



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
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OFFICE OF THE SUPERINTENDENT

November 19, 2020

TO: The Honorable Dwight Takeno
Chairperson, Human Resources Committee

FROM: Dr. Christina M. Kishimoto
Superintendent

A handwritten signature in blue ink, appearing to be "CK", written over the name "Dr. Christina M. Kishimoto".

SUBJECT: **Presentation on Department of Education's Reorganization Plan to Preserve Classroom Instruction: Temporary or Permanent Closure, Consolidations, Reorganization, Restructuring, or Merger of Offices, Programs, Services, and Positions**

1. EXECUTIVE SUMMARY

COVID-19 has triggered a state budget crisis in Hawaii. Due to the economy's decline and uncertainty about its future path as well as federal aid, Hawaii's current state revenue projections reflect a significant reduction beginning this fiscal year and are projected to continue for the next four years.

Due to the magnitude of the projected shortfalls, the State has undertaken a multi-step effort to reduce State expenditures, including directing a program review by all Departments of programs that are fully or partially funded by general funds.

The objective of the program review is to identify significant budget reductions by reprioritizing and retooling programs to most effectively handle the projected decline in revenues. This review is to be an assessment of programs and services compared to its primary mission (what it does and who it serves).

The Department of Education (Department) is being systematic in its approach and has developed a process to conduct its program review by engaging all three organizational levels: state, complex, and school to identify highest and lowest priority program functions and activities.

The results of the program review will be presented to the Board of Education in early December 2020.

This presentation to the Human Resources Committee outlines the process steps undertaken in the program review and potential next steps, which may impact personnel.

2. BACKGROUND

Based on the Council on Revenues' September 9, 2020 projections, the State is facing a \$2.1 billion revenue shortfall for Fiscal Biennium 2019-2021 and continued revenue decreases of \$1.4 to \$1.6 billion annually for Fiscal Year (FY) 2022 and beyond. To address this shortfall, the State is taking various actions, including planning for labor savings and program reductions.

The Governor has directed a comprehensive program review for all Executive Branch departments in preparation for the upcoming biennium (FY 2022 and FY 2023). The review is based on the idea of using the "scalpel" approach rather than an "across-the-board" approach where possible. The program review asked departments to submit three general fund reduction scenarios, 10%, 15%, and 20%.

The Superintendent of the Department of Education serves as the chief executive officer of the statewide public school system with responsibility for both the State Education Agency (SEA) and Local Education Agency (LEA). SEA's typically set policy and regulations, ensure compliance with federal and state laws, acquire and distribute funding, assess LEA's and school performance, and monitor under-performing schools. LEA's typically operate schools, enforce federal and state laws, policies, and standards, develop and implement local educational policies and curriculum, hire and supervise teaching staff, and provide funding to local schools.

The Department's program review approach to address this budget crisis is outlined in our 2021-2023 Program Review & Budget Development factsheet ([Click to view](#)). The Department's program review used a systematic approach with the lens of equity of access to a quality education in an ever changing environment to protect: 1) the health and safety of our students and employees; 2) student achievement (academic, employability skills, technical skills); and 3) student support services that promote student achievement. The following four (4) core assumptions served as guiding principles for the program review:

- Protect our core mission of teaching and learning;
- Equity of access is key to our core mission;
- Modernize our systems and practices to improve efficiencies; and
- Be adaptable but strategic within changing circumstances.

In addition, new capacity and funding requirements that have arisen due to the COVID pandemic, such as e-learning and increased health and safety measures, as well as the need to modernize the Department's financial management system, were taken into account.

3. PROGRAM REVIEW PROCESS

To identify potential savings, the Department developed processes to obtain extensive internal reviews as well as community engagement to support thoughtful deliberation toward determining what program and services to reduce, consolidate or eliminate in ways that best allow the Department to remain student-centered in all decision-making and focused on our core mission to ensure all students reach their aspirations.

The Department's funding is allocated to the tri-level entities with over 94% going to schools or spent on behalf of schools, 1% going to complex areas, and 5% to the State offices ([Click to view](#)). The Department directed each of the seven (7) Assistant Superintendents to review each of their programs and come up with at least a 10% reduction for the programs that fall under their purview. The Department also formed three (3) subcommittees to review and make recommendations on how to address the shortfalls.

The subcommittees were composed of a broad range of members from the Department's tri-level structure and focused on:

- Instruction and Equity;
- Business Function Efficiencies; and
- School Level Efficiencies.

The recommendations from the three (3) sub committees have been shared with the Department's budget steering committee. The budget steering committee is in the process of reviewing the sub committee's recommendations, reviewing proposed reductions from each office, and clarifying budget reduction strategies and implications for the tri-level structure of the Department. This work will inform ongoing efforts that focus on re-envisioning some areas of organizational design for improved practice while identifying temporary essential program eliminations or reductions to meet the demands of the state funding reductions.

With the work of the committees and the leaders nearing completion, the Department is now prioritizing the potential program reductions.

The Department's prioritized program reductions will identify areas such as:

1. Permanent Program Eliminations or Consolidations;
2. Replacement Practices;
3. Reprioritization of Programs;
4. Temporary Eliminations or Reductions of Essential Programs;
5. Staffing Reductions/Position Freezes; and
6. Proposed Areas for Government Efficiencies.

The budget steering committee will present its recommendations to the Hawaii Department of Education leadership in late November 2020. The Department's Leadership Team will review the steering committee recommendations and make final recommendations to the Board of Education in early December 2020. Please see the timeline attached.

The Office of Talent Management (OTM) provides continuous support to program managers regarding personnel reductions, reorganizations, and restructuring to achieve business and personnel efficiencies. Throughout the ongoing program reviews, OTM has been involved in the process. Once final programmatic determinations have been approved, OTM stands ready to implement the decisions that affect personnel, such as possible reorganizations and staffing reductions. Union consultations may need to be initiated on plans that affect personnel.

Thank you for your continued support during these unprecedented times as we work towards a plan that best supports our schools, our haumana, and our communities.

CMK:cac
Attachment



Legend

Program Review Activities

Governor
BOE
OFS
OTM
SUPT
School/Office

