TO: The Honorable Brian De Lima  
Chairperson, Committee on Finance and Infrastructure

FROM: Kathryn S. Matayoshi  
Superintendent

SUBJECT: Presentation/Discussion/Committee Action on the Department of Education’s Recommendation on the Fiscal Biennium (FB) Operating Budget for 2015-17

1. RECOMMENDATION

It is recommended that the Board of Education Committee on Finance and Infrastructure approve the recommendation for the Department of Education’s (Department) FB 2015-17 operating budget as reflected in Attachments B-E.

2. RECOMMENDED EFFECTIVE DATE

Effective upon approval. Approval will allow submission of the FB 2015-17 operating budget request to the Governor through the Department of Budget and Finance (B&F) by the Administration’s deadline of October 27, 2014.

3. RECOMMENDED COMPLIANCE DATE

Upon approval.

4. DISCUSSION

a. Conditions leading to the recommendation.

On September 29, 2014, the Department received Finance Memorandum (F.M.) No. 14-12 from B&F, which outlined several of the outgoing Administration’s key considerations and underlying assumptions, as well as the budget preparation policies and guidelines for the FB 2015-17 budget for all Executive Branch agencies (Attachment A).
F.M. 14-12 Key considerations and underlying assumptions:
1. At their last quarterly meeting held on September 10, 2014, the Council on Revenues (COR) lowered the growth forecast for the Fiscal Year 2014-15 (FY15) from 5.5% to 3.5%;
2. Despite lower than projected revenue collection for FY 14, the COR believes that the U.S and Hawaii economies are still growing;
3. Based on the lower general fund revenues forecast and a “status quo” expenditure plan, statewide budget cuts or revenue enhancements amounting to $40 million beginning in FY 16 (first year of the next biennium) may be necessary;
4. The extent of the budget cuts or revenue enhancements could be lessened if the tax collections experience of +6% for the first two months of the fiscal year continues (versus the FY15 projection of +3.5%);
5. The next COR projection will be completed no later than January 10, 2015; and,
6. Effective noon on December 1, 2014 (the first Monday in December), there will be a new Governor.

F.M. 14-12 Policies and guidelines for departments:
The Department’s FB 2015-17 appropriation ceilings were adjusted from the FY15 appropriation level to reflect the:
• deletion of any non-recurring (one-time) amounts; and,
• addition of the collective bargaining adjustments for all means of finance (MOF), that were previously funded by various bills approved outside of the FY15 Supplemental Executive Budget Bill (Act 122, SLH 2014).

The following table summarizes B&F’s determination of the Department’s budget ceilings for each year of the next biennium:

<table>
<thead>
<tr>
<th>Means of Finance</th>
<th>FY 15 Appropriation</th>
<th>FY 16 Base</th>
<th>FY 17 Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>1,406,144,711</td>
<td>1,494,910,918</td>
<td>1,526,475,286</td>
</tr>
<tr>
<td>Special</td>
<td>55,959,324</td>
<td>56,324,914</td>
<td>56,463,349</td>
</tr>
<tr>
<td>Federal</td>
<td>233,651,324</td>
<td>240,216,606</td>
<td>242,091,594</td>
</tr>
<tr>
<td>Other Federal</td>
<td>17,343,500</td>
<td>17,343,500</td>
<td>17,343,500</td>
</tr>
<tr>
<td>Trust</td>
<td>24,290,000</td>
<td>24,388,394</td>
<td>24,416,791</td>
</tr>
<tr>
<td>Interdept'l Trnsf</td>
<td>10,545,605</td>
<td>10,561,985</td>
<td>10,565,636</td>
</tr>
<tr>
<td>Revolving</td>
<td>28,834,438</td>
<td>28,938,805</td>
<td>28,968,226</td>
</tr>
<tr>
<td>TOTALS</td>
<td>1,776,768,902</td>
<td>1,872,685,122</td>
<td>1,906,324,382</td>
</tr>
</tbody>
</table>
B&F general policies for preparing the biennium request states that:
1. Departments are authorized and encouraged to recommend trade-offs and transfers within and among programs under their purview to reflect current priorities and changing conditions.
2. Departments should exercise prudence and restraint in submitting any requests for general fund increases.
3. Non-general fund programs should plan for the fringe benefit assessment rate to increase from approximately 42% in the current year to 52% for FY 16 and FY 17.
4. Departments should continue to maximize efforts to use non-general funds, as appropriate, to support programs.

Plan for Executive biennium budget submissions to the Legislature:

The Executive Branch will prepare two budget submittals to the Legislature for the upcoming session. The first submission will be considered the “status quo” budget and the “second budget submittal” will be dependent on the priorities of the incoming administration.

The “status quo” budget will be transmitted to the Legislature by December 22, 2014, in time to meet the constitutional and statutory deadlines. This budget will be developed without regard for the Department’s requests for increases to general fund support no matter how justified, and will only include:
1. Adjustments to incorporate salary budget increases related to previously approved collective bargaining (CB) agreements and reduce non-recurring (one-time) items identified by the Legislature.
2. Trade-off and transfer requests that do not result in an increase in general fund support;
3. Federal and other non-general fund ceiling adjustment requests;
4. Fixed cost and entitlement expense increases (the Department has none as this is limited to only debt service on bonds and fringe costs funded through B&F’s budget, as well as Medicaid programs funded through the Human Services budget);

The “second budget submittal” would be finalized in February or March and be a reflection of the priorities of the incoming Administration. This second submission will include any approved requests for additional general fund support or cuts as determined appropriate by the incoming Administration. This timeline means that the COR’s January forecast would be considered.

To prepare for both the “status quo” budget submittal and to present the incoming Administration with the departments’ requests for general fund support increases, B&F is calling for all departments to turn in documentation for their funding requirements for the biennium by Monday, October 27, 2014.
To prepare for the “second budget submittal” by presenting the incoming Administration with a menu of budget balancing options, B&F is calling for all departments to submit proposals for three levels of cuts (at -5%, -7.5%, and -10%) by Monday, November 10, 2014.

The Department’s biennium request:

In preparation of the budget for FB2015-17, in July each office began conducting a comprehensive evaluation of requirements to meet both basic operations such as school lunch, school utilities, and school bus services, as well as continued efforts to advance the Strategic Plan 2011-2018 goals around student success, staff success, and successful systems of support. Offices were allowed to make trade-offs and transfers within their current budgets. The needs that exceed the ability of the existing budget to support them are proposed to be requests for additional general fund support. These requests total $77.8 million in FY 16 and $85.1 million in FY 17.

The requests can be viewed through different lens, such as the 3 Goals of the 2011-2018 Strategic Plan, direct beneficiaries, type of request (basic operations or strategic investment, or the State budget appropriation codes (EDN100, 150, etc.). The following are summary totals for the requests, using each of these lens (Attachment B).

<table>
<thead>
<tr>
<th>Strategic Plan</th>
<th>FY 2015-16</th>
<th>%</th>
<th>FY 2016-17</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1</td>
<td>22,114,928</td>
<td>30%</td>
<td>33,764,180</td>
<td>40%</td>
</tr>
<tr>
<td>Goal 2</td>
<td>10,088,893</td>
<td>14%</td>
<td>10,088,893</td>
<td>12%</td>
</tr>
<tr>
<td>Goal 3</td>
<td>41,607,449</td>
<td>56%</td>
<td>41,271,456</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>73,811,270</td>
<td></td>
<td>85,124,529</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Request</th>
<th>FY 2015-16</th>
<th>%</th>
<th>FY 2016-17</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Operations</td>
<td>50,865,533</td>
<td>69%</td>
<td>56,178,792</td>
<td>66%</td>
</tr>
<tr>
<td>Strategic Investments</td>
<td>22,945,737</td>
<td>31%</td>
<td>28,945,737</td>
<td>34%</td>
</tr>
<tr>
<td></td>
<td>73,811,270</td>
<td></td>
<td>85,124,529</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Direct Beneficiary</th>
<th>FY 2015-16</th>
<th>%</th>
<th>FY 2016-17</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Levels (School &amp; State)</td>
<td>4,735,593</td>
<td>6%</td>
<td>4,735,593</td>
<td>6%</td>
</tr>
<tr>
<td>Schools</td>
<td>69,075,677</td>
<td>94%</td>
<td>80,388,936</td>
<td>94%</td>
</tr>
<tr>
<td></td>
<td>73,811,270</td>
<td>73,811,270</td>
<td>85,124,529</td>
<td>85,124,529</td>
</tr>
</tbody>
</table>
The biennium request includes the following items:

- $12.8 million for FY 16 and $12.9 million for FY 17 to restore $9 million for school utility costs (electricity, water, gas, sewer) deemed "non-recurring" by the 2014 Legislature, as well as address cost increases;
- $12 million for FY 16 and $18 million for FY 17 to implement Future Ready Learning at schools identified as ready, willing, and able;
- $9.1 million for FY 16 and $9.3 million for FY 17 to partially restore general fund support for the delivery of school meals that comply with USDA quality and nutritional guidelines (note: assumes a FY 14 emergency appropriation of $9.9 million);
- $7.4 million in FY 16 and $10.7 million in FY 17 to maintain home to school to home student transportation services (note: assumes a FY 14 emergency appropriation of $9.3 million);
- $2.4 million for FY 16 and $8.1 million for FY 17 to maintain the weighted student formula's per pupil funding level in response to projected increases in student enrollment;
- 6.0 positions and $4.9 million in FY 16 and $2.5 million in FY 17 to replace the unsupported student information system;
- $3.6 million in each year for recruitment and retention incentives for hard-to-staff locations;
- $3.4 million in each year for skilled nursing services for students with individualized education plans requiring nursing support;
- $3.15 million in each year to repair air conditioning equipment, monitor cesspools for Clean Water Air compliance, test fire alarms, provide pest control, and trim trees (facilities maintenance program);
- $2.7 million in each year of the biennium to increase capacity at the complex areas to assist schools with their implementation needs regarding the six priority strategies defined in the strategic plan;
- $2 million in each year for workers’ compensation benefits;
- $1.92 million in each year to engage students in learning outside of school with the Achieve3000 on-line reading programs;
- 22.0 positions and $1.9 million in each year to support improved functionality and coordination between data governance, assessment and accountability, and planning and evaluation functions;
• 4.0 positions and $1.69 million in each year to continue the Executive Office on Early Learning's work to expand early learning opportunities;
• $1.9 million in FY 16 and $328,600 in FY 17 to equip new school facilities;
• $670,000 in each year for Teach for America contract;
• $500,000 in each year to provide financial rewards to the top 5% of schools as part of the Strive HI Performance System;
• $498,120 in each year to provide all students with the opportunity to take Advanced Placement (AP) college-level courses and exams;
• 7.0 positions and $376,893 in each year to support Future Ready Learning with school specific support to teachers, technology coordinators, and school leadership teams;
• $300,000 in each year to purchases licenses for an online learning management system that supports both student credit courses and professional development for employees;
• 4.0 positions and $290,000 to operate the Executive Office on Early Learning;
• 1.0 temp position and $266,233 in each year for principal engagement and professional development;
• 4.0 positions and $175,392 in each year to address staffing needs for the Workers Compensation program;
• 2.0 positions and $127,056 in each year to coordinate improvement processes for all schools, including accreditation;
• 2.0 positions and $91,908 in each year to address caseload of the civil rights compliance office;

In addition, there are various adjustments to federal and other non-general fund appropriation ceilings.

A complete list of request, descriptions, and justifications are listed on Attachment C. The federal and other non-general fund ceiling adjustments are shown on Attachment D. A summary of the budget ceilings and requests for additional funds is shown on Attachment E.

b. Previous action of the Board on the same or similar manner.

On October 15, 2013, the BOE approved the Department’s Supplemental Budget Request for FY15.

On September 16, 2014, the BOE approve the Department’s FY15 allocation plan based on the budget execution policies from B&F.
c. Other policies affected.

Board Policy No. 1200-1.12, Department of Education Budgets, states that any Department proposal to make adjustments in the operating budget and capital improvements program budget shall require prior Board approval.

d. Arguments in support of the recommendation.

In July 2014, each office was asked to examine the budgets that fall under their purview, revisit program activities in relation to the Department's Strategic Plan Goals, detail anticipated expenditures, identify anticipated funding shortfalls, and transfer existing resources between programs when possible. In addition, offices were given the opportunity to request additional positions and funds, but had to justify the additional amounts. This has resulted in a budget proposal which focuses on priority areas and is more in line with actual expenditures.

Many of the requests can be classified as “strategic investments,” required to sustain continuous improvement efforts of public schools to support students attain college and career readiness with greater:

- resources for Future Ready Learning efforts to expand the use of technology to support teaching and learning;
- support for school implementation of six priority strategies;
- principal engagement;
- capacity around data governance, assessment and accountability, and planning and evaluation;
- recruitment of non-traditional teacher education pathways;
- student access to and success with advance placement courses and exams;
- incentives for high performance and progress; and,
- early learning opportunities.

Other requests can be classified as required to sustain “basic operations,” to meet requirements for core programs such as food services, school utilities, facility maintenance, and school bus. Approval of additional general fund support will mean schools can plan to receive (approximately) current levels of support, instead of schools having to plan to use their WSF funds to meet expenses that can vary significantly by school depending on factors such as the school's size, age, geographic proximity to other schools, climate, and island.

WSF funds are the primary source of funds for school operations and are distributed equitably to schools based on student enrollment and characteristics. The additional funds for WSF will maintain support for schools' operations on a per pupil basis. These additional funds are needed to accommodate the anticipated increases in enrollment over the next two school years. Without additional funds, schools will be given less funds on a
per pupil basis, as the WSF amount would be distributed among a greater number of students.

e. Arguments against the recommendation.

The pressure on the State to fund collective bargaining agreements, address existing unfunded liabilities for retiree pensions and health insurance coverages, and address cost increases for employee health insurance and Medicaid programs, coupled with the COR’s challenges around accurately projecting general fund revenues, make it difficult for funders (B&F, Governor, Legislature) to both address inflationary pressures for basic operations and make strategic investments in programs.

f. Findings and conclusions of the Board Committee.

Not applicable.

g. Other agencies or departments of the State of Hawaii involved in the action.

- Department of Budget and Finance
- Office of the Governor
- Hawaii State House of Representatives
- Hawaii State Senate

h. Possible reaction of the public, professional organizations, unions, Department staff and/or others to the recommendations.

This budget proposal is a clearer representation of the actual program requirements, and it supports the alignment of general fund programs to the Strategic Plan.

Overall the reaction to the general fund budget will be positive, despite the added cost as without these requests schools will either have to fund many of the items or receive less support.

The reaction to the requests for select strategic investments will be positive as each item will directly or indirectly support student advances towards college and career readiness with greater:

- resources for Future Ready Learning efforts to expand the use of technology to support teaching and learning;
- support for school implementation of six priority strategies;
- principal engagement;
- capacity around data governance, assessment and accountability, and planning and evaluation;
- recruitment of non-traditional teacher education pathways;
• student access to and success with advance placement courses and exams;
• incentives for high performance and progress; and,
• early learning opportunities.

The reaction to additional funds to allow for the continued provision of services to schools and students (i.e. utilities, food service, transportation, and facilities maintenance) will be positive as additional funds in those areas will help avoid compromising the school repair and maintenance program or schools' ability to fund their operations.

The reaction to additional funds for WSF will be positive as it will result in additional funds allocated to schools.

i. Educational implications.

Various. See items a. & d.

j. Personnel implications.

Additional funds for WSF may result in schools choosing to fund additional positions in their Annual Financial Plans.

k. Facilities implications.

None.

l. Financial implications.

The recommendation will allow the Department to adjust the budget to the ceiling amounts set forth in Finance Memorandum No.14-12, and request additional funds for operating budget shortfalls and other high priority areas.

5. OTHER SUPPLEMENTARY RECOMMENDATIONS

None.

KSM:BH:ks
Attachments
c: Members of the Board of Education
   Mr. Ronn Nozoe, Deputy Superintendent
   Ms. Jessica Worshel, Executive Assistant
   Assistant Superintendents
   Complex Area Superintendents
   Directors in the Superintendent's Office
   OFS Branch Directors
   Budget Branch
FINANCE MEMORANDUM

TO: All Department Heads
FROM: Kalbert K. Young
Director of Finance

SUBJECT: Fiscal Biennium 2015-17 Executive Budget Request and the Program and Financial Plan for the Period 2015-21

The following policies and guidelines shall be used in preparing the Executive Budget Request for FB 2015-17 and the Program and Financial Plan for the period 2015-21.

General Background

After two years of significant general fund tax revenue growth in FY 12 and FY 13, in large part due to the strong expansionary phase of the visitor and hospitality industry, it was generally expected that growth levels would taper off to more sustainable levels as Hawaii’s tourism market reached saturation and the construction industry began to show steady gains. A slower than anticipated rise in construction activity and spending, however, further tempered by declining visitor expenditures and the impact of federal fiscal austerity on the spending of Hawaii’s residents caused the Council on Revenues (COR) to lower its FY 14 general fund tax revenue growth rate forecast from 0% to -0.4% in its June 2, 2014 report.

Preliminary actual general fund tax revenues for FY 14 were 1.4% less than the COR’s projection. Two uncommon events in FY 14 negatively impacted general fund tax revenue growth: 1) the allocation of $55.5 million to the Hawaii Hurricane Relief Fund in August of FY 14; and 2) an unusually large allocation to the County Surcharge on State Tax in July of FY 14 compared to an unusually small allocation in July of FY 13. Even so, the State ended FY 14 with a healthy general fund balance of nearly $665 million.

Despite lower than projected revenue collections for FY 14, the COR believes that the U.S. and Hawaii economies are still growing. However, there is uncertainty about the future and, in light of this uncertainty, the COR lowered its general fund tax revenue
growth forecast for FY 15 from 5.5% to 3.5% in its September 10, 2014 report. The COR also adjusted its forecast for FY 16 to FY 21 to a growth rate of 5.5% for each year. It should be noted that while the COR’s forecast for FY 15 was 5.5%, it was applied to a forecast for FY 14 that turned out to be too high. When applied to the actual collections for FY 14 (which were down by -1.8% instead of -0.4%), the COR’s June 2nd forecast implied a growth in collections of 7.0% for FY 15. Thus, the effective reduction of the COR’s forecast for FY 15 is from 7.0% to 3.5%, or a reduction of approximately $190 million.

The State’s Fiscal Condition

Preliminary actual general fund tax revenues for FY 14 were $74.4 million less than previously estimated by the COR in its June report. Because the COR’s growth forecast is being applied against a lower base, the impact of the COR’s September forecast is a reduction of projected general fund tax revenues of $186.3 million for FY 15, $167.8 million for FY 16 and $195.2 million for FY 17. In total for the period from FY 15 to FY 19, projected general fund tax revenues are reduced by about $1.1 billion based on the COR’s latest forecast.

As can be expected, the lower revenue forecasts will necessitate adjustments to spending levels and/or enhancements to revenues in order to maintain a positive general fund ending balance through the financial planning period from FY 15 through FY 21 as required by the State Constitution and Chapter 37, HRS. Based on the COR’s latest tax and nontax revenue forecasts and current budget expenditure projections, budget adjustments and/or revenue enhancements amounting to $40.0 million per year beginning in FY 16 will be necessary.

There is a possibility that the extent of the required budget adjustments could be lessened if current actual tax revenue collection trends continue for FY 15. For the first two months of FY 15, actual tax revenue collections are at 6.0%, as compared to the projected 3.5% growth rate. However, any consideration of reducing the budget adjustment targets will have to await the COR’s next forecast which is due January 10, 2015.

Budget Approach for FB 2015-17

We approach the development of the Executive Biennium Budget for FB 2015-17 mindful of the fact that the Administration will change in December before the budget process is completed. Due to the timing of the change and the need to put in place budget adjustments and/or revenue enhancements in order to maintain a positive general fund balance, two budget submittals to the Legislature are envisioned.

The first budget submittal on December 22, 2014 (to meet constitutional and statutory budget submittal requirements) will be a "status quo" budget that will reflect the FY 15 budget less non-recurring expenses, plus collective bargaining allocations and additions for: trade-off and transfer requests; selected fixed cost and entitlement requirements; selected non-general fund requests; selected federal fund adjustment requests; and adjustments to non-recurring items identified by the Legislature. The budget
adjustments needed to maintain a positive general fund balance will be shown as a lump sum line item on the general fund financial plan and will not be part of the "status quo" budget. The second budget submittal in the February-March time frame will contain specific budget adjustments and possibly other types of budget and/or revenue enhancement proposals as determined by the incoming Administration. The intent is to provide the incoming Administration with the flexibility to make appropriate budget adjustments that are in line with its policy and budget priorities, and to minimize departments having to do duplicative staff work.

"Status Quo" Budget Submittal

As mentioned, the initial FB 2015-17 budget will be focused on maintaining the status quo. Only the following types of requests will be considered for inclusion in the FB 2015-17 operating budget: 1) trade-off and transfer requests that do not result in an increase in general fund support; 2) selected fixed cost and entitlement expense requirements; 3) selected non-general fund requests; 4) selected federal fund adjustment requests; and 5) adjustments to non-recurring items identified by the Legislature. Departments may submit operating budget requests for other items besides those enumerated above; however, please be aware that these requests will not be considered for inclusion in the initial FB 2015-17 budget. These non-includable operating requests will be provided to the incoming Administration for consideration in the second budget submittal. The "status quo" operating budget approach will apply to all means of financing.

In addition, departments must identify possible operating budget adjustments to programs and/or services to meet the Tier 1, 2 and 3 target levels set for each department. The target levels have been set high to facilitate evaluation of each of the proposed budget adjustments on a statewide basis, thereby providing the incoming Administration with meaningful options to choose from in deciding on where and how much to adjust the "status quo" operating budget. These possible operating budget adjustments will not be included in the initial FB 2015-17 budget, but will also be provided to the incoming Administration for consideration in the second budget submittal. The identification of possible operating budget adjustments will apply only to general funds.

With respect to capital improvement projects (CIP), the intent is that the CIP budget follow a "status quo" approach by concentrating the initial FB 2015-17 CIP budget on: 1) addressing the R&M backlog; 2) addressing health and safety requirements; and 3) completing ongoing projects that were previously authorized. Debt service has been included in the budget to accommodate a total of $500 million in new G.O. Bond authorizations for FB 2015-17. While the amount may appear large, in reality it is modest compared to CIP budget requests made in the recent past. Departments can submit budget requests for new CIP; however, please be aware that these requests will not be considered for inclusion in the initial FB 2015-17 budget. Instead, these new CIP requests will be provided to the incoming Administration for consideration in the second budget submittal. The "status quo" CIP budget approach will apply to all means of financing.
Second Budget Submittal

The timing and focus of the second budget submittal will be dependent on the direction of the incoming Administration. More than likely, further instructions will await the COR's next forecast in early January 2015. This will provide a more definitive indication of the developing general fund revenue picture and give the incoming Administration time to take stock and make its own assessment of the State's fiscal situation.

It is envisioned that the work started by this Administration in terms of identifying possible budget adjustments and non-trade off and non-fixed costs budget requests will become a large part of the considerations in putting together the second budget submittal by the incoming Administration.

We are undertaking this approach to ensure that we leave the State in a better condition than when we entered office. As we have done throughout this Administration, we will continue to focus on making sound fiscal decisions and improving the State's long-term fiscal stability.

The following general policies are hereby provided for the development of the Executive Budget Request for FB 2015-17.

I. General Policies

1. For operations, the Biennium Budget will be based on FY 15 appropriations from Act 134, SLH 2013, as amended by Act 122, SLH 2014, minus non-recurring costs and plus collective bargaining and Commission on Salaries adjustments, as applicable. Individual departmental budget ceilings are established for all departments by the Department of Budget and Finance (B&F). Under their respective budget ceilings, departments are authorized and encouraged to recommend trade-offs and transfers within and among programs under their purview to reflect the department's current priorities and changing conditions.

2. General fund budget reductions are, in all likelihood, going to be implemented in the near future. Consequently, departments should exercise prudence and restraint in submitting any requests for general fund increases.

3. The Federal Funds Information for States projects a -0.1% decrease in federal funding for most major, recurring discretionary awards for FFY 2015 versus FFY 2014 funding. Major mandatory federal awards such as Medicaid are expected to increase 7.1% for the same time period. The reduced funding for a majority of the federal awards the State receives is a result of the limits on federal spending put in place by the Budget Control Act of 2011 and the Bipartisan Budget Act of 2013. The imposition of these federal spending caps is expected to be in place until 2023. Therefore, all departments should consider that future reductions in federal-aid moneys are a distinct possibility. Departments should not assume that State funds will be available to support program costs if federal funds are reduced or no longer available.
4. Non-general fund programs should plan for the fringe benefit assessment rate increasing to 52.0% for FY 16 and FY 17. This is an increase of approximately 10% from the current rate and is primarily due to the projected costs for the prefunding of other post-employment benefits. The rate is expected to remain at 50.0%+ levels for FY 18 and beyond.

5. Departments should continue to maximize their efforts to use non-general funds, as appropriate, to support their programs. Federal funds, special funds, and other available funding sources should be considered as a replacement for general funds. Departments should not, however, assume that general funds will be available to support program costs if non-general (special, federal, etc.) funds are no longer available.

6. Pursuant to Section 37-68(1), HRS, any proposal for new programs, regardless of funding sources, must demonstrate that such programs are appropriate functions of State government and can be implemented by government as cost-effectively as by the private sector.

7. Departments should be prepared to initiate necessary enabling legislation, or appropriate rule changes, to coincide with budget requests, as applicable. (Form A, Request for Operating Budget Adjustment Requests, should be used to provide the necessary information to justify the request.)

II. Submission Requirements and Format

1. Biennium Budget requests shall be submitted according to the requirements and formats as specified in the attachments.

2. All budget submissions will be subject to review and evaluation by B&F and the Governor. Worksheets and other supporting details may be requested and should be made available upon request.

III. Due Dates

The following must be provided to this office:

1. By Monday, October 27, 2014, the following must be submitted, reflecting your budget submission:
   - Two copies of Forms A, A-Attachment, B, C, and FF (relating to the operating budget); and Tables P, Q, and R, and Forms CIPOp, PAB and S (relating to CIP budget).
   - Electronic files should be transmitted to your B&F analyst.

2. By Monday, November 10, 2014, the following must be submitted, meeting your Tier 1, 2 and 3 budget adjustment levels:
• Two copies of Forms X and Y (relating to the operating budget).

• Electronic files should be transmitted to your B&F analyst.

3. By Friday, December 5, 2014, the following must be submitted, reflecting the Governor's budget decisions:

• Updated BJ Summary Tables in eBUDDI or, for departments with their own budget systems, other electronic files. Totals (by cost elements and means of financing) must match. Department totals must be equal to or less than the budget ceiling amounts.

• Two copies of each Budget Narrative, with electronic file(s) transmitted to your B&F analyst.

• Updated Performance Measures in eAnalytical.

• Two copies of Tables P, Q, and R (as updated in eCIP), Form PAB and Form CIPOp.

4. By Friday, January 9, 2015, updated BJ Details in eBUDDI or, for departments with their own systems, other electronic files, as authorized by B&F.

Departments will be notified later of the timetable for B&F recommendations and Governor's decisions on the Biennium Budget.

View Budget & Finance Memorandum for 2014 on the State Department of Budget and Finance website:

http://budget.hawaii.gov/statewide-policies/financememorandums/fm-2014/
### Summary of FB2015-17 DOE Request

#### DIRECT BENEFICIARY OF REQUEST

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<td><strong>Grand Total</strong></td>
<td>102.78</td>
<td>13.00</td>
<td>$73,811,270</td>
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#### TYPE OF REQUEST

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#### EDN OF REQUEST

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<td>EDN700</td>
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#### STRATEGIC PLAN GOAL OF REQUEST

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<td>Goal 2</td>
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Plan Goal Category

Goal 1  Basic Operations
School EDN100 Aina School for the Deaf and Blind
(2) permanent Interpreter II positions, and (1) temporary Data Processor (DP) Support Tech position in each year of the biennium
HSDB to provide necessary communications services for students to maximize their learning potential.

This is a critical need at HSDB, as outlined in the recent Comprehensive Needs Assessment. Interpreter II positions will reduce reliance on contract services which require 3 day advance notice. This puts a strain on our office since unforeseen needs as well as general meetings occur almost on a daily basis. Another consequence is that critical meetings are sometimes cancelled or rescheduled due to shortage of interpreters. Having staff on board will help minimize potential complaints against HSDB by students who are not being prioritized service. In addition, by continuing to contract independent interpreters on an ad-hoc basis, our office staff will need to continue to fill contracted interpreters individually.

Without DP support, the tablets purchased will not be utilized to its maximum capacity and the students of HSDB will not be able to fully realize the benefits of these devices as educational tools.

Goal 1  Basic Operations
School EDN100 Lahainaana Boarding Department
(1) permanent Dorm Attendant in each year of the biennium to provide 24/7 dormitory adult supervision.

Providing for 24/7 staffing ensures for health and safety of students at the Lahainana Boarding program. There are presently seven permanent Dorm Attendant positions, 3 male positions and 4 female positions. The male dormitory is short staffed by one position. Due to a shortage of one position, the male dorm attendants work mostly on one to two shifts overtime per week.

Goal 1  Basic Operations
School EDN100 Ohana Hono Hoomaulu
(2) 12-Month Special School Teacher positions in each year of the biennium to provide educational services.

Teachers from Olomana School and Olomana Youth Center, both located in Kailua, must be borrowed to cover teacher shortages at the Ohana Hono Hoomaulu in Kapolei. On several occasions, a student who is experiencing behavioral problems is isolated from the rest of the group. In this case, four teachers are needed. Also, the Ideal (two or more students to one nurse (2 or >:1 ratio) per school has not materialized with increasing one student to one nurse (1:1) per school due to medical needs. Thus, the 1:1 ratio at multiple schools has raised the need for more contracted nursing personnel and funding to contract nursing personnel. The decision to provide services cannot be based on the financial burden to provide services.

An increase in enrollment without a corresponding increase in funding means that the average funding on a per pupil basis would be reduced for all schools.

The WSF program provides resources for basic operations. Unlike other general fund programs, funds, rather than positions, are distributed to schools.

Fiscal Biennium 2015-2017 General Funds Budget Requests

<table>
<thead>
<tr>
<th>STRATEGIC PLAN GOAL</th>
<th>BENEFICIARY OF SERVICES</th>
<th>EON</th>
<th>REQUEST TITLE</th>
<th>DESCRIPTION</th>
<th>JUSTIFICATION OF REQUEST</th>
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<tbody>
<tr>
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<td>School EDN100</td>
<td>1.000</td>
<td>Aina School for the Deaf and Blind</td>
<td>(2) permanent Interpreter II positions, and (1) temporary Data Processor (DP) Support Tech position in each year of the biennium</td>
<td>Funding is needed to maintain the average per pupil funding level as appropriated in FY2014-15.</td>
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<tr>
<td>Goal 1  Basic Operations</td>
<td>School EDN100</td>
<td>1.000</td>
<td>Lahainaana Boarding Department</td>
<td>(1) permanent Dorm Attendant in each year of the biennium to provide 24/7 dormitory adult supervision.</td>
<td>Providing for 24/7 staffing ensures for health and safety of students at the Lahainana Boarding program.</td>
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<tr>
<td>Goal 1  Basic Operations</td>
<td>School EDN100</td>
<td>2.000</td>
<td>Ohana Hono Hoomaulu</td>
<td>(2) 12-Month Special School Teacher positions in each year of the biennium to provide educational services.</td>
<td>Teachers from Olomana School and Olomana Youth Center, both located in Kailua, must be borrowed to cover teacher shortages.</td>
</tr>
<tr>
<td>Goal 1  Basic Operations</td>
<td>School EDN100</td>
<td>3.400,000</td>
<td>Skilled Nursing Services</td>
<td>Special Teachers budgeted for Oloma at Hale Hoomaulu. Additional teachers are needed due to the number of students passing through the juvenile detention facility and the logistic challenges associated with having separate girls and boys modules, each requiring their own teachers. On average, there are three modules opened, two male modules and one female module. Teachers from Olomana School and Olomana Youth Center, both located in Kailua, must be borrowed to cover teacher shortages at the Ohana Hono Hoomaulu in Kapolei. On several occasions, a student who is experiencing behavioral problems is isolated from the rest of the group. In this case, four teachers are needed. Also, the Ideal (two or more students to one nurse (2 or &gt;:1 ratio) per school has not materialized with increasing one student to one nurse (1:1) per school due to medical needs. Thus, the 1:1 ratio at multiple schools has raised the need for more contracted nursing personnel and funding to contract nursing personnel. The decision to provide services cannot be based on the financial burden to provide services.</td>
<td></td>
</tr>
<tr>
<td>Goal 1  Basic Operations</td>
<td>School EDN100</td>
<td>2.401,888</td>
<td>WSF Enrollment Increase</td>
<td>$24 million in FY16 &amp; $8 million in FY17 for projected enrollment increase of approximately 495 students in FY16 and an additional 115 students in FY17. Funding is needed to maintain the average per pupil funding level as appropriated in FY2014-15.</td>
<td>An increase in enrollment without a corresponding increase in funding means that the average funding on a per pupil basis would be reduced for all schools.</td>
</tr>
<tr>
<td>Goal 1  Strategic Investment</td>
<td>School EDN200</td>
<td>12,000,000</td>
<td>Access Learning Devices</td>
<td>Request for the creation of a special fund to support technology integration with $12 million in FY16 of the biennium and $18 million in FY17. These funds up to $500,000/semester will be open for schools who have demonstrated that they are ready, willing, and able to implement a technology integration program via a contract into the third phase (Future Ready Fast Track) of the Department’s professional development plan for Future Ready Learning.</td>
<td>On August 20, 2013, the Committee recommended to fund technology integration work on a categorical basis until such time as all schools in the states are implementing. As such, access to a special fund vs. increased WSF is the most appropriate means of ensuring that every school is able to move forward. Schools eligible to access these funds are ready, willing, and able to benefit from the infusion of technology for all students and teachers. This is determined via a 3step process that includes: professional development summits, a 6 month guided planning workshop, and evaluation of their school plan against readiness criteria that are based on lessons from Access Learning and grounded in research.</td>
</tr>
</tbody>
</table>
Plan Goal

Goal 1

Strategic Investment

School

EDN100

Advanced Placement

Description: $488,120 per year to provide all students with the opportunity to take Advanced Placement (AP) college-level courses and exams, and new "best" college credit or placement while still in high school. Taking AP increases eligibility for scholarships and makes candidates more attractive to colleges.

Justification of Request

Permit Temp FY 2015-16 FY 2016-17

Strategic Operations

3,600,000 3,600,000

Investment

2,000,000 2,000,000

Goal 2

School

EDN200

Engaging Students in Learning Outside of School (Achieve 3000)

Description: $1.52 million in each year of the biennium to provide 255 K-12 schools with the online age-appropriate, 24/7 Achieve3000 reading program which is aligned to the Hawaii Common Core, monitors student progress towards the Smarter Balanced assessment, and provides substantial support for literacy.

Justification of Request

Permit Temp FY 2015-16 FY 2016-17

Strategic Operations

3.600,000 3,600,000

Investment

1,920,000 1,920,000

Goal 1

Strategic Investment

School

EDN200

Preschool Expansion

Description: Additional supplies for DOE-EDOE Prekindergarten Program.

Justification of Request

Permit Temp FY 2015-16 FY 2016-17

Strategic Operations

395,000 395,000

Investment

500,000 500,000

Goal 1

Strategic Investment

School

EDN700

Preschool Other (FCIL)

Description: For Family-Child Interaction Learning (FCIL) program to provide family engagement services for four-year-old children and their families.

Justification of Request

Permit Temp FY 2015-16 FY 2016-17

Strategic Operations

355,000 355,000

Investment

1,000,000 1,000,000

Goal 1

Strategic Investment

School

EDN200

State HI Awards

Description: $600,000 in each year of the biennium to provide State HI financial awards to the top five percent of schools (approximately 15 schools) classified each year as Recognition Schools, as part of the State HI Performance System (an federally-approved school accountability and improvement system), to recognize and incentivize high performance and improvement.

Justification of Request

Permit Temp FY 2015-16 FY 2016-17

Strategic Operations

500,000 500,000

Investment

3,000,000 3,000,000

Goal 2

Basic Operations

School

EDN100

Hard To Fill

Description: $3.5 million in each year of the biennium to provide for Hawaii State Teacher's Association (HSTA) contract provisions (Appendix K) recruitment/retention incentive for hard to fill positions as a recruitment tool for teacher candidates.

Justification of Request

Permit Temp FY 2015-16 FY 2016-17

Strategic Operations

2,000,000 2,000,000

Investment

2,000,000 2,000,000

Goal 2

Basic Operations

School

EDN100

Workers Comp

Description: $2.0 million in each year of the biennium to help ensure the DOE Workers' Compensation (W/C) Unit is able to administer the Department's W/C Program and pay for all WC benefits and costs associated with the processing of these claims and cases for individuals assigned to work which is to benefit the Department.

Justification of Request

Permit Temp FY 2015-16 FY 2016-17

EDN 100

EDN 100

EDN 100

EDN 100

EDN 100

EDN 100

EDN 100

EDN 100

EDN 100

EDN 100
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<th>Strategic Plan Goal</th>
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<th>Beneficiary of Services</th>
<th>EDN</th>
<th>Request Title</th>
<th>Description</th>
<th>Justification of Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 2 Strategic Investment</td>
<td>School</td>
<td>EDN300 Access Learning</td>
<td>(1) temporary 12-month state office resource teachers and (1) 10-month state office resource teacher to provide school specific support to teachers, technology coordinators, and school leadership teams.</td>
<td>These positions complement larger school and complex wide professional development sessions with targeted follow up that supports educators' ability to implement technology in the classroom. When integrated effectively, technology can be a tool to make teaching and learning more engaging and effective for students (strategic plan objective 1A). Providing students with opportunities to master the technology required in today’s workplace also puts them at a clear advantage towards preparation for success after high school (strategic plan objective 1B). This is supported by the data from one of the Access Learning Pilot Project.</td>
<td>- 7.000 378,893 378,893</td>
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<td>Goal 2 Strategic Investment</td>
<td>School</td>
<td>EDN300 BlackBoard</td>
<td>$380,000 in both years of the biennium to provide 24/7 online access to DOE customized credit courses and professional development for students and educators. These funds will be used to purchase 10,000 licenses for the Blackboard Learning Management System.</td>
<td>Equal access to instruction and professional development. A learner from remote locations such as Hona or Lanai has access to the same training as learners located in Honolulu.</td>
<td>- - 300,000 300,000</td>
<td></td>
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<tr>
<td>Goal 2 Strategic Investment</td>
<td>All Levels</td>
<td>EDN300 Support for Schools</td>
<td>The request includes $2,700,000 in each year of the biennium to increase each of the (15) District Complex Area Administrators (CCAA) by $118,000 for complex area staff to support implementation of the 6 Priority Strategies in all 250 schools.</td>
<td>To ensure every school has the information, training, and support it needs to implement the 6 Priority Strategies and improve student outcomes, we must build complex area capacity to support schools. This funding will provide Complex Area Supervisors with resources to customize the support previously provided by the Complex Area Support Team (CAST) structure to the needs of each complex area and ensure that communication, professional development, training, opportunities for feedback, and other tailored support around the 6 Priority Strategies reach all schools. CAST positions will: 1) develop training modules and provide technical assistance to school level staff; 2) work with school leads in an effort to ensure success on all schools implement the 6 priority strategies; and 3) serve as the liaison to ensure feedback loops are in place between schools, complex areas, and the State office with regard to expectations, implementation, accomplishments, and challenges around the priority strategies.</td>
<td>- - 2,700,376 2,700,376</td>
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<td>Goal 2 Strategic Investment</td>
<td>School</td>
<td>EDN300 Teach for America</td>
<td>$670,000 in both years of the biennium to cover anticipated contract costs to maintain the Teach for America (TFA) contract.</td>
<td>Funding for the TFA contract will promote the Department’s efforts to continue the race to the top (RTTT) initiative to maintain non-traditional teacher education pathways to provide content experts and mid-career changers (candidates) the ability to earn certification on teachers while working in the Department's highest need schools and subject areas.</td>
<td>- - 670,000 670,000</td>
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**Goal 3 - Basic Operations**

**Category:** School

**EDN:** EDN400

**Request Title:** AC Extra Work

**Description:** An additional $1.0 million for each year of the biennium is requested to cover the extra repair work for air conditioning (AC) equipment that is not included in the current maintenance service contracts for Oahu.

**Justification of Request:** This funding support will enable the repair of AC equipment, provide healthy and safe school environments and reduce heat abortion complaints. Funds will address AC equipment troubles calls by providing labor and materials to repair AC equipment. Note: The Facilities Maintenance Branch (FMB) is responsible for maintaining DOE facilities and public schools on Oahu, the Department of Accounting and General Services (DAGS) maintains facilities for the neighbor islands.

Since the execution of contracts in April 2012, repair work for Oahu AC systems were not included. For FY12 and FY13, $4.4 million was allotted in impact aid to cover part of the contract and the extra AC repair work. In FY14, FMB spent an additional $1.1 million to provide these services, but this program has only $500,000 budgeted for the extra repair work.

The amount of repair work has increased due to the aging of the existing Oahu inventory of 3,492 AC systems and recently added AC installations into schools. The average age of AC systems on Oahu is 14 years.

**Fiscal Biennium 2015-2017 General Funds Budget Requests ATTACHMENT C**

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<td>1,800,000</td>
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**Goal 3 - Basic Operations**

**Category:** All Levels

**EDN:** EDN200

**Request Title:** Civil Rights Compliance

**Description:** (1) Permanent Civil Rights Compliance Specialist II position, (1) existing temporary Civil Rights Compliance Specialist II position converted to permanent position and (5) existing temporary Civil Rights Compliance Specialist II position each year of the biennium to address the increasing caseload.

**Justification of Request:** Two permanent positions are needed to oversee compliance responsibilities pursuant to audits that are conducted by the United States Department of Education, Office for Civil Rights (OCR); the United States Department of Justice (DOJ); compliance requirements pertaining to the State Language Access Plan, and the Office of the State Director for Career and Technical Education (CTE). CRCO responds for the department to discrimination complaints filed with the United States Equal Opportunity Commission (EEOC), the Hawaii Civil Rights Commission (HCRC) and OCR. CRCO also provides necessary technical assistance, coordination, and supports to the Complex Area Superintendents, Principals, Vice Principals, State and District Office Staff, specialists, teachers, employees, students, parents/legal guardians, and the general public.

Between the beginning of the fiscal year July 1, 2014, and the end of the first fiscal quarter September 30, 2014, there were 326 open cases in CRCO, which included 66 new cases. There are 4 permanent positions to cover this caseload: 1 director, 1 secretary, 2 Civil Rights Compliance Specialist and 1 temporary Civil Rights Compliance Specialist. In addition to annual compliance obligations, there has been a steady increase in the volume of enforcement responses, reasonable accommodations requests, and civil rights investigations.

**Permit Fee:** 2,000

**Goal 3 - Basic Operations**

**Category:** School

**EDN:** EDN300

**Request Title:** iGSS (Student Information System) Replacement

**Description:** (6) permanent 12-month State Office Teacher positions and $4,860,331 for FY16 and $2,530,845 for FY17 to purchase and implement the Student Information System.

**Justification of Request:** The current Student Information System (SIS) is over a decade old and is no longer supported by the vendor. iGSS is a mission critical system for managing essential school processes and is the information backbone for numerous student demographics.

The HIDOE envisions a new SIS that will provide efficient and effective technology support to classrooms, schools and support offices, aimed at improving data quality and decreasing administrative burden (e.g. eliminate double entry due to disparate data systems). To accomplish this, the HIDOE seeks a solution that is aligned with its school processes and its preference for integrating student support systems.

The requested state office teachers will assist the contracted vendor with secondary school training during the implementation and start-up phase and will provide ongoing training and assistance to schools after implementation completes. In addition, the state office teachers will contribute their expertise in process analysis, data conversion/validation, report creation, and customization.

**Permit Fee:** 6,000

**Goal 3 - Basic Operations**

**Category:** School

**EDN:** EDN400

**Request Title:** Fire Alarm

**Description:** $700,000 for each year of the biennium (FY 2015-16 and FY 2016-17) is requested to comply with the code requirements regarding the testing and maintenance of Fire Alarm Systems for 167 Oahu schools.

**Justification of Request:** Funding would enable the Facilities Maintenance Branch (FMB) to secure Fire Alarm Testing and Monitoring Contracts for DOE buildings and 167 Schools on Oahu. Testing and maintenance of Fire Alarm systems can only be performed by electricians certified by the National Institute for Certifications in Engineering Technologies (NICET) and FMB does not have any qualified electricians to take the NICET certifying exam. Funding would allow FMB to comply with the fire code, provide a safe and healthy environment for students and staff, and avoid permit delays for new facilities.

The HIDOE is responsible for maintaining facilities on Oahu, DAGS is responsible for maintenance on the neighbor islands.

**Permit Fee:** 700,000

**Goal 3 - Basic Operations**

**Category:** All Levels

**EDN:** EDN300

**Request Title:** Leave Mgmt

**Description:** (5) Administrative Services Assistants, (1) Account Operations Specialist II, (1) Secretary I in each year of the biennium to create a Leave Management Unit under the Operations Section to address all matters related to leave accounting processes and procedures and to address the backlog of leave audits for the Department's retirees and employees.

**Justification of Request:** This backlog prevents ERS from accurately calculating pension benefits for retired DOE employees and delays the transfer of open cases in CRCO. which Included 66 new cases. There are 4 permanent positions to cover this caseload: 1 director, 1 secretary, 2 Civil Rights Compliance Specialist and 1 temporary Civil Rights Compliance Specialist. In addition to annual compliance obligations, there has been a steady increase in the volume of enforcement responses, reasonable accommodations requests, and civil rights investigations.

**Permit Fee:** 5,000
Goal 3: Basic Operations

School

EDN402

Post Control

An additional $500,000 for each year of the biennium is requested to provide pest control services for Oahu schools, which are the responsibility of the Facilities Maintenance Branch (FMB). Funds will provide for Emergency Pest Control Contracts which is needed to remove the increasing presence of harmful pests, reduce the risk of injuries to students and staff, and ensure a safe and healthy school environment. Common infestations that FMB has addressed are rodents, bees, wasps, ants, cockroaches, feral animals, bed bugs, and birds. No appropriation has been provided for pest control since 2010, the number of requests to control the infestation of pests at the school level have drastically increased. FMB needs the additional funds so that the program may continue providing pest control without disrupting the other repair and maintenance services provided to schools. The total pest control expenditures/work orders for Oahu schools was $755,802 in FY14.

Permit Temp

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Goal 3: Basic Operations

School

EDN402

School Bus Contracts

$7,402,861 for FY16 and $10,669,081 for FY17 to cover budget shortfalls in school bus contracts which would ensure uninterrupted school transportation services to all eligible regular education and special education public school students in the next biennium. The current level of general fund appropriations for pupil transportation is not sufficient enough to support the true cost of school transportation requirements. The projected cost of school bus services for FY 2014-2015 is about $82 million. With anticipated annual contract price escalations for fuel cost and inflation (CPI), the cost of school bussing services is expected to exceed $83 million in 2016-2017 and $84 million in 2016-2017. Meanwhile, the expected general fund appropriation for school transportation is expected to remain static at $53 million for the next biennium. The Hawaii DOE provides free and reduced-home bussing services to eligible public school students pursuant to DOE Policy 6060. Home-school-home bus service for eligible special education students is mandated by federal law. Federal special education transportation funds are non-existent. As such, special education transportation is solely paid for with general fund appropriations. Home-school-home service for general education students is optional and mostly paid for with general fund appropriations. Student bus fees collections from general education bus riders are nominal and accounts for only 4% to 5% of the overall cost of school transportation services annually.

Permit Temp

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Goal 3: Basic Operations

School

EDN402

School Food Services

A restoration of $9.1 million in General Funds for FY16 and $9.2 million FY17 is requested to meet the projected shortfall for school food service programs, which must comply with USDA regulatory, nutritional and staffing requirements. The total pest control expenditures / work orders for Oahu schools was $755,802 in FY14.

Permit Temp

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Goal 3: Basic Operations

School

EDN402

Text books and equipment for New Facilities

Equipment and materials for new schools and facilities planned for the upcoming biennium. The Hawaii DOE provides school-level home bussing services to eligible public school students pursuant to DOE Policy 6060. Home-school-home bus service for eligible special education students is mandated by federal law. Federal special education transportation funds are non-existent. As such, special education transportation is solely paid for with general fund appropriations. Home-school-home service for general education students is optional and mostly paid for with general fund appropriations. Student bus fees collections from general education bus riders are nominal and accounts for only 4% to 5% of the overall cost of school transportation services annually.

Permit Temp

<table>
<thead>
<tr>
<th>Perm</th>
<th>Temp</th>
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</thead>
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<tr>
<td></td>
<td>FY 2015-16</td>
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<tr>
<td>1,962,460</td>
<td>328,660</td>
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</tbody>
</table>
Plan Goal Category
Strategic Goals Strategic
Goals Basic

Goal 1 Strategic Operations

School EDN400

Tree Trimming

$150,000 in each year of the biennium needed to procure emergency tree trimming services to remove dead trees, fallen trees and branches for Oahu schools.

The current Tree Trimming contracts do not include emergency tree trimming services. The FMB is not equipped to cut large trees and branches, so many of these emergencies must be addressed in a timely manner by contractors.

Currently, the FMB does not have an appropriation for emergency tree trimming work, which cost $182,064 in FY14. FMB is requesting additional funds so that the program may continue providing this emergency service without disrupting the other repair and maintenance services provided to schools.

Goal 2 Strategic Operations

School EDN400

Underground Injection Control (Crosspond)

An additional $800,000 for each year of the biennium is being requested to meet the Environmental Protection Agency (EPA) requirements of testing and monitoring Individual Wastewater System (IWS) statewide which ensure safe and healthy school environments.

The request is to provide funding for further Underground Injection Control (IUC) monitoring and reporting contract with a civil and environmental engineering consultant company, enabling the DOE to comply with the monitoring and reporting requirements mandated by the USEPA. Wastewater and administered by the Department of Health (DOH).

With the conversion completion of the 361 IWS statewide, the EPA and DOH require continuous (weekly, monthly, quarterly) testing, monitoring, and reporting to comply with the Federal EPA Clean Water Act standards. Funding will allow FMB to procure a contract with a civil and environmental engineering consultant company, enabling the DOE to comply with the federal mandate.

Goal 3 Basic Operations

School EDN400

Utilities

$127,771.64 in FY16 and $127,319.64 in FY17 to cover the projected shortfall in the department utility budget as program appropriations were cut in the last fiscal biennium before savings generated through the installation of energy generation equipment in schools were realized.

Delay in the Hi Pali project had a direct impact to the anticipated savings. Current allocation is 49.9K and anticipated expenditures in 65K. FMB utility budget is not increased. We project auxiliary services branch will run out of funds to pay for the utility bills by April 2016.

Goal 4 Strategic Investment

School EDN700

Preschool Administrators

(2) Program Managers, (1) Operations Fiscal Manager, and (1) Data Analyst to staff the Executive Office on Early Learning.

These are new positions requested for EDEL to function as an autonomous agency without unduly burdening DOE. (Effective July 1, 2015 the Executive Office on Early Learning will be administratively attached to the Department of Education.)

Goal 5 Strategic Investment

School EDN200

School Improvement Proccess

(2) permanent positions, and $127,000 in each year of the biennium to support coordinated improvement processes for all schools, including accreditation and school transformation.

All of Hawaii’s schools are part of a continuous improvement effort that includes accreditation. In fact, the BOE/DOE State Strategic Plan sets the expectation that all schools will be accredited by SY2017-18. The requested positions will work with the accreditation commission. CASA is a school’s ability to align and coordinate the accreditation process with other school improvement efforts under federal Title I and in the State Innovative Performance System, as well as provide coordination, technical assistance, and training to school leaders and staff as they participate in the multi-year accreditation process.

As schools build capacity around school improvement, fewer schools will require high-intensity support from complex areas and schools.

Goal 6 Strategic Investment

All Levels EDN300

Strategic Innovation, and Performance Operations

(2) positions and $1,002,000 for each year of the biennium to support improved functionality and coordination between data governance, assessment and accountability, and planning and evaluation functions. This is accomplished via the recently approved reorganization that combines the functions and staff of the Data Governance Office (DGO), Student Assessment Office (SAO), and the Office of Strategic Reform (OSR) into one organizational structure.

The approved reorganization resulted in the creation of the Office of Strategy, Innovation, and Performance. (OSIP). OSIP seeks to:

1. Ensure sound data quality, manage the longitudinal data system used by all schools, and maintain privacy of student and employee information per federal requirements.
2. Support strategic planning, performance management, and technical assistance across the state office and to the field.
3. Implement the Strive HI Performance System and the state assessment portfolio.
4. Incubate and develop strategies to scale innovative projects such as community engagement and technology integration. This coupling of DGQ, SAO, and OSR functions and staff under one office supports the Department’s efforts to have a stronger focus on data analysis and reporting, planning, and policy implementation.

The position and funding request is to ensure that the organizational structure approved in the reorganized office is sustained.

Goal 1 Strategic Investment

School EDN700

Preschool Administrators

(2) Pre-School Teachers, (2) Educational Assistant Th, (1) Educational Specialist I, and (3) State Office Teachers.

Establishes position counts for the DOE-EDEL Prekindergarten Program. (Effective July 1, 2015 the Executive Office on Early Learning will be administratively attached to the Department of Education.)

Goal 2 Basic Operations

All Levels EDN300

New FTE using existing funds

(1) U-HI State Office-Toher and (1) U-Ma State Office-Toher from Temp to Perm.

Staff turn over could be reduced and replacement for vacancies will be easier as a larger pool of qualified applicants apply for the Office of Information Technology Services.

6 of 7
<table>
<thead>
<tr>
<th>Strategic Plan Goal</th>
<th>Category</th>
<th>EDN</th>
<th>Request Title</th>
<th>Description</th>
<th>Justification of Request</th>
<th>Perm</th>
<th>Temp</th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 3 Basic Operations</td>
<td>All Levels</td>
<td>EDN300</td>
<td>New FTE using existing funds</td>
<td>(1) Data Processing Systems Analyst IV</td>
<td>In order to reflect the location of the position under the CIT reorganization and to ensure that salary for the position are provided to the branch the position falls under a transfer of funds was done from 33880 to 33821. These funds are to support the salary for the DPSA position.</td>
<td>1,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Goal 1 Strategic Investment</td>
<td>All Levels</td>
<td>EDN200</td>
<td>New FTE using existing funds</td>
<td>(1) Temp Educational Spec II</td>
<td>To provide sufficient coverage for family support and parent involvement as part of the continuous school improvement process</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Goal 3 Basic Operations</td>
<td>All Levels</td>
<td>EDN300</td>
<td>New FTE using existing funds</td>
<td>(2) Data Processing User Support Technicians II, (1) Info Tech Spec I, and (1) Info Tech Spec II conversion from Temp to Perm.</td>
<td>This solution provides stability for the positions in filling current and future vacancies and in retaining current employees in the Office of Information Technology Services.</td>
<td>4,600</td>
<td>(1,000)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Goal 3 Basic Operations</td>
<td>School</td>
<td>EDN100</td>
<td>Program Adjustments</td>
<td>School Custodian (2299)</td>
<td>Request to delete the fraction of a position FTE for housekeeping purposes. Pos #96000E</td>
<td>(0.100)</td>
<td>(3,669)</td>
<td>(3,817)</td>
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<td>Goal 3 Basic Operations</td>
<td>School</td>
<td>EDN150</td>
<td>Program Adjustments</td>
<td>Educational Assistant 10-Mo (2321)</td>
<td>Request to delete the fraction of a position FTE for housekeeping purposes. Pos #99003E</td>
<td>(0.125)</td>
<td>(3,397)</td>
<td>(3,522)</td>
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<td>102,775</td>
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<td>73,811,270</td>
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## Fiscal Biennium 2015-17 Appropriation Ceiling Adjustment - Non-General Funds

### Department of Education

#### ATTACHMENT D

<table>
<thead>
<tr>
<th>EDN</th>
<th>PROGRAM DESCRIPTION</th>
<th>JUSTIFICATION OF REQUEST</th>
<th>FY 2014-15</th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
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<td>MDF</td>
<td>Ceiling Adj</td>
<td>Request Total</td>
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<tr>
<td>EDN100</td>
<td>IMPACT AID - WEIGHTED STUDENT FORMULA</td>
<td>The request is to reduce the federal fund ceiling to appropriately reflect anticipated revenues and expenditure levels.</td>
<td>N</td>
<td>10,000,000</td>
<td>-</td>
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<tr>
<td>EDN100</td>
<td>NCLB TITLE I LEA GRANT-SCHOOLS</td>
<td>The request to increase the non-general fund ceiling to $55 million (increase of $9.3 million) is to more appropriately reflect the anticipated revenues/expenditures for the NCLB Title I LEA Grant-Schools. In FY 2014-15, the Hawaii Department of Education was awarded $533,162,694 from the federal government; we anticipate receiving a higher amount in FY 2015-16 and FY 2016-17 based on the increase in poverty rates from the U.S. Census Bureau.</td>
<td>N</td>
<td>45,700,000</td>
<td>9,300,000</td>
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<tr>
<td>EDN100</td>
<td>NCLB TITLE III LANGUAGE INSTRUCTION</td>
<td>The request to increase the federal fund ceiling by $531,226 to appropriately reflect anticipated federal fund grant receipts and expenditures.</td>
<td>N</td>
<td>3,093,714</td>
<td>406,286</td>
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<tr>
<td>EDN100</td>
<td>IMPACT AID - REGULAR INSTRUCTION</td>
<td>The request to increase the federal fund ceiling by $531,226 to appropriately reflect anticipated expenditure level.</td>
<td>N</td>
<td>40,000,000</td>
<td>531,226</td>
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<tr>
<td>EDN100</td>
<td>DOD-HOLDING</td>
<td>The request is to reduce the discretionary federal fund ceiling by $6,000,000 to appropriately reflect anticipated revenues and expenditure levels.</td>
<td>P</td>
<td>10,000,000</td>
<td>(6,000,000)</td>
</tr>
<tr>
<td>EDN100</td>
<td>WORKERS COMPENSATION-NON GENERAL FUND</td>
<td>Request to convert from P to U funds to reflect the appropriate means of financing for funds transferred-in from the Department of Labor and Industrial Relations (DLIR).</td>
<td>P</td>
<td>1,000,000</td>
<td>(1,000,000)</td>
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<tr>
<td>EDN100</td>
<td>UNEMPLOYMENT INSURANCE-NON GENERAL FUND</td>
<td>Request to convert from P to U funds to reflect the appropriate means of financing for funds transferred-in from DLIR.</td>
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<td>2,500,000</td>
<td>(2,500,000)</td>
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<td>EDN100</td>
<td>DONATIONS &amp; GIFTS TRUST FUND</td>
<td>The request is to reduce the trust fund ceiling by $2.2 million to appropriately reflect anticipated expenditure levels.</td>
<td>T</td>
<td>7,200,000</td>
<td>(2,200,000)</td>
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<tr>
<td>EDN100</td>
<td>FOUNDATION &amp; OTHER GRANTS</td>
<td>The request is to reduce the trust fund ceiling by $5 million to appropriately reflect anticipated expenditure levels.</td>
<td>T</td>
<td>10,000,000</td>
<td>(5,000,000)</td>
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<tr>
<td>EDN100</td>
<td>ADU LIKE TRUST FUND</td>
<td>The request to increase the trust fund ceiling by $50,000 to appropriately reflect anticipated expenditure level.</td>
<td>T</td>
<td>230,000</td>
<td>50,000</td>
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<tr>
<td>EDN100</td>
<td>ATHLETICS TRUST FUND</td>
<td>The request to increase the trust fund ceiling by $500,000 to appropriately reflect anticipated expenditure level.</td>
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<td>500,000</td>
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<tr>
<td>EDN100</td>
<td>WORKERS COMPENSATION-NON GENERAL FUND</td>
<td>Request to convert from P to U funds to reflect the appropriate means of financing for funds transferred-in from the Department of Labor and Industrial Relations (DLIR).</td>
<td>U</td>
<td>-</td>
<td>1,000,000</td>
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<tr>
<td>EDN100</td>
<td>UNEMPLOYMENT INSURANCE-NON GENERAL FUND</td>
<td>Request to convert from P to U funds to reflect the appropriate means of financing for funds transferred-in from DLIR.</td>
<td>U</td>
<td>-</td>
<td>2,500,000</td>
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<tr>
<td>EDN100</td>
<td>Total</td>
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<td>U</td>
<td>3,500,000</td>
<td>(12,412,488)</td>
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<tr>
<td>EDN110</td>
<td>TITILE VI SPECIAL EDUCATION (IDEA)</td>
<td>Combine Education of the Disabled fund federal fund ceiling ($92,500) with Title VI (IDEA) federal funds.</td>
<td>N</td>
<td>43,174,366</td>
<td>97,500</td>
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<tr>
<td>EDN110</td>
<td>IMPACT AID - SPECIAL EDUCATION</td>
<td>The request to decrease the federal fund ceiling by $531,226 to appropriately reflect anticipated expenditure level.</td>
<td>N</td>
<td>5,190,351</td>
<td>(531,276)</td>
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| N Total  | 237,512                                  | 237,512                                   | 4,659,125   | 4,659,125   |

October 21, 2014
### Fiscal Biennium 2015-17 Appropriation Ceiling Adjustment - Non-General Funds

#### Department of Education

**Program Description**
- EDN150 EDUCATION OF THE DISABLED - ADMIN
- EDN200 NAEP-STATE COORDINATOR
- EDN400 COMMUNITY USE OF SCHOOL FACILITIES
- EDN400 USDA STATE ADMINISTRATION EXPENSES
- EDN400 FOOD SERVICES-FEDERAL FUNDS
- EDN400 ACT108/02 SCHOOL BUS FARE REVOLVING FUND
- EDN500 A+ SUBSIDY - DHS

### Justification of Request

#### EDN150 Total
- Convert from P to N funds; Combine with Title VI (IDEA) federal funds

#### EDN200 Total
- The request to increase the discretionary federal fund ceiling by $41,000 is to appropriately reflect the anticipated expenditure levels due to collective bargaining increases in salary.

#### EDN400 Total
- The request is to increase the special fund ceiling to appropriately reflect anticipated revenues and expenditure levels.

#### EDN400 USDA STATE ADMINISTRATION EXPENSES
- This request is to increase the federal fund ceiling to appropriately reflect anticipated revenues and expenditure levels.

#### EDN400 FOOD SERVICES-FEDERAL FUNDS
- The request to increase the federal fund ceiling by $6 million is to appropriately reflect the anticipated federal fund receipts and expenditure levels.

#### EDN400 ACT108/02 SCHOOL BUS FARE REVOLVING FUND
- The request to increase in the revolving fund ceiling by $1 million in FY 16 is to reflect a one-time increase in anticipated expenditures in FY 16.

#### EDN500 A+ SUBSIDY - DHS
- The request to eliminate this fund as the A+ Subsidy payment is deposited into the After School Plus Program Revolving Fund.

### Means of Financing (MOF)

<table>
<thead>
<tr>
<th>MOF</th>
<th>FY 2014-15 Appropriation Ceiling Adj</th>
<th>Request Total Ceiling Adj</th>
<th>FY 2015-16 Ceiling Adj</th>
<th>Request Total Ceiling Adj</th>
<th>FY 2016-17 Ceiling Adj</th>
<th>Request Total Ceiling Adj</th>
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<tbody>
<tr>
<td>P</td>
<td>92,500</td>
<td>(92,500)</td>
<td>(92,500)</td>
<td>(92,500)</td>
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<td>(92,500)</td>
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<td>228,000</td>
<td>41,000</td>
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<tr>
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<td>1,800,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
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<td>B Total</td>
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<td>2,000,000</td>
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<td>6,000,000</td>
<td>6,000,000</td>
<td>3,000,000</td>
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<td>W Total</td>
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<td></td>
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<tr>
<td>N</td>
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<tr>
<td>U</td>
<td>6,300,000</td>
<td>(6,300,000)</td>
<td>(6,300,000)</td>
<td>(6,300,000)</td>
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<tr>
<td>U Total</td>
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<td>U Total</td>
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<tr>
<td>W</td>
<td>3,000,000</td>
<td>-</td>
<td>-</td>
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<td>(9,358,403)</td>
<td>(12,358,403)</td>
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### Total by Means of Financing

- B: 200,000
- N: 6,443,097
- P: (9,551,500)
- T: (6,650,000)
- U: (2,800,000)
- W: 3,000,000

**TOTAL**: (9,358,403) - (12,358,403)

October 21, 2014
<table>
<thead>
<tr>
<th>EDN</th>
<th>DESCRIPTION</th>
<th>FY 2014-15</th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
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<tr>
<td></td>
<td>Appropriation (A)</td>
<td>Adjustments (B)</td>
<td>Beginning Base (C=A+B)</td>
<td>New Budget Requests (D)</td>
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<td>A</td>
<td>School Based Budgeting</td>
<td>812,888,595</td>
<td>60,860,761</td>
<td>873,749,356</td>
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<td>B</td>
<td>Special Education and Student Support Services</td>
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<td>7,483,435</td>
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<tr>
<td>P</td>
<td>Instructional Support</td>
<td>17,034,000</td>
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<tr>
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<td>School Community Services</td>
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<td>U</td>
<td>Early Learning</td>
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<td>9,382</td>
<td>3,994,987</td>
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<tr>
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<td>65,684,420</td>
<td>1,058,605,772</td>
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<td>Instructional Support</td>
<td>17,034,000</td>
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<td>School Community Services</td>
<td>20,290,000</td>
<td>98,394</td>
<td>20,388,394</td>
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<td>3,905,605</td>
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<td>3,994,987</td>
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<td>65,684,420</td>
<td>1,058,605,772</td>
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**Grand Total:** 1,776,768,902

*1 October 21, 2014*