




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

OFFICE OF THE SUPERINTENDENT

February 20, 2020

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

FROM: Dr. Christina M. Kishimoto  
Superintendent 

SUBJECT: **Update on Extra Compensation for Classroom Teachers in Special Education, Hard-to-Staff Geographical Locations, and Hawaiian Language Immersion Programs: Extra Compensation Funding Sources**

EXECUTIVE SUMMARY

The memorandum provides:

- an update on important developments related to the cost and funding sources of the new teacher differentials,
- detailed descriptions of the five metrics previously identified by the Department, and
- details on specific funding sources to support the Board of Education (Board) approved extra compensation for classroom teachers in special education, hard-to-staff geographical locations, and Hawaiian language immersion programs.

1. HISTORY:

On January 16, 2020, the Department provided the Board's Finance and Infrastructure Committee (FIC) with an update the above mentioned subject. At the meeting, members requested that the Department provide greater specificity on funding sources and impacts on strategic outcomes for Fiscal Year 2019-20, 2020-21, 2021-22 and beyond, should the Legislature not fund the extra compensation costs for each period of time. In addition, FIC members requested additional information related to metrics.

- Update on extra compensation for classroom teachers in special education, hard-to-staff geographical locations, and Hawaiian language immersion programs: Extra compensation funding sources (January 16, 2020):

- [http://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/FIC\\_01162020\\_Update%20on%20Extra%20Compensation%20for%20Classroom%20Teachers.pdf](http://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/FIC_01162020_Update%20on%20Extra%20Compensation%20for%20Classroom%20Teachers.pdf)
- Audio Recording of the January 16, 2020 Finance and Infrastructure Committee Meeting (minutes unavailable at the time of preparing this update):  
<https://hidoe.webex.com/recording/service/sites/hidoe/recording/playback/06ae45d4207f46f8904c59032623227c>

At its December 5, 2019 Special Meeting, the Board approved the provision of shortage differentials to qualified and licensed teachers to fill vacancies in the areas of special education, hard-to-staff geographical locations, and Hawaiian language immersion program. The effective date of these differentials was January 7, 2020.

- Recommendation Memorandum for Board Action on Extra Compensation for Classroom Teachers in Special Education, Hard-to-Staff Geographical Locations, and Hawaiian Language Immersion Programs (December 5, 2019):  
[http://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/Special\\_12052019\\_Action%20on%20Extra%20Compensation%20for%20Classroom%20Teachers.pdf](http://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/Special_12052019_Action%20on%20Extra%20Compensation%20for%20Classroom%20Teachers.pdf)
- Minutes of Special Meeting of the Board of Education, December 5, 2019:  
<https://alala1.k12.hi.us/STATE/BOE/Minutes.nsf/a15fa9df11029fd70a2565cb0065b6b7740e2923949c9a9a0a2584ec000b437e?OpenDocument>

2. **PURPOSE:** To provide a report regarding the Department's extra compensation funding sources, including but not limited to, the following:
  - a. A detailed description of the five metrics the Department mentioned at the December 5, 2019 Special Meeting to track the success of extra compensation;
  - b. The goals measured by these metrics that the Department has established to determine whether the extra compensation exercise was successful;
  - c. A specific plan for funding the differential areas, including detailed and specific funding sources and detailed and specific impacts on programs if these funding sources are used;
  - d. Whether other funding options are available that the Department did not include in its January 16, 2020 Finance and Infrastructure materials, i.e., carryover funds, impact aid funds, etc.; and
  - e. Clarification regarding what is included in the impact aid amounts listed in the Department's September 19, 2019 memorandum.
3. **COMMITTEE ACTION:** No Committee action required at this time.
4. **UPDATE:**

Since the January 16, 2020 FIC meeting there have been several related developments, including:

- an update to the cost projection for the new teacher differentials;

- the advancing of a Senate Draft 1 for Senate Bill 2488 Relating to Teacher Compensation; and
- the submission of a request to the Governor for the release of the current fiscal year restriction on general funds.

On January 31, 2020, the Department made an update to the cost projection for teacher differentials. The updated estimate is \$10.2 million in fiscal year 2019-20 and \$30.7 million in fiscal year 2020-21. This update was based on:

- differential eligible general fund teacher position and actual licensed teacher counts for Fiscal Year 2019-20 using personnel data as of January 30, 2020;
- adjustments for timing of differential payments to reflect three payroll payments for teachers' "summer salary" falling in the following fiscal year; and
- adjusting the new differential eligible licensed teacher counts for Fiscal Year 2020-21 based on a "target" fill rate for all eligible positions of 96%. **(Attachment A)**

This update has been shared with the Governor's office, the Department of Budget and Finance, and the Chairpersons of the House and Senate Education and Fiscal committees.

On February 5, 2020, the Senate Education Committee held a public hearing on a proposed Senate Draft 1 for Senate Bill 2488 Relating to Teacher Compensation. [https://www.capitol.hawaii.gov/measure\\_indiv.aspx?billtype=SB&billnumber=2488&year=2020](https://www.capitol.hawaii.gov/measure_indiv.aspx?billtype=SB&billnumber=2488&year=2020) The purpose of this measure "is to appropriate \$25,000,000 (in fiscal year 2020-21), on a one time, non-recurring basis, to fund teacher compensation as negotiated and executed as a memorandum of agreement on teacher compensation between the superintendent of education and the Hawaii State Teachers Association Bargaining Unit 5." The Department is very appreciative that the Chair and members of the Senate Education Committee unanimously passed Senate Draft 1 on February 10, 2020, and the bill will next go to the Senate Ways and Means Committee. To transmit this measure to the House of Representatives for consideration, the Ways and Means Committee must hold a decision making hearing, vote to advance this measure, and file its draft with the Senate Clerk's Office by the Legislature's First Decking deadline on February 28, 2020.

On February 7, 2020, the Superintendent submitted a request to the Governor for the release of the remaining "contingency restriction" of \$3,762,434 to partially restore the withholdings from EDN200 and EDN300, and for the release of the "restriction" of \$5,422,434 to assist in meeting a portion of the cost of new teacher differentials for this fiscal year. As of the date of this update, a response is pending. Regardless of whether the Governor maintains the "restriction" or releases it to assist with the unbudgeted cost of differentials, the Department will need to make adjustments to its appropriated program budget for Fiscal Year 2019-20.

For context on the implication of this action plan, the following is a summary of all the actions either taken or planned to address the Governor's original \$10,844,868 withholding of the Department's general fund appropriation, which was made up of a "contingency restriction" of \$5,422,434, and a "restriction" of \$5,422,434. (See next page.)

EDN	Source	Amount
200	2019 Carryover used to offset general fund salary costs	-\$829,459
300	2019 Carryover used to offset general fund salary costs	-\$507,574
300	Discretionary federal funds from the Compact of Free Association Impact FY2019-20 grant award used to offset non-payroll expenses of the Office of Information Technology Services.	-\$1,701,635
Misc.	Various one-time reductions to appropriated (legislatively approved) program funds that were allocated to State Offices. See <b>Attachment B</b> for details.	-\$4,043,766
200 & 300	Balance of Governor's Contingency Restriction requested for release on February 7, 2020.	-\$3,762,434
<b>Misc.</b>	<b>Total</b>	<b>-\$10,844,868</b>

**a. A detailed description of the five metrics the Department mentioned at the December 5, 2019 Special Meeting to track the success of extra compensation:**

These metrics were initially developed using the Department's strategic plan indicators for teacher recruiting and retention as the baseline to measure improvement in the overall number of qualified teachers in the Department. The current vacancy rate of teachers at the beginning of the school year is expected to decrease while the number of qualified teachers is expected to increase.

The metrics were further developed to measure the impacts of the targeted, market-based differentials and also the impacts of the proposed experimental modernization project plan which is designed to correct teacher pay compression.

The metrics will be further evaluated based by the extent to which our plan meets its goal, which is to increase the ability of the Department to hire and retain teachers.

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The Department is collecting data to monitor and evaluate the effectiveness of these differentials. This data will include five metrics, as follows:

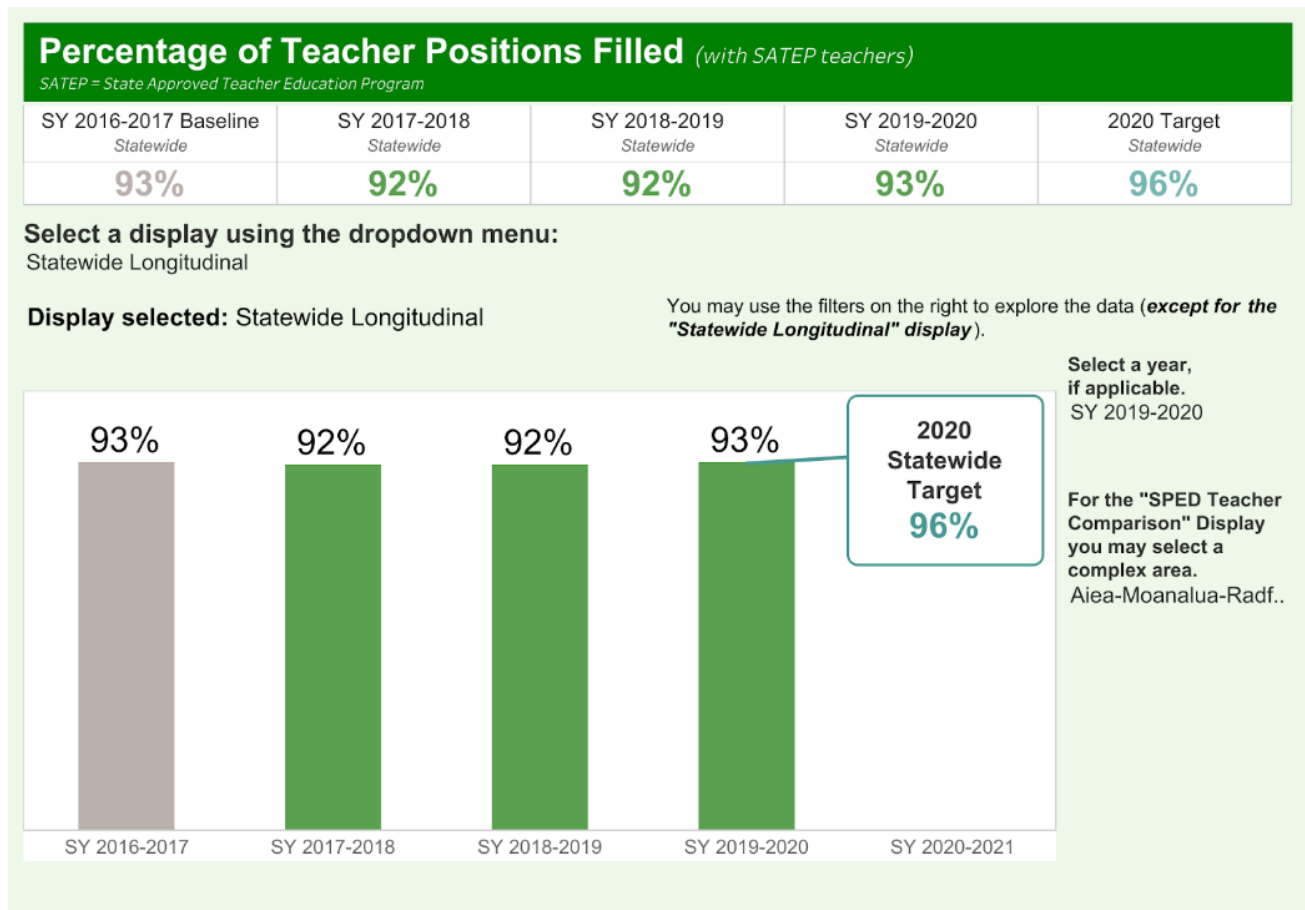
<b>Five Metrics</b>	<b>Description</b>
1. [Vacancies as] a percent of positions filled with licensed teachers	Total number of school or complex classroom teacher positions filled by licensed teachers in each of the differential categories - special education, hard-to-staff geographical locations, and Hawaiian language immersion programs.
2. Number and type of transfers to positions in the three differential areas	Total number of teachers who transferred to one or more of the differential categories - special education, hard-to-staff geographical locations, and Hawaiian language immersion programs.
3. Number of new hires (recruitment)	Total number of newly employed classroom teachers in the Department during the school year (July 1 – June 30) For this metric, new teacher hires are defined as newly employed classroom teachers hired in an identified differential category – special education, hard-to-staff geographical locations, and Hawaiian language immersion programs.
4. Retention rates at each complex (school level positions)	Total number of classroom teachers retained in a complex during a school year in an identified differential category – special education, hard-to-staff geographical locations, and Hawaiian language immersion programs.
5. Number of differentials paid	Total number of classroom teachers paid a differential by category - special education, hard-to-staff geographical locations, and Hawaiian language immersion programs.

**b. The goals measured by these metrics that the Department has established to determine whether the extra compensation exercise was successful:**

The Department is committed to a multi-pronged plan to implement bold strategies that will expeditiously increase recruitment and retention of qualified licensed teachers across our public school system.

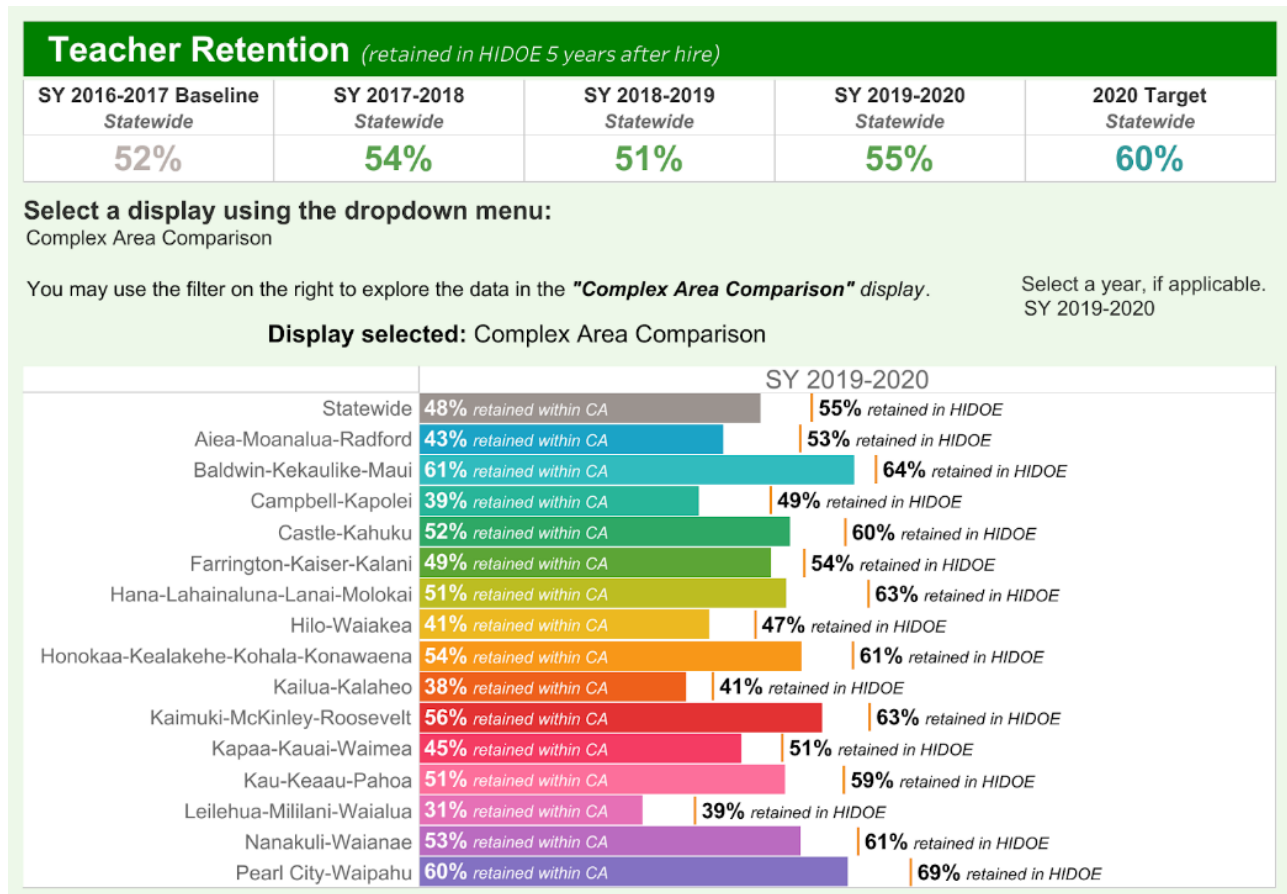
By monitoring the aforementioned five metrics, the Department hopes to meet or exceed its SY 2020-21:

- Strategic Plan Goal 2 – Staff Success, “Percentage of Teachers Positions Filled” target of 96 percent; and



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- Strategic Plan Goal 2 – Staff Success, “Teacher Retention” target of 60 percent.



Additionally, the Department will also monitor the number of newly employed teachers each year, and see the decline in “Grand Total Employed for Each Year” continue in 2019-2020 and 2020-2021.

Year	Total Employed as of September 30	Total Employed from October to June	Grand Total Employed for Each Year
2016-2017	1,012	241	1,253
2017-2018	1,140	240	1,380
2018-2019	1,075	216	1,291*

*\*With increased retention due to teacher differentials and other targeted initiatives, the Department will monitor 2019-2020 and 2020-21 for a decreased need in the number of newly employed teachers.*

In terms of the aforementioned metrics and potential effects on academics, the authors of a study published by the Learning Policy Institute in 2016 analyzed and noted the



following effect of teaching experience on student outcomes in the United States, as follows:

- Teaching experience is positively associated with student achievement gains throughout a teacher's career. Gains in teacher effectiveness associated with experience are most steep in teachers' initial years, but continue to be significant as teachers reach the second, and often third, decades of their careers.
- As teachers gain experience, their students not only learn more, as measured by standardized tests, they are also more likely to do better on other measures of success, such as school attendance.
- Teachers' effectiveness increases at a greater rate when they teach in a supportive and collegial working environment, and when they accumulate experience in the same grade level, subject, or district.
- More-experienced teachers support greater student learning for their colleagues and the school as a whole, as well as for their own students.

**c. A specific plan for funding the differential areas, including detailed and specific funding sources and detailed and specific impacts on programs if these funding sources are used;**

The Department continues to maintain its support of the request included in the Governor's Executive Supplemental Budget, which was submitted to the Legislature for consideration on December 16, 2020. Refer to:  
<https://budget.hawaii.gov/budget/executive-supplemental-budget-fiscal-year-2021/>.

This comprehensive package of requests includes funding for the Board of Education approved teacher differentials at \$14.5 million in FY2019-20 and \$26.8 million in FY2020-21, to meet the new expense. The Governor's budget also provides additional funding through EDN600 Charter Schools, for charter school funded teachers, and the amounts sought for both the DOE and Charter Schools are programmed on a recurring basis, meaning the cost is factored into all six years of the Executive Budget financial plan period.

As noted previously, details on the Department's refined cost estimate have been shared with the Governor's office, and a response is pending as of the writing of this update.

The tentative specific plan for funding the differentials for Fiscal Year 2019-20, if additional funding is not appropriated, is as follows:

(See next page.)



<b>Program</b>	<b>Funding Amount</b>	<b>Description/Impact</b>
"Hard" Restriction Release	\$5,422,434	Pending approval of the February 7, 2020 request submitted to the Governor. Note: these are funds that if not released to assist with the cost of differentials would likely remain withheld for the full year and lapse back to the State's general fund.
Charter School "True-Up"	\$1,256,454	This is the amount transferred to the Department this fiscal year following the annual review by the Department of Budget and Finance required per Chapter 302D-28 or the Hawaii Revised Statutes.
Teacher Recruitment and Retention	\$575,000	This is the amount previously required to fund teacher licenses per a Memorandum of Agreement attached as Appendix IX to the Unit 5 collective bargaining agreement, which became available for other Recruitment and Retention activities after the 2019 Legislature provided general funds to support the operations of the Hawaii Teacher Standards Board.
FY 2018-19 Carryover Reversion Projection	\$2,946,112	This is an estimate of the unexpended prior year funds that carried over in programs that through a mid-year close process will revert centrally.
<b>TOTAL</b>	<b>\$10,200,000</b>	

**FY 2020-21:**

The Department is in support of the funding request included in the Governor's Executive Supplemental Budget that was submitted to the Legislature for consideration on December 16, 2020.

As previously noted, the Department is grateful that the Senate Education Committee passed out Senate Bill 2488, SD1 that recognizes the urgent need to recruit and retain qualified teachers in the areas of special education, hard-to-staff geographic locations, and Hawaiian language immersion program and provides funding for teacher compensation. [https://www.capitol.hawaii.gov/session2020/bills/SB2488\\_SD1\\_.htm](https://www.capitol.hawaii.gov/session2020/bills/SB2488_SD1_.htm)

Based on announcements made during the decision making hearing on House Bill 2200 by Chairperson Sylvia Luke of the House of Representative's Finance Committee, the House of Representatives will be considering funding for differentials in a bill outside of

the main Executive Supplemental Budget Bill. Indications are that the House of Representatives will be using Senate Bill 2488 when it crosses over from the Senate.

The Department will be monitoring the progression of Senate Bill 2488 closely as it advances through the hearing process, and will provide FIC with further updates, including a detailed differential funding plan if that becomes necessary based on what ultimately unfolds through the 2020 Legislative Session.

FY 2021-22:

If the new teacher differentials are to continue into the next biennium, there will an opportunity to include it as part of any agreement that may be reached through negotiations, and to include the associated cost as a collective bargaining cost item via a bill to fund the agreement.

**d. Whether other funding options are available that the Department did not include in its January 16, 2020 Finance and Infrastructure materials, i.e. carryover funds, impact aid funds, etc.; and**

The January 16, 2020 update detailed the following funding options:

1. Funds made available through release of the Governor's restriction, which would necessitate imposing of programmatic restrictions described in **Attachment B**;
2. Restriction imposed on general funds appropriated by the Legislature for state offices, including Recruitment and Retention funding, and school level funds allocated via the Weighted Student Formula (EDN100) and Special Education Per Pupil Allocation (EDN150);
3. Funds that may be transferred to the Department due to the annual "true-up" adjustment between the budget for Department schools and Charter schools per §302D-28, Hawaii Revised Statutes; and,
4. Carryover that may be available.

The range of possible other options include:

1. Allowing deficit spending that would result in a multi-million dollar negative balance in the Recruitment and Retention program, and submitting through the Governor a request for an emergency (current year) appropriation from the Legislature next legislative session to clear the deficit;
2. Imposing additional restrictions on funds appropriated by the Legislature for specific program activities, and redirecting restricted funding to pay for the new differential;
3. Using property taxing authority that the 2020 Legislature may confer on the Department to generate additional tax revenues; and,
4. Seeking the issuance of legislatively authorized tax credits to entities that "invest" in public education, similar to programs used to capitalize investment in industries such as high technology or film production.

**e. Clarification regarding what is included in the impact aid amounts listed in the Department's September 19, 2019 memorandum.**

The previous two fiscal reports that contained information on Impact Aid collections were presented to FIC at the September and November meetings:

September 19, 2019 – Fiscal Report as of June 30, 2019:

[http://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/FIC\\_09192019\\_Update%20on%20the%20Department%20of%20Education%20Fiscal%20Reports%20as%20of%20June%2030%2c%202019.pdf](http://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/FIC_09192019_Update%20on%20the%20Department%20of%20Education%20Fiscal%20Reports%20as%20of%20June%2030%2c%202019.pdf)

November 21, 2020 – Fiscal Report as of September 30, 2019

[http://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/FIC\\_11212019\\_Update%20on%20Department%20Fiscal%20Reports%20as%20of%20September%2030%202019.pdf](http://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/FIC_11212019_Update%20on%20Department%20Fiscal%20Reports%20as%20of%20September%2030%202019.pdf)

As no payments were received between June 30, 2019 and September 30, 2019, the Impact Aid reports essentially contained the same information. The following chart is from the November 2019 report based on Impact Aid collections through the September 30, 2019, the first quarter of this fiscal year.

## Impact Aid Receipts

State of Hawaii  
Department of Education  
Impact Aid Summary of Receipts

		Impact Aid funds received per Federal Survey cards count dates:				
Funds Received In Fiscal Year:	TOTAL	School Year (SY) 2018-19 9-5-18	SY 2017-18 9-6-17	SY 2016-17 9-7-16	SY 2015-16 9-2-15	Prior Awards
2019-20	\$0					
2018-19	\$55,857,782		\$41,187,071	\$8,540,802	\$6,129,909	
2017-18	\$40,378,685			\$36,573,942		\$3,804,743
2016-17	\$42,019,232				\$35,655,727	\$6,363,505
Receipts totals by Federal Survey Card Count Date as of 9-30-19:		\$0	\$41,187,071	\$45,114,744	\$41,785,636	

Payments per survey year are made in three installments (Initial, Interim & Final), typically over 3-4 years.

During fiscal year 2018-19, the Department received both the Initial and Interim payments for SY 2017-18 and the Interim and Final payments for SY 2016-17.

What this report shows is that the Department received \$55.9 million last fiscal year, compared to an average of \$41 million in the two previous years. The \$55.9 million received represents five payment types last year. It is important to recognize that we can normally anticipate receiving on average three payment types in any given year. The payments totaled by type were:

- \$6.1 million as a final payment for the SY2015-16 application,

- \$3.7 million for the SY2016-17 interim payment,
- \$4.8 million for the SY2016-17 final payments,
- \$23.0 million for the SY2017-18 initial payment, and
- \$18.1 million for the SY2017-18 interim payments.

As applications are prepared and submitted by district, the following is a further breakdown of the these payment types and district.

District	Date of Voucher	SY of App	Pay Type	Total Amount	Basic Support	Special Ed
Honolulu	8/20/2018	15-16	Final	\$ 49,301.88	\$ 43,543.44	5,758.44
Central	8/20/2018	15-16	Final	\$ 5,448,162.67	\$ 4,998,044.61	450,118.06
Leeward	8/20/2018	15-16	Final	\$ 399,735.03	\$ 345,029.85	54,705.18
Windward	8/20/2018	15-16	Final	\$ 232,709.68	\$ 171,526.25	61,183.43
<b>Totals</b>				<b>\$ 6,129,909.26</b>	<b>\$ 5,558,144.15</b>	<b>\$ 571,765.11</b>
Honolulu	9/7/2018	16-17	Interim	\$ 17,382.40	\$ 12,987.90	4,394.50
Central	9/7/2018	16-17	Interim	\$ 3,431,863.43	\$ 2,963,461.43	468,402.00
Leeward	9/7/2018	16-17	Interim	\$ 111,207.11	\$ 59,765.61	51,441.50
Windward	9/7/2018	16-17	Interim	\$ 182,264.47	\$ 117,122.47	65,142.00
<b>Totals</b>				<b>\$ 3,742,717.41</b>	<b>\$ 3,153,337.41</b>	<b>\$ 589,380.00</b>
Honolulu	4/10/2019	16-17	Final	\$ 133,318.67	\$ 131,995.13	1,323.54
Central	4/10/2019	16-17	Final	\$ 4,030,193.95	\$ 3,889,119.78	141,074.17
Leeward	4/10/2019	16-17	Final	\$ 461,246.00	\$ 445,752.76	15,493.24
Windward	4/10/2019	16-17	Final	\$ 173,326.10	\$ 153,706.51	19,619.59
<b>Totals</b>				<b>\$ 4,798,084.72</b>	<b>\$ 4,620,574.18</b>	<b>\$ 177,510.54</b>
Honolulu	10/10/2018	17-18	Initial	\$ 104,088.11	\$ 99,623.11	4,465.00
Central	11/2/2018	17-18	Initial	\$ 22,199,366.01	\$ 21,768,141.01	431,225.00
Leeward	10/10/2018	17-18	Initial	\$ 489,287.11	\$ 451,687.11	37,600.00
Windward	10/10/2018	17-18	Initial	\$ 253,963.71	\$ 214,953.71	39,010.00
<b>Totals</b>				<b>\$ 23,046,704.94</b>	<b>\$ 22,534,404.94</b>	<b>\$ 512,300.00</b>
Honolulu	12/4/2018	17-18	Interim	\$ 82,617.53	\$ 77,706.03	4,911.50
Central	12/4/2018	17-18	Interim	\$ 17,453,497.49	\$ 16,979,149.99	474,347.50
Leeward	12/4/2018	17-18	Interim	\$ 393,675.95	\$ 352,315.95	41,360.00
Windward	12/4/2018	17-18	Interim	\$ 210,574.90	\$ 167,663.90	42,911.00
<b>Totals</b>				<b>\$ 18,140,365.87</b>	<b>\$ 17,576,835.87</b>	<b>\$ 563,530.00</b>
				\$ 55,857,782.20	\$ 53,443,296.55	\$ 2,414,485.65

It is unlikely that the number and total value of payments the Department will receive this year will reach the level in the prior fiscal year. The average collections over the last five years was \$42.4 million. Excluding last fiscal year, the average of the previous five years was \$39.5 million.

Compounding the impact of variable timing of payment processing by the USDOE is the declining number of federally connected weighted student units (WSUs), as determined by the annual collection of survey cards. This decline was indicated in a previous bar chart from the fiscal reports, but is more readily seen in the following table. (See next page.) This table is a summary by application year that indicates the declining WSUs by district, and how this negatively impacts the Department's maximum basic support

payment (max BSP), which is the amount the Department could expect to receive from the Impact Aid program if it were fully funded.

FFY Appn	SY of App	District	WSU	MAX BSP
2016	13-14	Honolulu	454.72	2,757,194
2016	13-14	Central	10,657.43	64,621,326
2016	13-14	Leeward	1,527.03	9,259,146
2016	13-14	Windward	1,360.84	8,251,453
		Total	14,000.02	84,889,119
2017	14-15	Honolulu	469.48	2,997,395
2017	14-15	Central	11,074.74	70,706,677
2017	14-15	Leeward	1,275.30	8,142,152
2017	14-15	Windward	1,387.62	8,859,259
		Total	14,207.14	90,705,483
2018	15-16	Honolulu	317.53	2,127,768
2018	15-16	Central	11,048.86	74,038,410
2018	15-16	Leeward	869.12	5,823,973
2018	15-16	Windward	1,461.89	9,796,124
		Total	13,697.40	91,786,275
2019	16-17	Honolulu	320.76	2,284,933
2019	16-17	Central	10,773.21	76,742,961
2019	16-17	Leeward	888.69	6,330,583
2019	16-17	Windward	733.30	5,223,662
		Total	12,715.96	90,582,139
2020	17-18	Honolulu	307.82	2,285,563
2020	17-18	Central	8,976.83	66,652,962
2020	17-18	Leeward	840.84	6,243,237
2020	17-18	Windward	420.65	3,123,326
		Total	10,546.14	78,305,088

For additional information on the federal Impact Aid program, please see the latest version of “The Basics of Impact Aid” produced by the National Association of Federally Impacted Schools: [https://www.nafisdc.org/wp-content/uploads/2019/09/The-Basics\\_Fall-2019.pdf](https://www.nafisdc.org/wp-content/uploads/2019/09/The-Basics_Fall-2019.pdf)

In closing, the Department notes that several factors will likely significantly constrict not only the Department’s future year level of centralized carryover funds, but also the adequacy of the general fund budget, including:

- the reprogramming of \$18 million in FY 2019-20 and \$21 million in FY 2020-21 from the base salary budget in the biennium budget. Refer to: <http://www.hawaiipublicschools.org/DOE%20Forms/budget/FBbudgetpriorities.pdf>

- the implementation of new teacher differentials starting in FY 2019-20 that are anticipated to positively impact both recruitment and retention rates while addressing equitable access to education; and,
- the Special Education Per Pupil Allocation starting in FY 2020-21 that will allow greater flexibility at the school level in determining the programming of special education positions and funds.

The Department continues to enhance our support for educators through initiatives that include mentoring for beginning teachers, housing partnerships, and scholarships from teacher certification programs. The teacher shortage is a complex issue facing districts nationwide.

Teacher incentives will play a key role in addressing equitable access to quality education for all students statewide. The dialogue on teacher differentials continues with legislators, key stakeholders, and Department personnel, and will continue over the course of the 2020 Legislative Session. Updates on the Legislature's considerations and actions on this critical funding request will be provided to the Committee over the next two months.

CMK:bh  
Attachments

c: Office of Fiscal Services

**Teacher Differentials  
Detailed Calculation**

Attachment A

		SY19-20						SY20-21						
		A	B	C=A*B	D	E=C*D	F=E*(11/14)	G=E*(3/14)	H	I	J=H*I	K	L=J*K	M=L*(21/24)+G
	Targeted Teachers	Estimated # of Teachers Positions-Gen Fund	Percent filled with licensed teachers	Estimated # of Licensed Teachers - Gen Fund	Half Year Per Teacher \$ Amt	Earned Differentials	FY19-20 Revised Cost Due to Timing of Payments (11 of 14)	Prior SY Differential paid in next	Estimated # of Teachers Positions-Gen Fund	Percent filled with licensed teachers	Estimated # of Teachers @96% filled by licenced teacher	Annual Per Teacher \$ Amt	Earned Differentials	FY20-21 Revised Cost Due to Timing of Payments (21 of 24) + Prior SY
A	SPED teacher classroom teacher that are qualified and licensed	2,184	83%	1,820	\$5,000	\$9,100,000	\$7,150,000	\$1,950,000	2,184	96%	2,097	\$10,000	\$20,970,000	\$20,298,750
B	All teachers in Complexes who are qualified and licensed and that meet 1-4 of the criteria	2,369	90%	2,121		\$6,360,750	\$ 4,997,732	\$ 1,363,018	2,369		2,276		\$ 13,755,000	\$ 13,398,643
	a. 2nd half of year-Tier 1	366	96%	353	\$1,500	\$528,750	\$415,446	\$113,304	366	96%	353	\$3,000	\$1,059,000	\$1,039,929
	b. 2nd half of year-Tier 2	897	89%	795	\$2,500	\$1,986,250	\$1,560,625	\$425,625	897	96%	861	\$5,000	\$4,305,000	\$4,192,500
	c. 2nd half of year-Tier 3	219	92%	201	\$3,750	\$753,750	\$592,232	\$161,518	219	96%	210	\$7,500	\$1,575,000	\$1,539,643
	d. 2nd half of year-Tier 4	887	87%	773	\$4,000	\$3,092,000	\$2,429,429	\$662,571	887	96%	852	\$8,000	\$6,816,000	\$6,626,571
C	HLIP classroom teacher that is qualified and licensed. (currently 107 HLIP teachers but not all licensed)	159	53%	85	\$4,000	\$340,000	\$267,143	\$72,857	159	96%	153	\$8,000	\$1,224,000	\$1,143,857
D	Available Base Budget from HTS Bonus					(\$2,228,000)	(\$2,228,000)						(\$4,100,000)	(\$4,100,000)
A+B+C+D =	Unbudgeted and Required Amt					\$13,572,750	\$10,186,875	\$3,385,875					\$31,849,000	\$30,741,250
This represents the amount Earned in Current SY, but paid in next FY (3 pay periods for summer salary) (3/14th for FY20 and 3/24th of earned differentials for FY21)							\$3,385,875							\$4,493,625
Unbudgeted & Required Amt							\$10,186,875					Unbudgeted & Required Amt		\$30,741,250
Original Amount Requested							\$14,498,250					Original Amount Requested		\$26,769,500
Difference							(\$4,311,375)					Difference		\$3,971,750

Source: OTM teacher count data as of 1/30/20



EDN	Prog Title	Program Description & Impact(s)	Total Non-Payroll Allocation to State Offices (as of 12/19)	Amount
200	Athletics Administration	Program provides assistance to interscholastic athletic programs that provide opportunities for students to compete in organized interscholastic athletic competition. This one-time reduction will be managed by reducing or deferring operating expenses.	\$7,020	(\$363)
200	Assessment	Program funds development, administration, scoring, and reporting of assessments of the Hawaii Statewide Assessment Program, which includes the Smarter Balanced Assessments (SBA) (grades 3-8 and 11), the Hawaii State Assessments in Science (grades 5, 8, and high school Biology), and the Hawaii State Alternate Assessment in English Language Arts (ELA)/Literacy, Mathematics, and Science. Reduction will impact the development of kindergarten assessments requested by complex areas and schools. In addition, the lack of funding further reduces the development and implementation of the innovative assessment.	\$8,530,873	(\$1,200,000)
200	Hawaii Content & Performance Standards - Training	Program provides requisite training and resource development to ensure quality standards-based education implementation in all schools. Support for implementation of the formative assessment professional development opportunities for building trilevel training capacity to address Board of Education Policy 102-12, "Reporting Student Progress and Achievement" will be negatively affected.	\$194,089	(\$10,127)
200	Learning Technology	Program provides support for the development and implementation of expanded learning opportunities that include the use of technologies, multimedia resources and nontraditional environments and/or school day. The reduction impacts the ability to provide support and professional development to schools, complex areas and state offices for technology integration, blended learning, and computer science. The impact directly affects the ability to travel to neighbor islands to provide equitable support. This also impacts our library program and the ability to bring in neighbor island participants to the Statewide Librarian's conference held on Oahu and to provide support for travel to mid-year PLCs that are held on all islands.	\$145,408	(\$12,841)
200	Instructional Development - Admin Svcs.	Program provides leadership in research, development and design of state-of-the-art, student-focused curriculum, assessment, instruction, and supports. Reduction will impact administrative costs and projected operations, programmatic priorities, i.e. professional development for unanticipated grant contracts, etc.	\$37,487	(\$15,845)
200	Hawaii Virtual Learning Network	Program supports the preparation of students and educators for the 21st-century workforce by providing technology-rich, standards-based credit courses for students, and best practices, online professional development, and resources for educators. This reduction impacts two of our major priorities in expanding E-School offerings and building capacity with complex areas and schools for Computer Science.	\$720,243	(\$20,141)

EDN	Prog Title	Program Description & Impact(s)	Total Non-Payroll Allocation to State Offices (as of 12/19)	Amount
200	Coordinated Support	Program provides support for planning and oversight of the Leadership Team meetings, Deputy's Principal Roundtable, the Secondary and Elementary Principal Forums, and the Professional Learning Network (PLN); advance the organization's top academic priorities; manage and support various initiatives lead by the Office of the Deputy Superintendent; assist in the development and execution of cross-office projects to ensure efficient and consistent implementation and communication; and support the Complex Area Superintendent's performance routine process. This reduction will be taken against planned expenditures for supplies, equipment and travel-related spending to visit/monitor complex areas and school programs. The impact will be delay in replacement of outdated technology for principals' roundtable and other regularly held meetings.	\$126,000	(\$30,000)
200	Student Support Services	Program facilitates the delivery of the Comprehensive Student Support System (CSSS) in all schools through supports in the areas of education, physical, psychological, and social services. Such services encompass prevention, early intervention, tertiary intervention and strategies, and involve close collaboration with individuals, organizations, and agencies, internal and external to the Department. Reduction may impact funds available for professional development opportunities and resources available to complex areas and schools.	\$204,333	(\$25,000)
200	Homeless Concerns	Program supports ensuring that homeless children and youth have access to free and appropriate education. Reduction in administrative costs, e.g., supplies, equipment, etc. for office operations and training.	\$71,055	(\$45,000)
200	Advanced Tech Research-Admin	Program provides resources for the Extended Learning Branch which provides leadership, support, and research in establishing an array of services including extended learning opportunities, monitoring appropriate state and federal mandates, and professional development for student support. The reduction impacts our ability in both OSSS and OCID to ensure funds for unanticipated facilities, operational plant supplies, emergencies, call-out pay, and maintenance needs due to the aging building.	\$258,919	(\$13,399)
<b>200 Total</b>				<b>(\$1,372,716)</b>

EDN	Prog Title	Program Description & Impact(s)	Total Non-Payroll Allocation to State Offices (as of 12/19)	Amount
300	Budget	Program provides assistance to Department in the preparation and execution of the public school system's operating budget by engaging in activities that include: supporting the biennial review and alignment of the Department's resources with anticipated programmatic requirements and priorities; supporting the allocation of general, federal, and special funds to schools and offices; analyzing budget-to actual expenditures; and, recommending opportunities for re-prioritization of resources to meet the Department's needs. Reduction will reduce investments in staff professional development, which is a priority area to 1) build staff capacity to support resource allocations to both support basic operations and innovative initiatives, and 2) support succession planning. Reduction will also negatively impact program's ability to support the SPED Fiscal Allocation Work Group II.	\$38,554	(\$1,200)
300	Superintendent Support	Program provides the planning, directing, and administering of various activities of the Department of Education under the general direction of the Board of Education and the Superintendent of Education and within the scope of Federal and Hawaii State statutes, established policies, and rules and regulations. Reduction/delay in travel-related spending for leadership professional development and high priority initiatives.	\$51,211	(\$5,000)
300	Business Operations	Program provides leadership and direction for various business and administrative services, including Payroll, Vendor Payment, Leave Accounting, and P-Card, of the Department within the scope of laws and regulations for service in the Business Operations. Note that the current allocation includes \$99,000 for the KRONOS maintenance contract. This amount will be transferred to OITS who will maintain the contract going forward. Reduction will reduce supplies and professional development related spending.	\$176,264	(\$4,000)
300	Accounting	Program provides leadership, direction, guidance, and assistance with accounting related services for the Department. Note that \$357,000 of the budget pays for the Student Activity Fund system used by schools. Reduction will result in delays in replacement of computers and reduced spending for professional development opportunities for Accounting staff.	\$391,268	(\$4,000)
300	Advisory Services	Program provides support for to executive leadership in legal, litigation, document requests, and related matters. Reduction will result in delay in equipment purchases to replace outdated hardware and software.	\$9,459	(\$9,000)

EDN	Prog Title	Program Description & Impact(s)	Total Non-Payroll Allocation to State Offices (as of 12/19)	Amount
300	Information and Technology Services	Program provides support to empower schools and offices by improving planning, coordination, training, and delivery of technology-based information and telecommunication services. Reduction will prevent OITS from responding to potential incidents, e.g., cybersecurity attacks, system failures, and other unanticipated costs. This increases risk to the Department, including student information.	\$1,912,812	(\$500,000)
300	Procurement	Program provides for leadership and direction for procurement and contracting services for the Department subject to applicable laws, administrative rules, and regulations governing these activities. Reduction will result in reduced purchase of supplies, equipment, and attendance for professional development. Opportunities to grow individual's management and procurement experience in preparation for succession planning could be impacted.	\$32,028	(\$2,500)
300	Fiscal Services	Program provides leadership and direction for Budget, Accounting, Procurement and Contracts, and the Hawaii Child Nutrition Programs within the scope of applicable laws, rules, and regulations. Reduction will result in a reduction in available supplies, equipment, and travel related spending in the fiscal year in which a new CFO is to be hired.	\$15,633	(\$500)
<b>300 Total</b>				<b>(\$526,200)</b>
400	Student Transportation	Program provides for contracted student transportation services for eligible regular and special education public school students. The reduction will reduce program's ability to respond to increases in demands for service and the duration in which the program will need to seek additional general fund support to meet future inflation driven increases in contract costs.	\$65,134,929	(\$2,131,810)
400	School Facilities and Support Services	Program provides leadership and direction for facilities, school food service, student transportation, reprographics, and the internal mail services of the Department. Reduction is being imposed in the fiscal year in which a new Assistant Superintendent has been hired.	\$27,554	(\$916)
400	Reprographics	The program provides printing and design services for DOE schools and offices statewide by providing quality products and services tailored to schools' and Department offices' needs, and facilitating projects from concept to finish. Reduction represents a 5% reduction in printing funds that are allocated to each department. When those funds are exhausted, offices will need to pay for their own requests.	\$1,180,562	(\$12,124)
<b>400 Total</b>				<b>(\$2,144,850)</b>
<b>Grand Total</b>				<b>(\$4,043,766)</b>