



STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
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HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

June 15, 2023

TO: The Honorable Lynn Fallin
Chairperson, Finance and Infrastructure Committee

FROM: Keith T. Hayashi
Superintendent 

SUBJECT: Update on Department's Capital Improvement Project Budget Appropriations for Fiscal Biennium 2023-2025

1. EXECUTIVE SUMMARY

- For Fiscal Biennium 2023-2025, no lump sum funds were appropriated to the Hawaii State Department of Education (Department) for project completion, health and safety, compliance, capacity increase, and support projects.
- The funds appropriated to the Department were considerably less than the funds requested.
- A total of \$307,681,000 is appropriated for 117 line-item projects.
- The Department is evaluating its Capital Improvement Program (CIP) budget to determine whether any line-item projects satisfy projects approved by the Hawaii State Board of Education (Board).

2. DESCRIPTION

Update on the budget appropriations for CIP and the Deferred Maintenance (DM) Program for Fiscal Biennium 2023-2025.

3. UPDATE

House Bill 300, Conference Draft 1 (HB 300 CD1), the State budget bill, was passed by the Hawaii State Legislature on May 4, 2023, the final day of the 2023 Legislative Session. The bill is currently awaiting the Governor's approval.

Included in HB 300 CD1 is the Department's CIP budget appropriations for Fiscal Year (FY) 2023-2024 and FY 2024-2025. The Department requested \$536,110,000 for FY 2023-2024

and \$573,050,000 for FY 2024-2025 to be distributed in the nine lump sum CIP categories as previously approved by the Board.

October 20, 2022 Memorandum to Board Chair Bruce Voss:

https://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/GBM_10202022_Board%20Action%20on%20the%20Department%27s%20CIP%20Budget%20for%20the%202023-2025%20FB_rev1.pdf

The nine lump sum categories are as follows:

- **Project Completion** funds cover supplemental consultant services, equipment costs for new facilities, and unanticipated cost expenses for obligated CIP contracts so projects can be completed.
- **DM Program** projects are distinguished from CIP in that CIP represents new or additional space or major renovations of an existing structure and DM Program projects are largely major maintenance or repairs of existing building components.
- **The Federal Grants Program** provides a unique opportunity for the Department to leverage 80 percent in federal funds against 20 percent in state matching funds to improve the condition of Department facilities and address non-compliance with standards set by the federal government. The federal grant program is managed by the Office of Local Defense Community Corporation, which runs the Public Schools on Military Installation (PSMI) program. There are 12 schools that are included in the approved PSMI 2018 prioritized list of schools available for funding. PSMI grants have been awarded to three Hawaii public schools: Daniel K. Inouye Elementary School, Solomon Elementary School, and Mokapu Elementary School. There are five schools which have grant proposals in progress: Hickam Elementary School, Lehua Elementary School, Nimitz Elementary School, Wheeler Elementary School, and Shafter Elementary School. An additional three schools were invited to submit a grant proposal in 2023: Mokulele Elementary School, Pearl Harbor Kai Elementary School, and Wheeler Middle School.
- **The Health and Safety Program** provides heat abatement, safety and security vulnerability upgrades, and traffic and pedestrian safety. These are acknowledged needs at schools across the state.
- **The Compliance Program** addresses compliance with the Americans with Disabilities Act and Title IX gender equity federal laws or regulations.
- **The Capacity Program** category provides additional learning space to alleviate classroom crowding and excessive commute distances. New schools are based on population density changes and the anticipation of population growth from new housing subdivisions. Determination of new classroom buildings on existing campuses is based on the school's projected population, campus capacity estimates, geographic exceptions, quantity and age of its portables, master plans, overall school deficiencies, and capacity of nearby schools.

- **Instructional Program** projects provide modernizations, renovations, and new facilities at existing campuses to support 21st century instructional needs. Additionally, special education, career and technical education, and elective programs with unique facility needs, including modernization and appropriate spaces at older schools, are addressed.
- **The Support Category** provides miscellaneous support areas on campuses. These include administration facilities, libraries, food service, and athletics. The facilities assessment identifies projects that are either beyond their useful life or are significantly short of the required components of educational specifications for areas and facilities.
- **Bells and Paging Replacements** provides funding for the identified schools needing improvements to, or replacements of, their bell and paging systems within the next two years or if future funding is anticipated for on-going system replacements.

The following table outlines the Department’s Board-approved request and the appropriation specified in HB 300 CD1:

Department Lump Sum	Department’s Board-Approved Request		HB 300 CD1 Appropriation (awaiting Governor’s approval)	
	FY 2023-2024	FY 2024-2025	FY 2023-2024	FY 2024-2025
PROJECT COMPLETION	\$105,000,000	\$40,000,000	\$0	\$0
DM PROGRAM	\$167,000,000	\$167,000,000	\$71,760,000	\$45,000,000
CIP - FEDERAL GRANTS	\$22,600,000	\$80,000,000	\$25,600,000	\$36,000,000
HEALTH & SAFETY	\$10,000,000	\$10,000,000	\$0	\$0
COMPLIANCE	\$36,410,000	\$32,900,000	\$0	\$0
CAPACITY	\$160,750,000	\$118,250,000	\$0	\$0
CIP INSTRUCTIONAL	\$2,500,000	\$66,500,000	\$2,500,000	\$11,000,000
SUPPORT	\$26,850,000	\$53,400,000	\$0	\$0
BELLS & PAGING	\$5,000,000	\$5,000,000	\$2,000,000	\$2,000,000
TOTAL	\$536,110,000	\$573,050,000	\$101,860,000	\$94,000,000

The Project Completion, Health and Safety, Compliance, Capacity, and Support lump sum categories are currently not funded for Fiscal Biennium 2023-2025. For the remaining categories, the Department is slated to receive much less than requested. Most notably is the appropriation for the DM program, which was reduced from \$167,000,000 each year to \$71,760,000 in FY 2023-2024 and \$45,000,000 in FY 2024-2025.

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HB 300 CD1 also included 117 line-item projects totaling \$307,681,000. The Department is currently evaluating each line-item to determine whether it satisfies any of the Department's prioritized projects previously approved by the Board. Once this evaluation is complete, the Department will reprioritize its unfunded priorities and will likely resubmit them as part of its supplemental budget request.

The Department is also in the process of evaluating its pending appropriated CIP projects to determine whether there is sufficient funding to complete the projects based on the original scope.

When the Governor renders a decision on the State budget, the Department will prepare for the use of the funds appropriated.

Thank you for your continued support of public education.

KTH:esi

c: Curt T. Otaguro, Deputy Superintendent of Operations
Randall M. Tanaka, Assistant Superintendent, Office of Facilities and Operations
Facilities Development Branch