

# STATE OF HAWAI'I DEPARTMENT OF EDUCATION

P.O. BOX 2360 HONOLULU, HAWAI'I 96804

OFFICE OF THE SUPERINTENDENT

August 18, 2022

TO: The Honorable Bruce D. Voss

Chairperson, Board of Education

FROM: Keith T. Hayashi

Superintendent (Leush Stongton)

SUBJECT: Board Action on Appointment of Deputy Superintendent of Operations

#### I. BACKGROUND

The Deputy Superintendent assists the Superintendent of the Hawaii State Department of Education (Department) in executing the duties and responsibilities of the Office of the Superintendent. The Office of the Superintendent is central to delivering cohesive, professional, and clear direction for the nearly 22,600 salaried employees in their various roles in furthering the Department's goals and objectives. The magnitude of the work of the Department warrants a strong executive leadership team to better execute the priorities and initiatives of the Hawaii State Board of Education (Board) and the Department with the leadership and staff needed for thoughtful planning, timely execution, and effective implementation. Two additional deputy superintendents will ensure greater capacity for the Office of the Superintendent to focus on further developing and refining institutional direction and priorities and will increase and improve oversight, guidance, and assistance to the state offices, complex areas, and schools.

The deputy superintendents will each be responsible for ensuring that the current workloads at the state office level are being prioritized and timely executed in a manner consistent with the vision and mission set by the Board and the directives and expectations set by the superintendent. To optimize efficiencies within the Department and improve the timely delivery of services and opportunities to our students, I am recommending the appointment of two deputy superintendents who

will assist me in overseeing Department operations (Deputy Superintendent of Operations) and strategic management (Deputy Superintendent of Strategy).

The challenges posed by the COVID-19 pandemic brought to light the strengths of the Department as well as the areas in which the Department needs to improve in. It is incumbent on the Board and Department to work collaboratively to address these areas, focusing first on the most significant areas of need in providing the necessary supports, services, and educational opportunities to all students in our schools across the state to accelerate learning and close the achievement gap.

The appointment of the two deputy superintendents is a measured and necessary first step in improving the efficiency and effectiveness of Department operations and the educational services provided. The deputy superintendents will lead the Department's efforts to assess the functions, processes, and practices of the Department as part of the systemic approach to better our public education system, which will complement the plan for reorganization. The deputy superintendents will collaborate with school, complex area, and state office leadership and appropriate stakeholders to accomplish this work.

The appointment of the deputy superintendents will also allow for the delegation of responsibility for specific programs and initiatives to the appropriate deputy superintendent for focused execution and coordinated implementation. The deputy superintendents will help expedite the delivery of resources in a strategic and impactful manner to meet the academic and operational needs of the Department. This will further allow for a more efficient and deliberate use of federal and state funds by dedicating increased focus and direction to each office and complex area while simultaneously improving the Department's leadership team's responsiveness to the most pressing needs of students and schools.

The work of the deputy superintendents will provide me with greater flexibility to set the appropriate direction for the Department and improve its alignment with the Board's strategic priorities and the initiatives set forth by the Hawaii State Legislature. As superintendent, I will be better able to engage with the Board and lawmakers to maintain a healthy symbiotic relationship to improve public education; collaborate with the leadership of the other state agencies to collectively address the needs of our students, families, school communities, and state; partner with the Executive Office of Early Learning and the University of Hawaii system via the

Hawaii P-20 Partnerships for Excellence to strengthen the education pipeline from preschool through post-secondary education; network with national and international educational organizations to keep apprised of the national and international trends and best practices; solicit the support from community and business leaders to promote and resolve concerns regarding public education, and advocate for the Department to provide students with the best educational experiences they need to be successful in school and graduate with the skills they need to thrive economically.

## II. <u>AUTHORITY</u>

The following policies provide the superintendent with the authority to establish subordinate positions and appoint a qualified individual as the deputy superintendent. Please note, in accordance with §1-17, Hawaii Revised Statutes (HRS), "Words in the masculine gender signify both the masculine and feminine gender, those in the singular or plural number signify both the singular and plural number, and words importing adults include youths or children."

- §302A-1111, HRS, designates the superintendent as "the chief executive officer of the public school system having jurisdiction over the internal organization, operation, and management of the public school system, as provided by law" under the policies established by the Hawaii State Board of Education (Board).
- Board Policy 500-4, Duties and Responsibilities of the Superintendent, states the Superintendent is responsible for the "planning, organizing, staffing, directing and controlling the educational program, finances, personnel and facilities of the department."
- §302A-1116, HRS, allows the Department to "create temporary positions as it deems necessary," provided that it does not exceed its budget, the term of the position does not exceed one year, and the temporary positions created are reported to the State Department of Budget and Finance.
- §26-38, HRS, states that "the head of a department may assign any function vested in his department to any subordinate officer or employee as he deems desirable."

- §26-39, HRS, provides the superintendent the ability to appoint a subordinate: "Except as otherwise provided by this chapter and with the approval of the governor, the head of a department may establish or abolish any subordinate office or position, transfer officers and employees between positions, appoint and remove any subordinate, and change the duties, titles, and compensation of offices and positions as is deemed necessary by the head of the department for the efficient functioning of the department, subject to the limitations of available appropriations and of the provisions of chapter 76."
- During the May 5, 2022 General Business Meeting, the Board adopted the current "Department of Education Leadership Salary Structure" (Attachment A). Per this document, "Whenever the superintendent recommends to the Board the approval of the appointment of a new subordinate superintendent, the superintendent must also recommend an entry salary for that individual" (Section III.E). §302A-621, HRS, authorizes the Board to set the salary of the deputy superintendent. Board Policy 500-6 states the Board "desires that the best candidates are appointed to all of the subordinate superintendent positions to create a knowledgeable, strong, and dynamic leadership team that supports the superintendent, teachers, administrators, and other school-level personnel"; thus, the Board "shall establish a salary structure that is competitive and commensurate with the duties, responsibilities, and authorities of the respective subordinate superintendent positions."

#### III. RECOMMENDATION

As Superintendent, I recommend the appointment of Mr. Curt Otaguro as Deputy Superintendent of Operations. This is a new deputy superintendent position for which the annual salary will be in accordance with the deputy superintendent salary range approved by the Board on May 5, 2022. I recommend an entry salary of \$190,000, which is comparable to the average salaries of similar leadership positions across the nation.

The School Superintendents Association (AASA) "2021–22 Superintendent's Salary & Benefits Study" provides data on the base salary for associate superintendents, similar to the deputy superintendent position, based on the district enrollment size (pg. 21). The Hawaii State Department of Education is the only statewide public school district in the country. It comprises 258 public schools and 37 charter schools, educating about 170,000 students. The salary being requested for Mr. Otaguro falls between the median of \$180,975 and the 75% quartile, which is \$197,500, for districts with an enrollment of 100,000 or more students based on the AASA Salary and Benefits study.

TABLE: Associate Superintendent Base Salary and District Enrollment
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District	Minimum	25%	Median	75%	Maximum
Enrollment					
Fewer than 300	\$ 40,000.00	\$ 80,000.00	\$ 90,000.00	\$117,500.00	\$140,500.00
300 to 999	\$ 65,000.00	\$ 92,244.75	\$101,000.00	\$124,000.00	\$185,000.00
1,000 to 2,999	\$ 75,000.00	\$104,000.00	\$116,000.00	\$135,000.00	\$259,116.00
3,000 to 4,999	\$ 75,000.00	\$117,500.00	\$135,000.00	\$155,320.00	\$250,000.00
5,000 to 9,999	\$ 64,000.00	\$122,265.80	\$144,500.00	\$164,269.50	\$265,000.00
10,000 to 24,999	\$ 89,000.00	\$135,000.00	\$149,000.00	\$175,000.00	\$250,000.00
25,000 to 49,999	\$100,000.00	\$152,500.00	\$170,000.00	\$188,000.00	\$258,000.00
50,000 to 99,999	\$127,765.00	\$155,250.00	\$172,000.00	\$179,000.00	\$225,000.00
100,000 or more	\$148,000.00	\$165,963.80	\$180,975.00	\$197,500.00	\$220,000.00

As Deputy Superintendent of Operations, Mr. Otaguro will be responsible for assessing and enhancing the operations and administrative functions of the Department. This Deputy Superintendent will oversee the Department's efforts in:

- Streamlining operations to increase efficiency and effectiveness;
- Modernizing systems and processes to replace what is currently outdated and archaic;
- Conducting an inventory of functions to eliminate duplicity and redundancy and to identify needs to address;
- Increasing and improving support for school operations in a cohesive manner;
- Easing the burden of schools by centralizing functions that can be centralized;
   and
- Recruiting and retaining qualified staff at the school, complex area, and state
  office levels.

As the comptroller and director of the State Department of Accounting and General Services (DAGS), Mr. Otaguro has oversight of an array of State programs, including the State's accounting system; State archives, records management and storage; internal audit; automotive management and parking control; repair and maintenance of DAGS-managed buildings and grounds; enterprise technology services; land survey; and public works planning, design, and construction for Statewide capital improvement projects. He has also provided administrative support for three neighbor island district offices, three administrative offices, and eleven attached agencies. Thus, Mr. Otaguro is well-versed in managing a wide range of work across multiple offices statewide.

In addition to his work in the public sector, Mr. Otaguro has extensive experience in the private sector working for a large financial institution. As part of this experience, he led the institution's modernization efforts. Mr. Otaguro is also active in the community, serving on various boards and councils of community organizations.

Mr. Otaguro's experiences in managing a major department of the Hawaii executive branch and leading the transformation and innovation work of a large institution will make him an invaluable member of our leadership team as we work towards modernizing our systems to be highly effective and efficient.

For these reasons, I respectfully recommend the Board approve the following appointment effective on or after August 22, 2022:

Curt Otaguro
Deputy Superintendent of Operations
Position No. NEW
Annual salary beginning at \$190,000

Please find attached Mr. Otaguro's resume (Attachment B).

The COVID-19 pandemic has seriously impacted student learning. We must immediately and comprehensively refocus and realign our efforts in a thoughtful and strategic manner, utilizing accurate data to inform decisions and leveraging current resources. We need deputy superintendents with in-depth subject matter expertise in the work that we do who will model consistent values essential to our organization and help me review, assess, and improve systems to support and accelerate student learning. The COVID-19 pandemic is not our fault, but we are responsible for meeting the needs of our students that surfaced or were exacerbated because of it. I need action-oriented deputy superintendents who will assist me with the immediate work of aligning our systems and processes to mitigate the negative effects of the pandemic on our students, schools, and school communities and the longer-term work of restructuring the Department to ensure the efficient and effective delivery of educational services, student and staff supports, and ancillary services.

Thank you for your consideration and your continued support.

KTH:cm

Attachments: Attachment A - Department of Education Leadership Salary Structure

adopted by the Board of Education on May 5, 2022

Attachment B - Resume of Curt Otaguro

c: Office of Talent Management

# BOARD OF EDUCATION DEPARTMENT OF EDUCATION LEADERSHIP SALARY STRUCTURE

#### I. Purpose

- A. The purpose of this salary structure is to establish a system for performance-based and other case-by-case salary adjustments for the subordinate superintendents (which are the deputy superintendent, assistant superintendents, and complex area superintendents) of the Department of Education ("Department").
- B. This salary structure articulates the flexibility of the Board of Education ("Board") to provide fair and competitive salaries to subordinate superintendents while ensuring this system and resulting leadership salaries are transparent.

## II. Authority

- A. Pursuant to Section 302A-621, Hawaii Revised Statutes, the Board has the sole authority to set the salaries of subordinate superintendents with the only restriction being that the salary of a subordinate superintendent cannot exceed the salary of the superintendent.
- B. In accordance with Board Policy 500-6, entitled "Salaries of Subordinate Superintendents," the Board is to "establish a salary structure that is competitive and commensurate with the duties, responsibilities, and authorities of the respective subordinate superintendent positions."

## III. Salaries and Salary Ranges

- A. The Board must be able to review and approve exact salaries to ensure equity, avoid salary compression issues, and optimize competitiveness for recruitment and retention. Further, more transparency as to salaries of the top leaders of the Department, which is one of the largest state departments, is in the best interest of the public.
- B. The Board has set the following salary ranges for subordinate superintendents to assist the superintendent with leadership recruitment:
  - 1. Deputy superintendent: \$162,750 to \$194,250
  - 2. Assistant superintendents: \$157,500 to \$189,000
  - 3. Complex area superintendents: \$152,250 to \$183,750

- C. The superintendent may recommend changes to the Board to the salary ranges stated in Section III.B based on market conditions. Any changes to the salary ranges require the Board to amend this salary structure document.
- D. The superintendent shall not adjust the salary of a subordinate superintendent without prior approval from the Board.
- E. Whenever the superintendent recommends to the Board the approval of the appointment of a new subordinate superintendent, the superintendent must also recommend an entry salary for that individual.
- F. Whenever the superintendent requests adjustments to a subordinate superintendent's salary, the superintendent must provide the Board with the current salary of the subordinate superintendent and the new proposed salary.
- G. Any Board approval of recommended salary adjustments is also approval of the use of funds necessary to effectuate such salary adjustments. The superintendent shall provide the Board with information on the total cost of any proposed salary adjustments.

# IV. Performance-based Salary Adjustments

- A. The superintendent shall annually evaluate the performance of subordinate superintendents using an evaluation instrument of the superintendent's choosing that sets the performance expectations for each subordinate superintendent. The evaluation instrument used by the superintendent to evaluate performance should align with Department and Board goals for consistency and fairness.
- B. Subordinate superintendents who meet performance expectations as determined by the performance evaluation are eligible for a minimum performance-based salary adjustment as determined by the superintendent in consultation with the Human Resources Committee Chairperson or their designee. In determining the minimum performance-based salary adjustment, the superintendent and the Human Resources Committee Chairperson, or their designee, shall consider various market factors, including the Hawaii Consumer Price Index, average Hawaii salary increase rates, and collective bargaining raises of other Department employees.
- C. Subordinate superintendents who exceed performance expectations as determined by the performance evaluation are eligible for an additional performance-based salary adjustment as recommended by the superintendent.

- D. The superintendent shall annually report the overall performance evaluation results to the Board and recommend performance-based salary adjustments based on the evaluation results. The report annually shall also include the copy of the current evaluation being used and the position descriptions of those affected.
- E. The superintendent may recommend no performance-based salary adjustments based on circumstantial conditions, such as economic downturns.
- F. The Board has total discretion over salary adjustments for subordinate superintendents and may decide to defer or forgo performance-based salary adjustments in any given year based on circumstantial conditions, such as economic downturns.
- G. Subordinate superintendents serving in an interim or acting capacity are not eligible for performance-based salary adjustments.

## V. Other Salary Adjustments

- A. The superintendent may recommend, and the Board may consider, other salary adjustments for subordinate superintendents separate from performance-based compensation adjustments on a case-by-case basis as circumstances warrant, which include, but are not limited to:
  - 1. A complex area superintendent whose salary is less than the average salary of high school principals;
  - An assistant superintendent whose salary is less than the average salary of peers in the industries relevant to the subject matter area overseen by the assistant superintendent; or
  - 3. A deputy superintendent whose salary is less than the average salary of other subordinate superintendents that the deputy superintendent supervises.
- B. Other salary adjustments may require the amendments of the salary ranges stated in Section III.B and in accordance with Section III. C.

[Adopted 05/05/2022]

# **Professional Profile**

Results-driven and forward-thinking executive with a solid record of accomplishments in finance, banking, and State government. Innovative and resourceful with continued success with team building, collaboration, streamlining process, and maximizing business efficiency and profitability. Focused on teamwork, effective and open communication.

#### Skills

- Effective leader with 37 ½ years in banking, operations, and technology development.
- Four (4) years of government cabinet-level leadership and operational experience.
- Performance and data and risk management analysis.
- Development of strategies, goals, and business process re-engineering.
- Team building and good organizational skills.

## **Education**

- Iolani School
- University of Redlands, B.S. Management (1981)
- American Institute of Banking Honolulu
- National School of BankCard Management Norman, Oklahoma
- School of Bank Marketing Boulder, Colorado

# **Professional Experience**

State of Hawaii (January 2019 – Present)

## **Comptroller & Director, Department of Accounting and General Services**

Responsible for a diverse group of State programs and activities, including the State's accounting system; State archives, records management and storage, internal audit including HART invoice auditing, automotive management and parking control, repair and maintenance of DAGS managed buildings and grounds including the State Capitol and Washington Place, enterprise technology services, land survey and public works planning, design, and construction for Statewide capital improvement projects.

Provides administrative support for eleven attached agencies - Campaign Spending Commission, Office of Elections, Enhanced E911 Board, Office of Information Practices, State Foundation on Culture and the Arts, State Procurement Office, King Kamehameha Celebration Commission, Information Privacy Security Council, Procurement Policy Board,

Building Code Council, Access Hawaii Committee, and Stadium Authority (transferred to another State Department in July 2022).

#### First Hawaiian Bank

#### Digital Banking, Personal & e-Banking Divisions – Executive Vice President

#### (May 2012 – December 2018)

Managed the bank's digital banking channels, 24x7 customer service center, personal banking segment, corporate web site, and social media. Responsible for all branch personal bankers in the system to generate loan and deposit growth and deepen customer relationships through both personal and digital banking experiences. Responsible for new digital technology innovation and R&D to improve customer service through various banking channels.

## Retail Banking Group, Oahu Region - Executive Vice President

### (March 2011 - April 2012)

Served as Oahu regional manager and member of the bank's senior management committee from 2009, overseeing 32 branches and responsible for loan and deposit production and fee growth. Drive increased business development activities through relationship building for new and existing consumer and business clientele. Oversaw development of a credit union partnership, soliciting deposits, cash management, ATM and share draft processing, cash services, and ancillary banking services. Led 32 branches to earn top awards two years in a row as one of the highest performing branch banking regions in the bank.

#### **Card Services Division and Group**

#### Senior Vice President, Executive Vice President

#### (February 2002 – February 2011)

Managed the bank's multi-million-dollar credit card portfolio and card operations including credit and collections, card production, customer service, accounting, risk management, commercial cards, debit cards, vendor management, and technical systems support.

Responsible for portfolio growth through marketing, business development, consumer and commercial card promotions, expansion to affinity group alliances, agent bank initiatives in

the US Mainland and expanded business, corporate and purchasing card usages. Established co-branded debit and credit card programs in Guam and CNMI with United Airlines (formerly Continental Airlines) to expand portfolio growth and interchange revenues through increased card spending. Serviced Bank of the West credit card portfolio and operations and parent, BNP Paribas New York, Hong Kong, and Singapore corporate card employee programs. Managed merchant services portfolio, business services and cash management, payroll services, and small business banking services for Hawaii, Guam, and CNMI.

## Information Management Group - Operations Research & Product Development

## Vice President, Senior Vice President (January 1990 – January 2002)

Responsible for the bank's R&D and product development to enhance customer experiences and create a more intuitive and accessible bank-wide delivery channels. Led the research, financial analysis, and implementation of various channel improvements including the establishment of a state-of-the-art 24x7 customer service center, leveraging interactive voice response to the channel. Expanded on-line banking channels through Microsoft Money and Intuit's internet online banking platforms. Developed debit cards (pin-debit and signature debit) MasterCard and Visa products and upgraded ATM technology to more modern and more efficient cash dispensing technology. Developed a marketing database MCIF (Marketing Customer Information File) to better leverage customer and account data to assist in better decision making for marketing promotions and results.

Led the bank's information technology, research and development planning, alternative delivery channel expansion, and product management metric for better P&L accountability. Participated in the bank's main core banking application upgrades for loans and deposits. Developed policies and procedures for product management, vendor management and the bank's systemwide SPM (Systems Procedure Manual). Facilitated the bank's corporate business contingency plan and disaster recovery efforts. Managed business analysts, developers, procedure writers, and operations staff.

Oversaw transaction management including item processing, proof and transit, ACH, statement rendering, bulk mail operations, lockbox, and service center operations.

#### **President's Office**

#### Assistant Vice President & Product Development Officer (August 1988 – January 1990)

Reported to the Administrative Assistant to the President, responsible for the re-engineering of the bank's product development process. Led a task force to re-energize innovative and creative development at the bank. Reassessed product line performance to determine profitability and future potential market growth. Terminated product lines if the financial performance of the bottom line did not meet the bank's metric and benchmarks. Expanded national ATM network to participate in Star System's regional network.

# Electronic Banking, MasterCard and Management Trainee

# Officer, Authorization Manager, Loan Representative (August 1981 – August 1988)

Joined the bank as an operations management trainee, exposed to general branch operations experience and general banking. Assigned to MasterCard Division and reported to the division manager to provide administrative support for credit card operations, merchant servicing, and electronic banking products. Served as product manager for TellerPhone home banking services, ATM network, and vendor manager for the credit card software system. Established national network access through MasterCard's MasterTeller ATM network. Managed the bank's 24x7 merchant authorization center. Served as a loan representative and reviewed credit card applications.

#### JC Penney

#### Management Intern (September 1980 – June 1981)

Participated in the management intern program, gaining front-line retail experience in customer service, cashier, lay away, and general store operations and management.

#### City & County of Honolulu

## Office of Human Resources – Senior Counselor (Summers 1978 – 1980)

Served as a senior counselor in the Mayor's Summer Youth Program, primarily handling administrative functions including the program's payroll budget and designing new alternatives to improve the efficiency and accuracy of the program's operations and delivery to students and faculty.

#### **Community & Volunteer Involvement - Past**

- Hands of Hope Foundation President & Director
- Japanese Cultural Center of Hawaii Chairman & Director
- Special Olympics Hawaii Chairman & Director
- United Cerebral Palsy Association of Hawaii President & Director
- Hawaii United Okinawan Association Director
- Honolulu Japanese Chamber of Commerce Director
- Rehabilitation Hospital of the Pacific Co-Chair, Golf
- Easter Seals Hawaii VIP Fundraising participant
- United Japanese Society of Hawaii Volunteer
- U.S. Japan Council Member
- Honolulu Downtown Jaycees EVP
  - o TOYP Winner Three Outstanding Young Persons in Hawaii (1994)
- Junior Achievement Ambassador

# **Community & Volunteer Involvement – Current**

• Waialae Country Club – Finance Committee, Chairman

#### **Professional Organizations**

- MasterCard International, US Deposit Advisory Council, Maestro (1993 –1996)
- Star Systems, US Marking Advisory Committee (1994-2010)
- Fisery Digital Banking Advisory Council (2017-2018)
- National Association for State Chief Administrators [NASCA] (2019 current)

I joined Governor David Ige's Cabinet as State Comptroller and Director, Department of Accounting and General Services (DAGS) in January 2019. As Comptroller, I assumed responsibilities and management oversight for a diverse group of State programs and activities, including the State's accounting system; State archives, records management and storage, internal audit including HART invoice auditing, automotive management and parking control, repair and maintenance of DAGS managed buildings and grounds including the State Capitol and Washington Place, enterprise technology services, land survey and public works planning, design, and construction for Statewide capital improvement projects.

As Comptroller, I also provided administrative support for three neighbor island district offices, three administrative offices, and eleven attached agencies which included Campaign Spending Commission, Office of Elections, Enhanced E911 Board, Office of Information Practices, State Foundation on Culture and the Arts, State Procurement Office, King Kamehameha Celebration Commission, Information Privacy Security Council, Procurement Policy Board, Building Code Council, Access Hawaii Committee, and Stadium Authority which recently transferred to another State Department in July 2022.

Prior to joining the State, I worked in the financial sector for 37½ years, all at First Hawaiian Bank. I started my banking career as an operations management trainee ascending to Executive Vice President and a member of the bank's senior management committee. My functional experiences included serving as a loan representative, electronic banking officer, research and development manager, operations and information management deputy manager, card services group manager, retail banking regional manager, personal banking and digital banking manager. Throughout my career, I led the bank's transformation and innovation with new product development and digital upgrades, bank acquisitions in Hawaii, Guam, and the mainland, and major system modernization projects.

My community volunteer involvement resulted in fundraising for several non-profit organizations. I served as Board President for the Hands of Hope Foundation, a grass roots organization who donated directly to selected public schools to support children's literacy. I also co-chaired the Rehabilitation Hospital of the Pacific for their foundation golf tournament. I was actively involved with the boards of the Honolulu Japanese Chamber of Commerce, Hawaii United Okinawan Association, Iolani Alumni Association, and board chairman for the Japanese Cultural Center of Hawaii (JCCH), Special Olympics of Hawaii, and United Cerebral Palsy Association of Hawaii. I am currently Finance Chair for Waialae Country Club.