



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

OFFICE OF THE SUPERINTENDENT

July 18, 2013

TO: The Honorable Neil Abercrombie, Governor, State of Hawaii
THRU: The Honorable Kalbert K. Young, Director
Department of Budget and Finance
FROM: Kathryn S. Matayoshi, Superintendent
SUBJECT: Request for Partial Release of FY 14 General Fund Restriction

Background:

On June 28, 2013 Executive Memorandum 13-02, FY 14 Budget Execution Policies and Instructions, was issued. Included in this memorandum was notification of the "5% contingency reserve restriction on discretionary general fund appropriations."

I understand that programs that have historically been classified as non-discretionary were exempted from the 5% restriction imposed on all characters of expenditure. Those programs that were exempted were all programs in EDN100 School Based Budgeting and EDN150 Special Education and Student Support Services, as well as two programs within EDN400 School Support (Food Service and School Custodial Services). All other DOE general fund programs and the EDN700 Executive Office on Early Learning were used to calculate the restriction amount as follows:

EDN	Description	Act 134, SLH 2013 Appropriated Amount Subject to Restriction
EDN200	Instructional Support	45,120,095
EDN300	State Administration	42,276,161
EDN400	School Support	170,665,305
EDN400 MD/OD	MD: Food Svc & OD: School Custodial Svcs	(19,566,597)
EDN500	School Community Services	2,500,000
EDN700	Executive Office on Early Learning	127,576
	Total Subject to Restriction	241,122,540
	5% Restriction	<u><u>-\$12,056,127</u></u>

Current Situation:

Department is in the midst of moving forward with a number of major reform initiatives aligned with the Department's and Board's Strategic Plan 2011-2018 (2012 update). These efforts include implementing a new system of accountability pursuant to the recently approved Elementary and Secondary Education Act Flexibility (ESEA Flex) waiver; an enhanced Internal Audit program; sabbatical leaves to support professional development; the WASC accreditation program; an alternative certification program for school administrators; and, an expanded communications program. On June 18, 2013 the Department sought and received approval from the Board of Education to reallocate existing resources to maintain these and other reform efforts to partially mitigate the unanticipated FY 14 \$8.95 million base budget cut imposed during the 2013 Legislative Session.

Request:

To help minimize further disruptions to the focus and resources needed to sustain progress on the numerous transformational reform efforts, I respectfully request that all salary expenses for the programs that remain be exempted from the restriction (\$61,691,329) and the remaining casual hire and non-salary budgets for several additional programs (\$130,589,943) be exempted from the 5% restriction (attached). These additional programs include:

- EDN200: student accountability that is key to the ESEA Flex program, the complex area administration activities, the nationally board certified teacher incentive program, and the Homeless Concerns program.
- EDN300: the blood pathogen control, military interstate compact, and the criminal history check programs.
- EDN400: the student transportation program, the school utilities budget (sewer, gas, electricity), safety and security program, the maintenance of effort requirement for the office of Hawaii child nutrition programs, and environmental services program.
- EDN500: the adult education program, which is preparing for a second year of operating with ½ the general fund support it previously enjoyed.
- EDN700: the early learning program, since these funds do not fall under the control of the Department.

If approved the following would be the level of restriction by EDN:

EDN	Program Description	E.M. 13-02 Amount Subject to Restriction (Attachment A)	Exclude All "A" per Request (Attachment B)	Exclude non-"A" Balance for Select Programs per Request (Attachment B)	Balance to Restrict per Request (Attachment C)	Amount of 5% Restriction per Request (rounded up to \$1) (Attachment C)
EDN200	Instructional Support	45,120,095	(23,806,417)	(15,888,181)	5,425,497	(271,275)
EDN300	State Administration	42,276,161	(23,163,750)	(347,182)	18,765,229	(938,262)
EDN400	School Support	151,098,708	(12,740,120)	(113,733,046)	24,625,542	(1,231,278)
EDN500	School Community	2,500,000	(1,981,042)	(518,958)		
EDN700	Early Learning	127,576	-	(127,576)	-	-
		<u>241,122,540</u>	<u>(61,691,329)</u>	<u>(130,614,943)</u>	<u>48,841,268</u>	<u>(2,440,815)</u>

The Honorable Neil Abercrombie
July 18, 2013
Page 3

If there are any questions regarding this request please contact Assistant Superintendent and Chief Financial Officer Amy Kunz at 586-3737. Thank you in advance for your consideration of this request.

RECOMMEND:

APPROVAL DISAPPROVAL

KALBERT K. YOUNG
Director of Finance

DATE

APPROVED DISAPPROVED

NEIL ABERCROMBIE
Governor, State of Hawaii

DATE

KSM:ch

Attachments

c: Members of the Board of Education
 Deputy Superintendent
 Executive Assistant to the Superintendent
 Assistant Superintendents
 Budget Director

**APPROPRIATIONS SUBJECT TO THE 5% RESTRICTION
PURSUANT TO EXECUTIVE MEMORANDUM 13-02**

EDN	Sub-Org	Program Description	A	A1/B/C/M	All
EDN200	GB	Instructional Development - Adm Svcs	247,321	107,596	354,917
EDN200	GC	Curriculum & Instruction Branch	1,398,995	51,333	1,450,328
EDN200	GD	School Leadership & Improvement	1,517,123	2,806,617	4,323,740
EDN200	GG	Advanced Technology Research	348,998	1,155,431	1,504,429
EDN200	GH	Teacher Improvement Services		2,339,523	2,339,523
EDN200	GJ	Leadership Development	2,302,469	331,695	2,634,164
EDN200	GM	Technology Education	603,851	248,137	851,988
EDN200	GN	School Complex Resource Services	15,735,318	2,049,563	17,784,881
EDN200	GP	Systems Accountability	1,514,476	11,001,773	12,516,249
EDN200	GQ	Homeless Concerns	137,866	497,322	635,188
EDN200	RR	Reconciliation to Appn		724,688	724,688
		EDN200 Total	23,806,417	21,313,678	45,120,095
EDN300	KC	Board of Education	152,859	27,027	179,886
EDN300	KD	Office of the Superintendent	1,886,151	256,538	2,142,689
EDN300	KF	Fiscal Services	4,836,481	298,605	5,135,086
EDN300	KH	Civil Rights	328,540	42,893	371,433
EDN300	KO	Personnel Services	8,581,348	2,559,523	11,140,871
EDN300	UA	Info & Telecommunication Svcs	7,378,371	13,884,954	21,263,325
EDN300	RR	Reconciliation to Appn		2,042,871	2,042,871
		EDN300 Total	23,163,750	19,112,411	42,276,161
EDN400	MB	Food Service Administration	357,061	69,393	426,454
EDN400	MC	General Fund Maintenance of Effort	105,722	78,118	183,840
EDN400	OB	Business Services Administration	785,809	344,332	1,130,141
EDN400	OC	Facilities Services	10,828,443	24,128,858	34,957,301
EDN400	OE	Utilities		59,259,734	59,259,734
EDN400	OJ	Environmental Services Unit	46,042	567,700	613,742
EDN400	YA	Student Transportation	617,043	53,572,730	54,189,773
EDN400	YM	Hawn Appleseed Center (GIA)		85,000	85,000
EDN400	RR	Reconciliation to Appn		252,723	252,723
		EDN400 Total	12,740,120	138,358,588	151,098,708
EDN500	PC	Adult Education Per Pupil Allocation	1,981,042	518,958	2,500,000
		EDN500 Total	1,981,042	518,958	2,500,000
EDN700		Early Learning (not part of DOE)		127,576	127,576
		EDN700 Total	-	127,576	127,576
			61,691,329	179,431,211	241,122,540

REQUEST THAT THE FOLLOWING AMOUNTS BE EXCLUDED FROM THE RESTRICTION

EDN	Sub-Org	Program Description	A	A1/B/C/M	All
EDN200	GB	Instructional Development - Adm Svcs	247,321	-	247,321
EDN200	GC	Curriculum & Instruction Branch	1,398,995	-	1,398,995
EDN200	GD	School Leadership & Improvement	1,517,123	-	1,517,123
EDN200	GG	Advanced Technology Research	348,998	-	348,998
EDN200	GH	Teacher Improvement Services		2,339,523	2,339,523
EDN200	GJ	Leadership Development	2,302,469	-	2,302,469
EDN200	GM	Technology Education	603,851	-	603,851
EDN200	GN	School Complex Resource Services	15,735,318	2,049,563	17,784,881
EDN200	GP	Systems Accountability	1,514,476	11,001,773	12,516,249
EDN200	GQ	Homeless Concerns	137,866	497,322	635,188
EDN200	RR	Reconciliation to Appn			-
		EDN200 Total	23,806,417	15,888,181	39,694,598
EDN300	KC	Board of Education	152,859	-	152,859
EDN300	KD	Office of the Superintendent (salary & Military Impact Compact program)	1,886,151	25,000	1,911,151
EDN300	KF	Fiscal Services	4,836,481	-	4,836,481
EDN300	KH	Civil Rights	328,540	-	328,540
EDN300	KO	Personnel Services (salary & Blood Pathogen Control and Criminal History Check programs)	8,581,348	322,182	8,903,530
EDN300	UA	Info & Telecommunication Svcs	7,378,371	-	7,378,371
EDN300	RR	Reconciliation to Appn		-	-
		EDN300 Total	23,163,750	347,182	23,510,932
EDN400	MB	Food Service Administration	357,061	-	357,061
EDN400	MC	General Fund Maintenance of Effort	105,722	78,118	183,840
EDN400	OB	Busines Services Administration	785,809	-	785,809
EDN400	OC	Facilities Services (salary and Safety, Security, and Emergency Preparedness program)	10,828,443	254,764	11,083,207
EDN400	OE	Utilities		59,259,734	59,259,734
EDN400	OJ	Environmental Services Unit	46,042	567,700	613,742
EDN400	YA	Student Transportation	617,043	53,572,730	54,189,773
EDN400	YM	Hawn Appleseed Center (GIA)		-	-
EDN400	RR	Reconciliation to Appn		-	-
		EDN400 Total	12,740,120	113,733,046	126,473,166
EDN500	PC	Adult Education Per Pupil Allocation	1,981,042	518,958	2,500,000
		EDN500 Total	1,981,042	518,958	2,500,000
EDN700		Early Learning (not part of DOE)		127,576	127,576
		EDN700 Total	-	127,576	127,576
			61,691,329	130,614,943	192,306,272

PROGRAMS AND AMOUNTS TO BE SUBJECT TO RESTRICTION BASED ON REQUEST

EDN	Sub-Org	Program Description	A1/B/C/M	5% Restriction
EDN200	GB	Instructional Development - Adm Svcs	107,596	(5,380)
EDN200	GC	Curriculum & Instruction Branch	51,333	(2,567)
EDN200	GD	School Leadership & Improvement	2,806,617	(140,331)
EDN200	GG	Advanced Technology Research	1,155,431	(57,772)
EDN200	GH	Teacher Improvement Services	-	-
EDN200	GJ	Leadership Development	331,695	(16,585)
EDN200	GM	Technology Education	248,137	(12,407)
EDN200	GN	School Complex Resource Services	-	-
EDN200	GP	Systems Accountability	-	-
EDN200	GQ	Homeless Concerns	-	-
EDN200	RR	Reconciliation to Appn	724,688	(36,235)
		EDN200 Total	5,425,497	(271,275)
EDN300	KC	Board of Education	27,027	(1,352)
EDN300	KD	Office of the Superintendent	231,538	(11,577)
EDN300	KF	Fiscal Services	298,605	(14,931)
EDN300	KH	Civil Rights	42,893	(2,145)
EDN300	KO	Personnel Services	2,237,341	(111,868)
EDN300	UA	Info & Telecommunication Svcs	13,884,954	(694,248)
EDN300	RR	Reconciliation to Appn	2,042,871	(102,144)
		EDN300 Total	18,765,229	(938,262)
EDN400	MB	Food Service Administration	69,393	(3,470)
EDN400	MC	General Fund Maintenance of Effort	-	-
EDN400	OB	Busines Services Administration	344,332	(17,217)
EDN400	OC	Facilities Services	23,874,094	(1,193,705)
EDN400	OE	Utilities	-	-
EDN400	OJ	Environmental Services Unit	-	-
EDN400	YA	Student Transportation	-	-
EDN400	YM	Hawn Appleseed Center (GIA)	85,000	(4,250)
EDN400	RR	Reconciliation to Appn	252,723	(12,637)
		EDN400 Total	24,625,542	(1,231,278)
EDN500	PC	Adult Education Per Pupil Allocation	-	-
		EDN500 Total	-	-
EDN700		Early Learning (not part of DOE)	-	-
		EDN700 Total	-	-
			48,816,268	(2,440,814)