

Agenda Item IV

Implementation of the Department's budget for
Fiscal Year 2015 to include update on the
Council on Revenues and State of Hawaii Budget and
Finance Department budget restrictions

Board of Education
Finance and Infrastructure Committee
9/16/14



Major Forces Impacting the Department's Budget





State
General
Fund
Revenues

Recent Council on Revenues General Fund Tax Revenue Projections

COR Meeting Date	Used by:	FY14 %	FY14\$	FY15%	FY15\$
5/28/13	Governor in releasing FY14 Allocations	8.0%	5,741,649,000	7.0%	6,143,564,000
09/10/13	Governor to submit FY15 Supplemental Request	4.1%	5,690,941,000	7.4%	6,114,867,000
01/07/14	House to prepare the House Draft of Supplemental Budget	3.3%	5,647,329,000	7.4%	6,065,230,000
03/11/14	Senate to prepare the Senate Draft of the Supplemental Budget and the Conference Committee to negotiate final FY15 appropriations	0.0%	5,466,923,000	5.5%	5,767,604,000
05/29/14	Governor in releasing FY15 Allocations	-0.4%	5,445,055,000	5.5%	5,744,533,000
9/4/14	Governor in setting FB15-17 Budget Preparation Instructions	-1.8%	5,368,518,000	3.5%	5,556,417,000

Note: in addition to Tax Revenues the General Fund receives approximately \$600 million a year in "non-tax" revenues.

Governor's Interim Budget Execution Policies and Instructions for FY15 ⁴

- Executive Memorandum 14-04 issued on June 19, 2014
- Recognized
 - COR's May 2014 lowering of the FY14 growth rate (0% to -.4%)
 - tax revenue growth has not been a straightforward reflection of Hawaii's economic performance
- FY15 DOE Allocation:
 - one-fourth of the “non-discretionary” general fund and entire non-general (federal and special) fund budget
 - 90% of one-fourth of “discretionary” general fund budget
 - Collective bargaining allocations to be made in September 2014
 - Grant in aid and specific appropriations to be considered for release in January 2015

Governor's Budget Execution Policies and Instructions for FY15 ⁵

- Executive Memorandum 14-06 issued on September 2, 2014
- Recognized
 - preliminary actual general fund tax revenues were less than the Council on Revenues' (CORs') May 2014 projection (-1.8% actual versus -.4% projected)
 - Hawaii's major economic drivers continue to show strength
- FY15 DOE Allocation:
 - All "discretionary" general fund appropriations will be subject to 5% restriction and 5% contingency restriction
 - Collective bargaining allocations to be made in September 2014
 - Grant in aid and specific appropriations to be considered for release in second half of fiscal year

Priorities

DOE's Restriction and Contingency Withholding

FY14-15 General Fund Appropriations

	Non-Discretionary	Discretionary	Total
EDN100 - School Based Budgeting	811,462,448	1,426,147	812,888,595
EDN150 - Special Ed. & Student Support Services	325,508,663		325,508,663
EDN200 - Instructional Support		47,429,820	47,429,820
EDN300 - State Administration		43,343,959	43,343,959
EDN400 - School Support	19,566,597	151,651,925	171,218,522
EDN500 - School Community Services		2,500,000	2,500,000
EDN700 - Exec Office on Early Learning	3,000,000	255,152	3,255,152
	1,159,537,708	246,607,003	1,406,144,711
			<u>Allocation</u>
-5% Restriction & -5% Contingency Withholding =		<u>(24,660,700)</u>	1,381,484,011
Apply FY14 to FY15 Centralized Carryover		<u>6,000,000</u>	
TARGET to meet Restriction & Contingency by Program		<u>(18,660,700)</u>	

FY14-15 Department Proposal to Meet Restriction & Contingency by EDN

EDN	A Total Appropriation	B Est. Restriction = -10% of B&F Discretionary	C = B / A Est. Restriction % of Apprn.	D Dept. Proposal (after \$6 million FY14 Carryover)	E = D / A Dept. Proposal % of Apprn.
EDN100 * - School Based Budgeting	812,888,595	(142,615)	-0.02%	(4,563,837)	-0.56%
EDN150 - Special Ed. & Support Svcs	325,508,663	-	0.00%	(5,452,065)	-1.67%
EDN200 - Instructional Support	47,429,820	(4,742,982)	-10.00%	(2,336,521)	-4.93%
EDN300 - State Administration	43,343,959	(4,334,396)	-10.00%	(1,232,251)	-2.84%
EDN400 ** - School Support	171,218,522	(15,165,193)	-8.86%	(5,050,511)	-2.95%
EDN500 - School Community Services	2,500,000	(250,000)	-10.00%	-	0.00%
EDN700 * - Exec Office on Early Learning	3,255,152	(25,515)	-0.78%	(25,515)	-0.78%
TOTAL	1,406,144,711	(24,660,700)	-1.76%	(18,660,700)	-1.33%

* Grant in Aid appropriations classified as "Discretionary"

** Food Service and Centralized Custodian Programs classified as "Non-Discretionary"

Priorities

Weighted Student Formula

172,668	FY15 Enrollment Projection used for to calculate Tentative Allocations (for FIN PLAN)
171,814	Actual 8/13/14 Official Enrollment Count (OEC)
(854)	Difference from Projected to OEC
\$ 4,319	Average Per Pupil Amount from Tentative (FIN PLAN) Allocations
\$ (3,688,665)	"Value" of the 854 students

SPED and Support Services Appropriations and Expenditures

	FY13	FY14	FY15
General Fund Operating Budget Appropriation (EDN150)	313,456,272	321,843,969	325,508,663
Collective Bargaining Allocation	94,974	8,970,824	18,648,732
Proposed Restriction			(5,408,891)
Total Allocation of Funds	313,551,246	330,814,793	338,748,504
General Fund Expenditures less CB Allocation (EDN150)	309,877,660	317,116,749	tbd
Collective Bargaining Allocation	94,974	8,970,824	tbd
Total Actual General Fund Expenditures	309,972,634	326,087,573	tbd

SPED Hiring Priorities

- Teach for America
- UH Programs
- ParaPro Assessment



**DOE
Budget
Allocation**

Major Programs Proposed for Restriction

EDN	Program	Restriction	Budget	Comments
EDN100	Weighted Student Formula	-3,700,000	766,256,072	Due to actual enrollment (at OEC) being 854 students below projection (99.51% of projection).
EDN100	Athletics	-337,653	11,193,798	Salary Saving from trainers, supplies, equipment
EDN100	Jr. ROTC	-65,533	2,172,547	Salary Savings
EDN100	Vocational & Applied Technology	-65,638	5,494,503	Salary Savings
EDN100	Hawaiian Language Immersion	-72,851	2,415,136	Supplies, Travel, and Equipment
EDN100	Hawaiian Studies	-70,929	2,351,445	Part Time Teachers
EDN100	Learning Centers	-39,647	1,314,357	equipment and supplies
EDN100	(11) Misc GIAs	-95,981	959,808	10% reduction
EDN100 Total		-4,448,232		
EDN150	Special Education in Regular Schools	-5,408,891	202,520,648	Salary Savings
EDN150 Total		-5,408,891		
EDN200	ESEA Flex	-588,539	1,925,472	Delay in hire and implementation
EDN200	National Board Certified Teachers	-1,000,000	2,319,525	Full amt not required due to restructuring vs. priority language
EDN200	HCPS - Assessment	-391,599	8,711,000	Testing contracts
EDN200	School Improvement Leadership	-88,290	2,961,547	Non-salary reductions
EDN200	Instructional Services Branch	-43,237	1,450,328	Non-salary reductions
EDN200	Hawaii Virtual Learning Network	-36,241	1,215,660	Non-salary reductions
EDN200 Total		-2,147,906		



**DOE
Budget
Allocation**

Major Programs Proposed for Restriction - Continued

EDN	Program	Restriction	Budget	Comments
EDN300	Information Systems Services	-366,932	8,079,046	Scale back on LDS contract and portal
EDN300	Network Support Services	-306,932	5,611,420	Reduce support for her and MS Windows licensing
EDN300	Personnel Development Branch	-210,000	3,414,920	Reduce non-salary expenses
EDN300	Personnel Assistance Branch	-150,000	1,046,792	Reduce non-salary expenses
EDN300	Accounting Services	-145,803	3,100,599	Reprioritize contract work
EDN300 Total		-1,179,667		
EDN400	Utilities	-1,744,841	58,528,217	Aggressive conservation efforts & Ka Hei Program
EDN400	Student Transportation	-1,615,503	54,189,773	Look to contain &/or cost shift mid-day & preschool related costs
EDN400	Food Services	-567,314	19,029,723	Look to increase federal fund ceiling
EDN400	Auxiliary Services	-520,216	17,449,922	Reduce funds for playground and minor CIP projects
EDN400	Facilities Maintenance	-482,234	16,175,845	Prioritize essential R&M based on health and safety
EDN400	Other Misc EDN400	-120,403	5,845,042	Various reductions from smaller programs
EDN400 Total		-5,050,511		
EDN500	Adult Education	-	2,500,000	Excluded
EDN500 Total		0		
EDN700	Executive Office of Early Learning	-25,515	3,255,152	Withhold 10% of GIA appropriation.
EDN700 Total		-25,515		
Grand Total		-18,260,722		

Any Questions?

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OFS

