



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

OFFICE OF THE SUPERINTENDENT

December 3, 2020

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

FROM: Dr. Christina M. Kishimoto
Superintendent

SUBJECT: **Committee Action on Recommendation Concerning the Department of Education's Capital Improvement Projects Budget for 2021-2023 Fiscal Biennium**

I. EXECUTIVE SUMMARY

The Hawaii State Department of Education (Department) is proposing an \$805,600,000 Capital Improvement Program (CIP) Biennium Budget for Fiscal Year (FY) 2021-2023 to cover the following eight areas of need:

Program Categories*	FY2021-22	FY2022-23
LUMP SUM – DEFERRED MAINTENANCE PROJECTS*	\$168,000,000	\$168,000,000
LUMP SUM – CAPACITY	\$96,200,000	\$85,400,000
LUMP SUM – INSTRUCTIONAL	\$63,900,000	\$7,850,000
LUMP SUM – SUPPORT	\$47,300,000	\$18,800,000
LUMP SUM – COMPLIANCE	\$26,600,000	\$17,550,000
LUMP SUM – HEALTH & SAFETY	\$10,000,000	\$10,000,000
LUMP SUM – PROJECT COMPLETION	\$38,000,000	\$38,000,000
LUMP SUM – BELLS & PAGING REPLACEMENTS**	\$5,000,000	\$5,000,000
TOTAL FY21-23 Biennium CIP Budget Request	\$455,000,000	\$350,600,000

*See Attachment D-1 for description of each "Lump Sum" category and Attachment D-2 for a detailed list of projects in the four categories of: Capacity, Instructional, Support, and Compliance. Health & Safety projects to be addressed as needs arise.

**Bells and Paging System Replacements request comes from the Office of Information Technology Services but is included with the Department's CIP request due to the bond funding source.

Recognizing the significant financial challenges facing the State, this overall funding request represents the highest priority needs distilled by the Department from a larger project list totaling \$1,181,400,000 and is 12.1% less than the \$916,728,000 of actual CIP appropriations for the past biennium. In fact, many projects included in this current budget request were included as part of the Department's previous CIP biennium budget request for FY 2019-2021 but were not funded.

II. HISTORY OF SUBJECT MATTER

During the July 18, 2019 General Business Meeting (GBM), the Board of Education (Board) adopted as one of the Finance and Infrastructure Committee (FIC) strategic priorities for the 2019-2020 school year to "establish the policies and structures necessary to direct and enable the Department to complete all facilities projects at its schools with the greatest socioeconomic and academic needs as determined by a priority order intended to advance equity" (FIC Strategic Priority 2).¹

At its August 15, 2019 meeting, FIC approved a work plan and timeline to ensure Board policies and structures enable the Department to complete all facilities projects at our schools with the greatest socioeconomic and academic needs as determined by an equity priority order (FIC Strategic Priority 2) under Board Policy 301-10, Equitable Allocation of Facilities Resources. As part of its work plan, FIC recommended for Board approval (1) a policy related to equitable school facilities that would, at a minimum, sufficiently direct the Department to complete Deferred Maintenance Projects (DMPs) at our schools by order of greatest socioeconomic and academic needs and (2) a comprehensive, cohesive, and effective DMP priority list that is sufficiently based on equity.² This equity objective is accomplished by incorporating Title I and Comprehensive Support and Improvement (CSI) into a weighted score rubric.

During the September 19, 2019 FIC meeting, the Department presented a draft Board policy entitled "Equitable School Facilities." Due to concerns regarding equity, FIC elected to defer action on the draft Board policy.

During the October 3, 2019 FIC meeting, Committee Chairperson Kenneth Uemura tasked Committee Vice Chairperson Bruce Voss to revise the draft equitable school facilities policy and tasked the Department to draft priority criteria for executing CIP projects. The draft policy and draft priority criteria would be presented to FIC at its November 21, 2019 meeting.

¹http://boe.hawaii.gov/Meetings/Notices/Meeting%20Material%20Library/GBM_20190718_Action%20on%20standing%20committee%20strategic%20priorities%20for%20SY%202019-2020.pdf

²<https://alala1.k12.hi.us/STATE/BOE/Minutes.nsf/7d59b00aff8d3cf50a2565cb00663e82/8b834d24799fe30b0a25847400716305?OpenDocument>

During the November 21, 2019 FIC meeting, the committee unanimously voted to adopt Committee Vice Chairperson Voss's proposed policy, which is now Board Policy 301-10, Equitable Allocation of Facilities Resources. FIC deferred action on the Department's priority criteria for executing CIP projects to its January 16, 2020 meeting to allow the Department to fully incorporate the new policy as described in Committee Vice Chairperson Voss's memorandum dated November 21, 2019.

During the November 21, 2019 GBM, the Board unanimously voted to adopt Committee Vice Chairperson Voss's proposed policy language, which is now Board Policy 301-10, Equitable Allocation of Facilities Resources.

At its February 20, 2020 meeting, FIC deferred action on the Department's priority criteria for executing CIP projects to the Committee's April 16, 2020 meeting to provide the Department with additional time to ensure that (1) all of the questions posed by committee members at previous meetings are answered; (2) the proposals fulfill the intent of the Board policy on Equitable Allocation of Facilities Resources; and (3) the proposals fulfill the Board's expectations, as described in Committee Vice Chairperson Voss's November 21, 2019 memorandum.

The April 16, 2020 FIC meeting was cancelled due to the COVID-19 related state closure and a refocusing of Department efforts on the global health pandemic.

At its November 19, 2020 meeting, FIC deferred action on the Department's priority criteria for executing CIP projects to the Committee's December 3, 2020 meeting to provide time for the Department to make revisions based on the discussion and recommendations made during the meeting. (Committee minutes pending.)

III. PURPOSE OF REPORT

Every two years the Department submits a proposed CIP biennium budget request to the Governor of the State of Hawaii for consideration. The Governor reviews the request in developing the Executive Branch biennium budget which is then submitted to the Hawaii State Legislature for the following odd numbered year legislative session.

Board approval is recommended for the Department's proposed CIP biennium budget request for FY 2021-2023 and six-year program.

IV. LIST OF KEY ISSUES

To assist in identifying the highest priority needs, a new scoring metric was applied. The prioritization criteria was developed by the Office of Facilities and Operations (OFO) Planning Section over the last nine months based on a previous CIP matrix, earlier iterations of prioritization criteria, and the need for a weighted system to

balance the needs of existing buildings with program priorities, goals, and directives per the Board and Department. These CIP Prioritization Criteria were used to rank over 100 projects, totaling \$1,181,400,000 in needs, and to narrow down the highest ranking projects for inclusion in the biennium budget by taking into consideration:

- Health/Safety
- Condition
- Compliance
- Building Capacity
- Instructional Impact
- Title I
- CSI
- Shared Use
- Other Factors/Considerations

By using a weighted scoring metric, both socioeconomic and academic needs were considered along with other relevant factors into the establishment of the proposed CIP priority list. Socioeconomic needs are identified using a current list of schools eligible for support under Title I, Part A (Title I) of the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act (ESSA). Title I is the federal education program that provides financial assistance to local educational agencies and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet state academic standards.

Academic needs are identified using a current list of schools identified for CSI under the Department's consolidated State Plan for ESSA. The CSI schools are schools with performance challenges that warrant the extensive support from federal and state resources for improvement. The Department identifies schools for CSI once every three years.

Based on the CIP budget amount requested, all projects scoring 94 or higher would tentatively be funded during the biennium. This cutoff of 94 will result in some identified projects remaining on the project wait list. The requested CIP budget will allow the Department to address the most critical needs, such as:

- Increase student capacity in the Campbell/Kapolei Complex Area and additional classrooms at Holualoa Elementary School in the Kealakehe Complex.
- Provide improvements at existing campuses for special education and support facilities;
- Continue to address compliance with federal Title IX gender equity and the Americans With Disabilities Act requirements; and

- Address immediate health and safety needs and support on-going CIP projects.
- Provide funding for Deferred Maintenance Projects (DMPs).

A more detailed list of projects included in each “Lump Sum” category (except for Health/Safety) can be found in Attachment D-2, with a list of DMPs included with a separate meeting item. CIP projects are distinguished from DMPs in that CIP projects represent new or additional space or major renovations of an existing structure whereas DMPs are largely major replacements or repairs of existing building components.

The Department’s CIP budget is presented in six major program areas: Capacity, DMP, Instructional, Support, Compliance, and Health & Safety. See Attachment D-1 for descriptions of Lump Sum Categories.

In addition to these six program areas, the CIP biennium budget includes a lump sum request each year for Project Completion funds to cover supplemental consultant services, equipment costs for new facilities, and unanticipated cost expenses.

The final category in the CIP biennium budget, the eighth lump sum, is the Office of Information Technology Services’ (OITS) request for bells and paging system replacements. These projects are a critical part of supporting school operations and OITS has identified 21 schools needing improvements in the next two years. This line item is considered a separate need and therefore was not included in the prioritization of CIP projects.

V. DISCUSS ANY FINANCIAL IMPACT EVIDENT IN SUBJECT MATTER

The construction industry is one of the few economic sectors to remain relatively steady during the pandemic and according to RLB’s *COVID-19 Forecast Model for Overall Construction Cost Index, Escalation, and Trends for Honolulu*, the timing of bidding for these projects (before the lapse date of June 2024) will occur before an anticipated rise in escalation for the Honolulu construction sector, thereby making these projects a smart investment for the state.

Without approved funding for the deferred maintenance, the Department’s existing facilities needs will continue to increase, the cost and frequency of operational repairs will increase, and students will miss out on opportunities for modernizations and new facilities.

The financial impact to the Department will be an increase in maintenance costs associated with new facilities. However, the benefit of the repair and maintenance projects at existing facilities will offset and/or reduce the cost and number of work orders submitted by schools and offices for existing facilities.

The budget request is formatted in eight Lump Sum categories in order to increase the efficiency of the Department in 1) requesting the release of funds and 2) implementing the projects. Another benefit of lump sum categories is the ability to make minor adjustments in the budget of each project within the lump sum. One project may not require its full amount, where another one might be underfunded and this flexibility can allow work to continue, rather than possibly wait an entire year for additional funds to become available in the next budget cycle.

VI. DESCRIBE ANY COMMUNITY OR PUBLIC ENGAGEMENT

The Facilities Development Branch developed this budget request based in part on prior input from the community during the 2018 stakeholder advisory group process for the Statewide Facilities Master Plan.

OFO has engaged with complex area superintendents who will communicate out to the principals for input on the weighted scoring rubric and list of DMP priority projects. Going forward, OFO will incorporate school input as a standard practice in conjunction with identifying and prioritizing CIP and DMP plans.

VII. RECOMMENDATION

The Department respectfully recommends that the Board approves the Department's proposed FY 2021-2023 Biennium CIP Budget in the amount of \$805.6 million.

CMK:rmt

Attachments: D-1 - Description of Lump Sum Categories

D-2 - List of Lump Sum Projects

c: Office of Fiscal Services
Office of Facilities and Operations
Office of Information Technology Services
Facilities Development Branch

Attachment D1 - Description of Lump Sum Categories

CIP Biennium Budget for FY2021-2023 and Six Year Program
 Costs in Thousands
 EDN100 Unless Otherwise Indicated
 MOF C Unless Otherwise Indicated
 Amounts for FY24 though FY27 are expected to change in the future.

Lump Sum Categories	FY22	FY23	FY24	FY25	FY26	FY27
	BFY21	BFY22	BFY23	BFY24	BFY25	BFY26
Various Schools, Statewide DEFERRED MAINTENANCE PROJECTS	\$168,000	\$168,000	\$188,000	\$188,000	\$210,000	\$210,000
Various Schools, Statewide CAPACITY	\$96,200	\$85,400	\$117,000	\$149,000	\$108,000	\$96,000
Various Schools, Statewide INSTRUCTIONAL	\$63,900	\$7,850	\$60,000	\$40,000	\$40,000	\$60,000
Various Schools, Statewide SUPPORT	\$47,300	\$18,800	\$90,000	\$80,000	\$115,000	\$96,000
Various Schools, Statewide COMPLIANCE	\$26,600	\$17,550	\$47,000	\$48,000	\$42,000	\$35,000
Various Schools, Statewide HEALTH & SAFETY	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Various Schools, Statewide PROJECT COMPLETION	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000
Various Schools, Statewide OITS Bells & Paging Replacements	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
CIP Budget Request Totals (sum of 8 Lump Sums):	\$455,000	\$350,600	\$555,000	\$558,000	\$568,000	\$550,000

2 Year Biennium Budget = \$805.6 Million

DEFERRED MAINTENANCE PROJECTS

These projects include major replacements or repairs of major building components such as roof replacements, structural improvements, renovations that extend the life of the facility and other projects over the capitalization threshold, and therefore are eligible for bond funding. The periodic renewal of campus wide systems such as water lines, electrical infrastructure, and fire alarm systems are also included.

CAPACITY

These projects provide student seats 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 are based on projected population, campus capacity estimates, geographic exceptions, quantity and age of portables, master plans, overall school deficiencies, and capacity of nearby schools.

INSTRUCTIONAL

These projects provide modernizations, renovations and new facilities at existing campuses to support 21st century instructional needs. Additionally, Special Education, Career Technology Education and elective programs with unique facility needs including modernization and appropriate spaces at older schools are addressed.

SUPPORT

These projects address support areas on campuses. These include: administration facilities, libraries, food service and athletics. The facilities assessment identified projects that are beyond their useful life or are either significantly short of required areas, facilities, or other components of the Educational Specifications.

COMPLIANCE

These projects address compliance with the Americans with Disabilities Act or Title IX gender equity federal laws or regulations.

HEALTH & SAFETY

Heat abatement, safety and security vulnerability upgrades and traffic and pedestrian safety are acknowledged needs at schools across the state. The funds are for assessments and to address solutions on an on-going basis.

PROJECT COMPLETION

This lump sum is in addition to deferred maintenance projects, the four program areas and Health & Safety. The amount covers supplemental consultant services, equipment costs for new facilities and unanticipated costs.

OITS Bells & Paging Replacements

OITS has identified schools needing improvements to/replacements of their bell and paging systems in the next two years and future funding is anticipated for on-going system replacements.

Attachment D2 - List of Lump Sum Projects

Department of Education Capital Improvement Project (CIP) Biennium Budget for Fiscal Years (FY) 2021/22-2022/23 Costs in Thousands, EDN 100, MOF C							
Prioritized List of CIP Projects for FY22 & FY23					FY22	FY23	
Final Score	Rank	School	Project	Sub category	Project cost	Project cost	
CAPACITY					\$96,200	\$85,400	
111	9	East Kapolei Elem (Hoopili)	New School	New School	\$64,600	\$400	
107	13	Holualoa Elem	New Classrooms	New CR Bldg	\$31,600		
94	39	East Kapolei High (Hoopili)	New School - Phase 1	New School		\$85,000	
INSTRUCTIONAL					\$63,900	\$7,850	
144	4	Hawaii School-Deaf & Blind	D& F: Dorm Renovations Phase 2	SpEd/Mod	\$3,800		
144	5	Hawaii School-Deaf & Blind	D & F: Transition Center	SpEd/21st C		\$2,850	
124	7	Various Schools, Statewide	SpEd Facilities Upgrades	SpEd	\$1,500	\$1,500	
108	12	Farrington High	Ph 2 of Master Plan (CRs/Music/PE/Gym)	21stC	\$58,000		
100	28	Pahoa High & Inter	Science Facilities Upgrades	STEM/Science		\$3,500	
100	29	Honokaa High & Inter	Science Facilities Upgrades	STEM/Science	\$600		
SUPPORT					\$47,300	\$18,800	
150	2	Kohala High	Gymnasium	Gym	\$2,500		
146	3	Molokai High	Gymnasium Renovation	Gym	\$6,000		
122	8	Various, Nanakuli/Waianae	Central Kitchen - West	Cafe	\$35,000		
110	10	Ke Kula Kaiapuni O Anuenue	Gymnasium	Gym	\$800	\$800	
103	17	Pahoa Elem	CRs/Support Facilities/Site Improvements	CR/Admin/Cafe		\$2,000	
100	23	Waipahu High	Ath Facilities (Ath LR/RRs/press box/MP)	Athletics		\$13,000	
94	37	Various Schools, Statewide	Program Support	Support	\$3,000	\$3,000	
COMPLIANCE					\$26,600	\$17,550	
152	1	Kaimuki High	Girls Athletic Locker Room	GE	\$7,000		
132	6	Kaimuki High	Softball Field Improvements	GE	\$1,200		
108	11	Puuhale Elem (FHS)	Softball Field	GE	\$250	\$2,500	
106	14	Dole Middle	Architectural Barrier Removal	ADA	\$3,000		
104	15	Mckinley High	Architectural Barrier Removal	ADA	\$1,500		
104	16	Waimea Middle	Architectural Barrier Removal	ADA	\$3,000		
102	18	Honokaa High & Inter	Architectural Barrier Removal	ADA		\$4,000	
102	19	Honokaa Elem	Architectural Barrier Removal	ADA		\$1,000	
100	20	Various Schools, Statewide	ADA Improvements	ADA	\$1,500	\$1,500	
100	21	Waianae High	Girls Athletic Locker Room	GE	\$3,400		
100	22	Waipahu High	Girls Athletic Locker Room	GE	\$2,500		
100	24	Kalihi Uka Elem	Campus - Facility Improvements	ADA	\$100	\$1,000	
100	25	Paauilo Elem & Inter	ADA Transition	ADA	\$2,150		
100	26	Hana High & Elem	Girls Athletic Locker Room	GE		\$1,500	
100	27	Leilehua High	Girls Athletic Locker Room	GE		\$1,500	
98	30	Kahuku High & Inter	Softball Field	GE		\$450	
96	31	Various Schools, Statewide	Gender Equity Improvements	GE	\$1,000	\$1,000	
96	32	Pahoa High & Inter	Girls Athletic Locker Room	GE		\$500	
96	33	Kalaniana'ole Elem & Inter	Architectural Barrier Removal	ADA		\$350	
96	34	Kilauea Elem	Architectural Barrier Removal	ADA		\$250	
96	35	Koloa Elem	Architectural Barrier Removal	ADA		\$250	
96	36	Kahakai Elem	Architectural Barrier Removal	ADA		\$200	
94	38	Castle High	Softball Field Improvements	GE		\$1,550	
Acronym Legend: ADA = Americans with Disabilities Act Ath = Athletics Bldg = Building CR = Classroom/s Elem = Elementary FHS = Farrington High GE = Gender Equity 21st C = Major Mod. Inter = Intermediate LR = Locker Rooms Mod = Modernization MOF = Method of Funding MP = Multipurpose Room RR = Restrooms SpEd = Special Education					Subtotal CIP Projects \$234,000 \$129,600		
					Deferred Maintenance Projects	\$168,000	\$168,000
					Health & Safety	\$10,000	\$10,000
					Project Completion	\$38,000	\$38,000
					OITS Bells & Paging Replacements	\$5,000	\$5,000
					Total Budget by Fiscal Year	\$455,000	\$350,600
					Total Biennium Budget = \$805.6 Million		