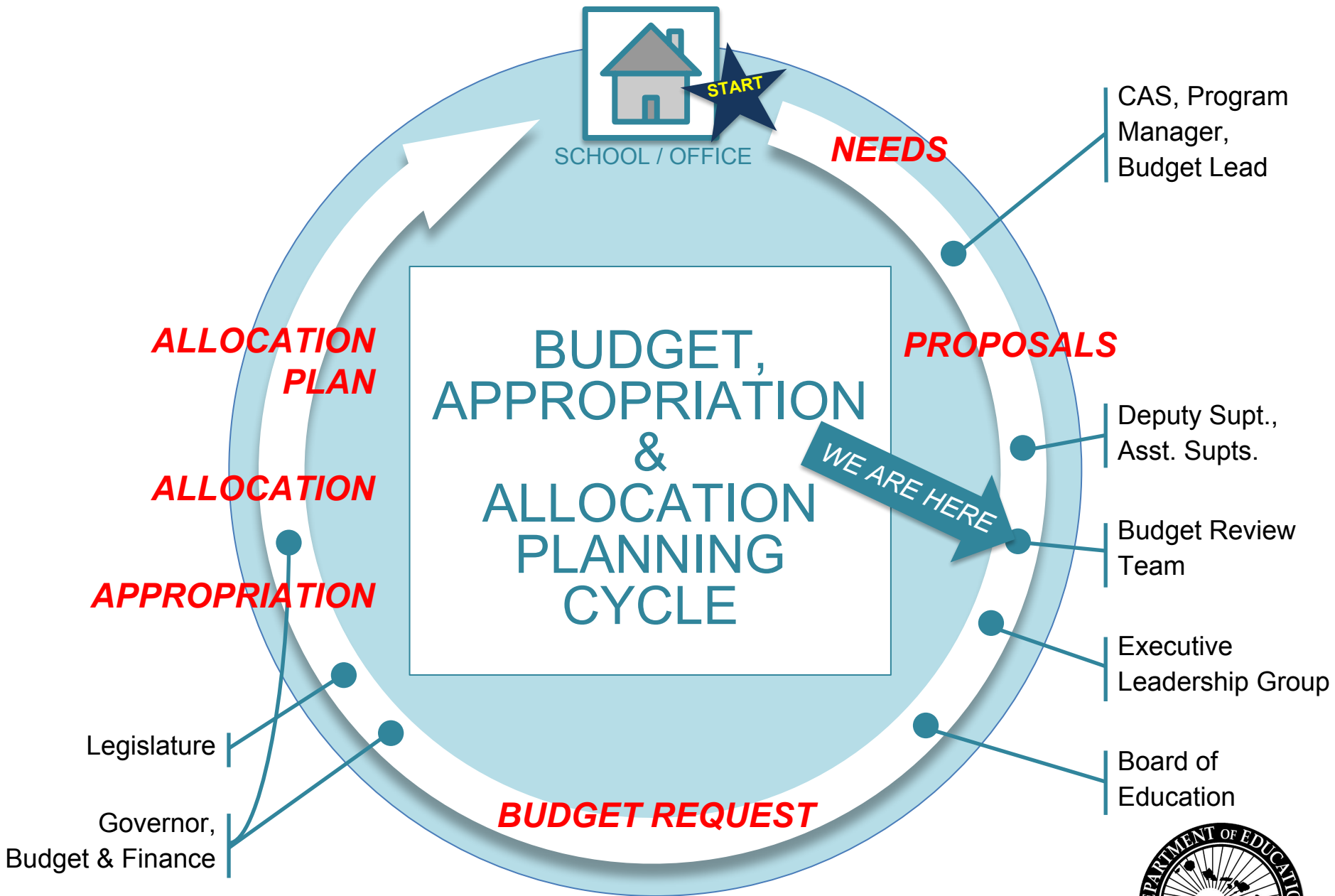
**Operating and Capital
Improvements Program Budget for
2019-2021 Fiscal Biennium**

FINANCE & INFRASTRUCTURE COMMITTEE, SEPT. 20, 2018

AMY S. KUNZ

Assistant Superintendent & CFO, Office of Fiscal Services



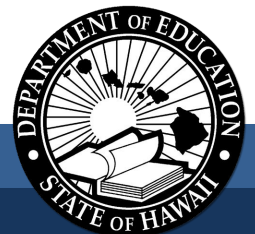


BUDGET DEVELOPMENT

Actions & Deadlines

Dates are subject to change.

JUL	AUG	SEP	OCT
<p>FY 2018-19 Allocation Notices sent out.</p> <p>Webforms system finalized for FB 2019-21 (FY 2019-20 & FY 2020-21) budget proposals.</p>	<p>Programs enter needs into Webforms system, guidance provided to check needs against internal resources.</p> <p>Deadline: August 30, 2018</p>	<p>Department of Budget and Finance (B&F) issues budget development instructions, collective bargaining amounts, and reductions for non-recurring amounts.</p> <p>DOE Cabinet completes review of program budget needs, considers available resources from the recalculation of salary budget requirements based on new collective bargaining increases.</p>	<p>Budget forms (Operating and CIP) due to B&F — <i>extension requested; BOE to review proposal in October.</i></p> <p>Presentation of budget proposal to the Board of Education Finance and Infrastructure Committee Meeting.</p> <p>Budget inquiries from B&F.</p>



BUDGET DEVELOPMENT

Actions & Deadlines

Dates are subject to change.

12/24-1/7
Winter Break



Governor's
Decisions on
Department's
Operating & CIP
Budgets

Budget Journal
details
based on
Governor's
Decisions due
to B&F

Legislature
sends briefing
and testimony
instructions.

Legislature
Opening Day:
Jan. 16, 2019

Budget
Informational
Briefings

Education
Committee
Hearings

House Finance
and Senate
Ways and Means
inquiries begin.

Legislative inquiries
continue.

Hearings on various bills,
many with fiscal impacts.

House Finance Committee
Hearing on Executive
Budget Bill

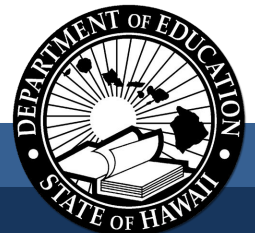
Senate Ways and Means
Committee Hearing on
Executive Budget Bill

Legislature Conference
Period

Conference draft of
budget released.

**Legislature ends
May 2019.**

June 2019 Governor
signs budget bill into
law.

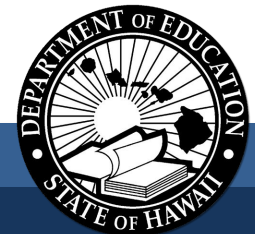


Summary of 'Base' Budget

	FY 2018-19 RESOURCES (Act 53, SLH 2018)			PROJECTED ADDITIONS/SUBTRACTIONS (pending B&F Instructions) to calculate base for next biennium			ESTIMATED BASE FB 2019-2021 if no additional resources requested*	
	A	B	C	D	E	F	G	H
	Perm. Positions	Temp. Positions	Appropriation	Non- Recurring (projected)	FY 2019-20 C.B.** (projected)	FY 2020-21 C.B.** (projected)	FY 2019-20 G = C+D+E (estimated)	FY 2020-21 H = C+D+F (estimated)
TOTAL (All sources)	20,051.25	2,166.00	\$1,995,449,154	-\$6,895,664	\$101,208,410	\$132,532,345	\$2,089,761,900	\$2,121,085,835

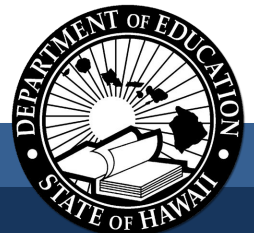
*Figures do not include funding/positions for EDN 700, Early Learning (Executive Office of Early Learning)

**C.B. (Collective Bargaining) - Negotiated terms & conditions of employment, including wages and step movements



Summary of 'Base' Budget

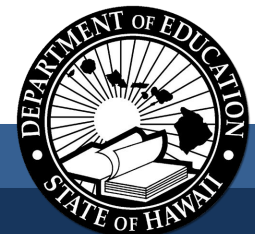
FUNDING SOURCES	FY 2018-19 RESOURCES (Act 53, SLH 2018)		
	A	B	C
	Permanent Positions	Temporary Positions	Appropriation
General	19,300.75	2,007.50	\$1,625,292,884
Special	22.00	--	\$52,301,103
Federal	720.50	155.50	\$260,663,057
Other Federal	--	1.00	\$9,292,794
Trust	--	--	\$15,900,000
Interdepartmental Transfer	--	--	\$7,765,636
Private Contribution	--	--	\$150,000
Revolving	8.00	2.00	\$24,083,680
TOTAL (ALL SOURCES)	20,051.25	2,166.00	\$1,995,449,154



Summary of 'Base' Budget

FUNDING SOURCES	PROJECTED ADDITIONS/SUBTRACTIONS (pending B&F Instructions) to calculate base for next biennium		
	D	E	F
	Non-recurring (projected)	FY 2019-20 C.B.* (projected)	FY 2020-21 C.B.* (projected)
General	-\$6,895,664	\$95,615,059	\$125,564,125
Special	\$0	\$110,801	\$123,840
Federal	\$0	\$5,294,911	\$6,612,266
Other Federal	\$0	\$77,899	\$105,559
Trust	\$0	\$0	\$0
Interdepartmental Transfer	\$0	\$24,855	\$28,420
Private Contribution	\$0	\$0	\$0
Revolving	\$0	\$84,885	\$98,135
TOTAL (ALL SOURCES)	-\$6,895,664	\$101,208,410	\$132,532,345

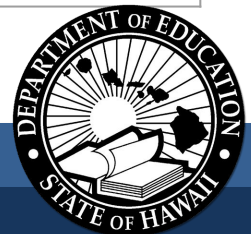
*C.B. (Collective Bargaining) - Negotiated terms & conditions of employment, including wages and step movements



Summary of 'Base' Budget

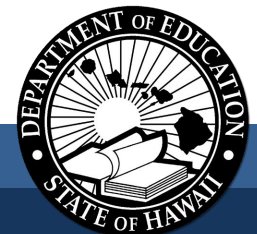
FUNDING SOURCES	ESTIMATED BASE FB 2019-2021 <i>if no additional resources requested*</i>	
	G	H
	FY 2019-20 G = C+D+E (estimated)	FY 2020-21 H = C+D+F (estimated)
General	\$1,714,012,279	\$1,743,961,345
Special	\$52,411,904	\$52,424,943
Federal	\$265,957,968	\$267,275,323
Other Federal	\$9,370,693	\$9,398,353
Trust	\$15,900,000	\$15,900,000
Interdepartmental Transfer	\$7,790,491	\$7,794,056
Private Contribution	\$150,000	\$150,000
Revolving	\$24,168,565	\$24,181,815
TOTAL (ALL SOURCES)	\$2,089,761,900	\$2,121,085,835

*Figures do not include funding/positions for EDN 700, Early Learning (Executive Office of Early Learning)



Estimated Needs Under Review

ESTIMATED BASE, FB 2019-2021					
A		B		C	D
Perm. Positions		Temp. Positions		FY 2019-20 Base (Estimated)	FY 2020-21 Base (Estimated)
20,051.25		2,166.00		\$2,089,761,900	\$2,121,085,835
BUDGET REQUESTS (trade-off/transfers, new requests) <i>Under Review</i>		E	F	G	
		New Perm. Positions	New Temp. Positions	Additional Funding Needs	
PROPOSED FB 2019-2021 BUDGET <i>Under Review</i>		H	I	J	K
		Perm. Positions H = A+E	Temp. Positions I = B+F	FY 2019-20 Proposed (Estimated) J = C+G	FY 2020-21 Proposed (Estimated) K = D+G



OPERATING BUDGET, FB 2019-2021

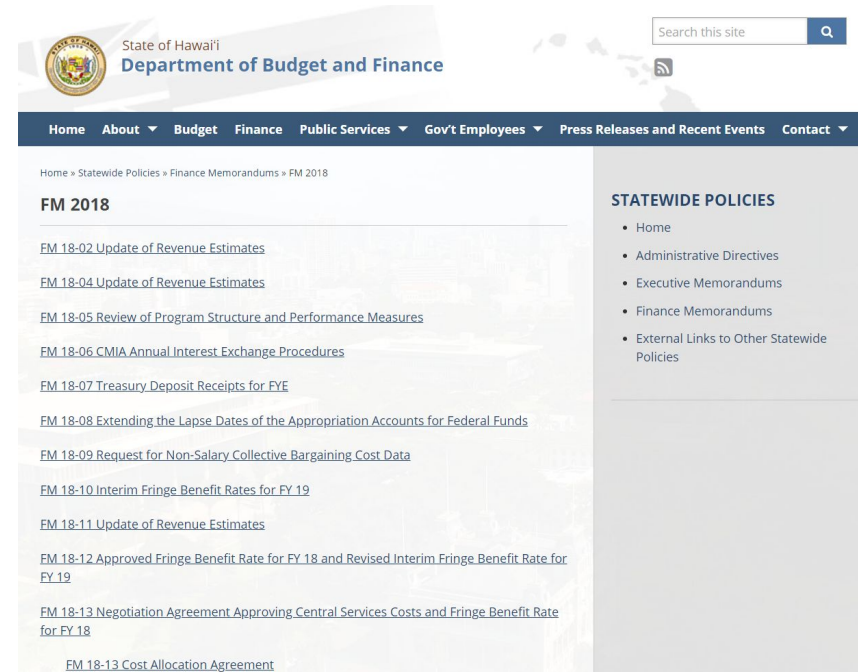
B&F Instructions

The DOE submits its budget requests through the Department of Budget and Finance (B&F) for Governor's approval in the manner instructed by B&F.

Budget instructions for FB 2019-2021 were not available from B&F in time to meet deadlines for the posting of BOE agenda items.

The instructions will be posted as a Finance Memorandum (FM) on the B&F website linked here:

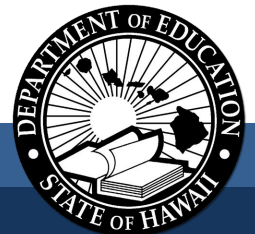
<http://budget.hawaii.gov/statewide-policies/financememorandums/fm-2018/>



The screenshot shows the website for the State of Hawaii Department of Budget and Finance. The page is titled "FM 2018" and lists several Finance Memorandums (FM) for FY 2018. The list includes:

- FM 18-02 Update of Revenue Estimates
- FM 18-04 Update of Revenue Estimates
- FM 18-05 Review of Program Structure and Performance Measures
- FM 18-06 CMIA Annual Interest Exchange Procedures
- FM 18-07 Treasury Deposit Receipts for FYE
- FM 18-08 Extending the Lapse Dates of the Appropriation Accounts for Federal Funds
- FM 18-09 Request for Non-Salary Collective Bargaining Cost Data
- FM 18-10 Interim Fringe Benefit Rates for FY 19
- FM 18-11 Update of Revenue Estimates
- FM 18-12 Approved Fringe Benefit Rate for FY 18 and Revised Interim Fringe Benefit Rate for FY 19
- FM 18-13 Negotiation Agreement Approving Central Services Costs and Fringe Benefit Rate for FY 18
- FM 18-13 Cost Allocation Agreement

On the right side of the page, there is a "STATEWIDE POLICIES" section with a list of links: Home, Administrative Directives, Executive Memorandums, Finance Memorandums, and External Links to Other Statewide Policies.



Programs

Strategic State Master Plan

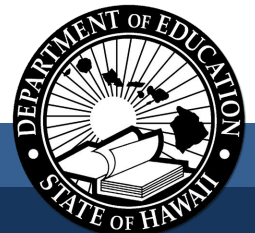
- Capacity
- Repair and Maintenance
- Health and Safety
- Compliance
- Instructional
- Innovation
- Support
- Equipment

Project Completion

- Supplemental Consultant Services
- Project Cost Overruns

Technology Infrastructure (OITS)

- Network Equipment
- Bells/Paging Equipment

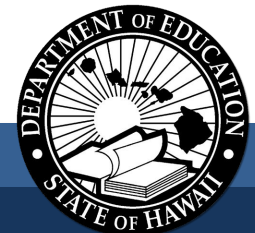


CIP BUDGET, FB 2019-2021

Budget Request: \$1.47 Billion

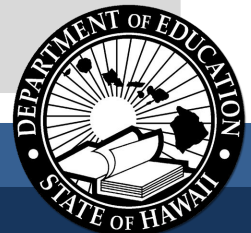
Amounts in thousands.

LUMP SUM	PROJECT	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
CAPACITY	Various Schools, Statewide	\$252,000	\$252,000	\$277,200	\$277,200	\$304,920	\$304,920
REPAIR & MAINTENANCE	Various Schools, Statewide	\$175,000	\$175,000	\$192,500	\$192,500	\$211,750	\$211,750
INSTRUCTIONAL	Various Schools, Statewide	\$156,100	\$156,100	\$171,710	\$171,710	\$188,881	\$188,881
SUPPORT	Various Schools, Statewide	\$45,500	\$45,500	\$50,050	\$50,050	\$55,055	\$55,055
COMPLIANCE	Various Schools, Statewide	\$38,500	\$38,500	\$42,350	\$42,350	\$46,585	\$46,585
EQUIPMENT	Various Schools, Statewide	\$4,200	\$4,200	\$4,620	\$4,620	\$5,082	\$5,082
HEALTH & SAFETY	Various Schools, Statewide	\$28,000	\$28,000	\$30,800	\$30,800	\$33,880	\$33,880
INNOVATION	Various Schools, Statewide	\$700	\$700	\$770	\$770	\$847	\$847
<i>CIP Budget Totals, Lump Sums</i>		\$ 700,000	\$700,000	\$770,000	\$770,000	\$847,000	\$847,000
Project Completion	Various Schools, Statewide	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
OITS Technology	Various Schools, Statewide	\$9,100	\$3,000	\$6,100	\$6,100	\$6,100	\$6,100
Final Yearly Totals		\$739,100	\$733,000	\$806,100	\$806,100	\$883,100	\$883,100



Lump Sum Descriptions

CAPACITY	New Schools, Additions, Expansions, New Classroom Buildings, Portable Replacement, Land Acquisition
REPAIR & MAINTENANCE	Building Envelope Preservation, Structural Repairs
HEALTH & SAFETY	Traffic Safety and Parking, Flood Mitigation, Security/Vulnerability, Hazardous Materials, Heat Abatement
COMPLIANCE	ADA, Title IX
INSTRUCTIONAL	Career Technical Education, STEM, Arts, Special Education, EDSPEC Instructional Spaces
INNOVATION	Energy Efficiency, Alternative Energy, Revenue Generation, Public/Private Partnerships
SUPPORT	Administration, Library, Food Service, PE/Athletics, Electrical Upgrade, State/District/Complex Offices, EDSPEC Support Spaces
EQUIPMENT	21st Century Furniture
PROJECT COMPLETION	Supplemental Consultant Services, Project Cost Overruns
TECHNOLOGY INFRASTRUCTURE	Network Equipment, Program Bells, Paging System



Questions?

FRIENDLY REMINDERS

- ✓ Details of operating funding needs and salary requirements are still being reviewed.
- ✓ Department to present budget proposals to the Board of Education Finance and Infrastructure Committee Meeting in October.

