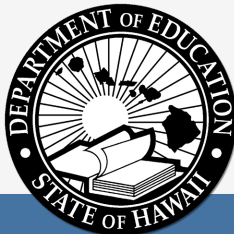


# **Discussion/Committee action on the Department of Education's Supplemental Operating Request for Fiscal Year 2014-15**

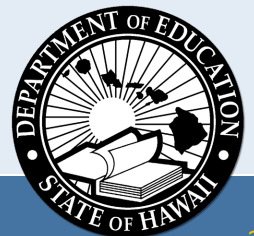
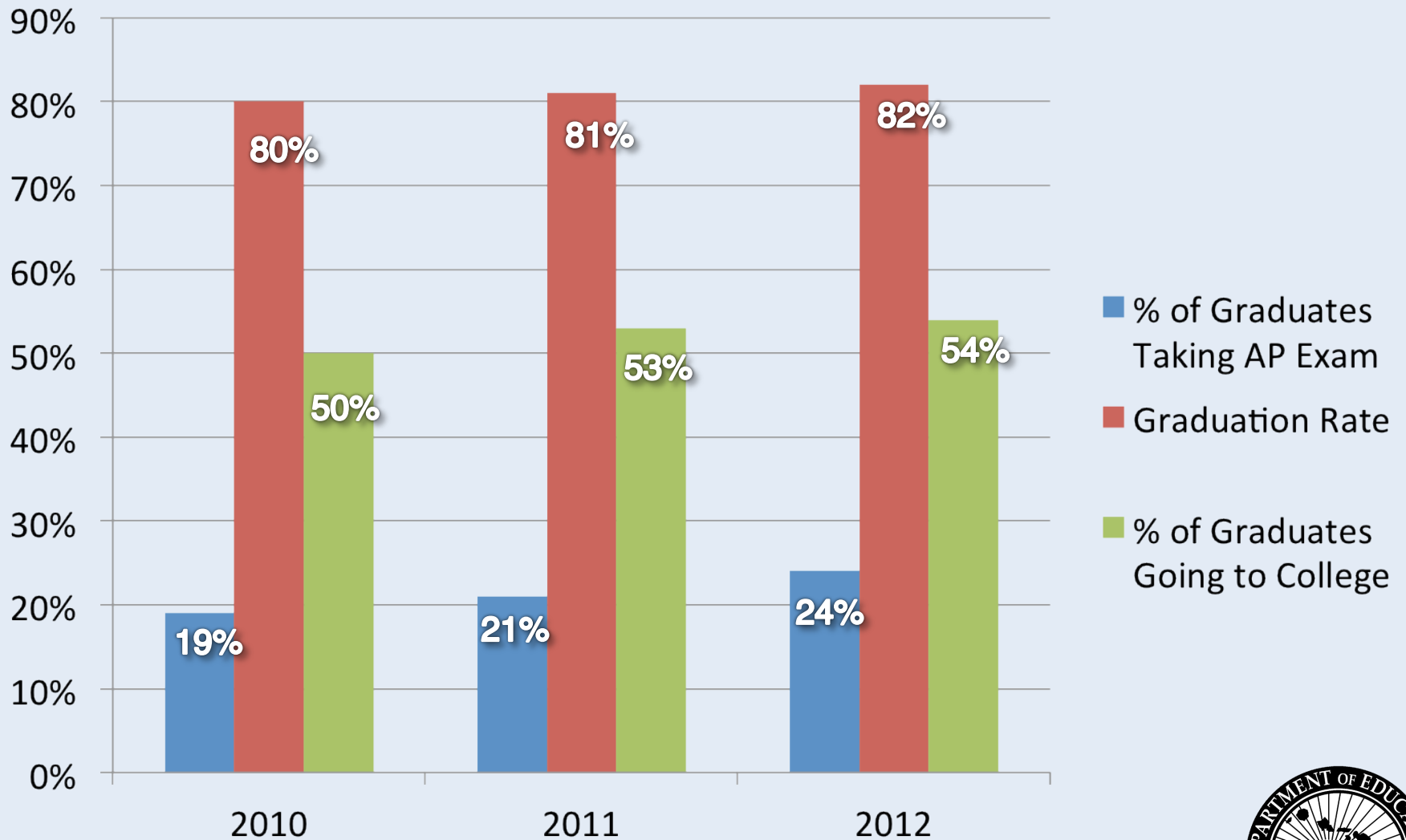
BOE – General Business Meeting Decision  
October 15, 2013



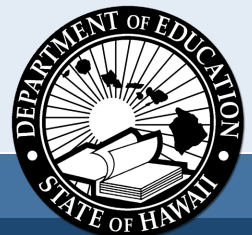
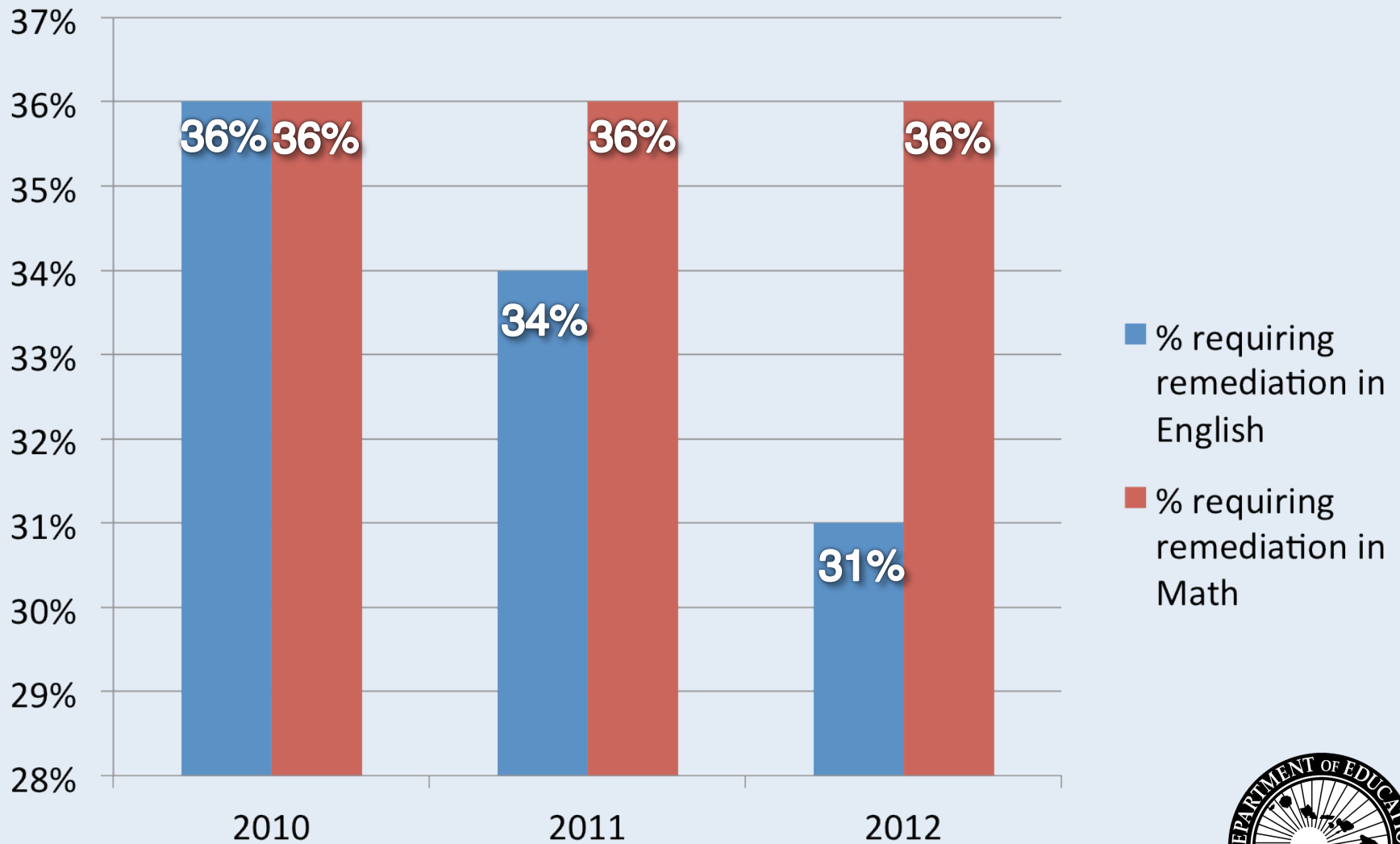
# The Strategic Plan Goals



# STUDENTS ARE MORE COLLEGE & CAREER READY

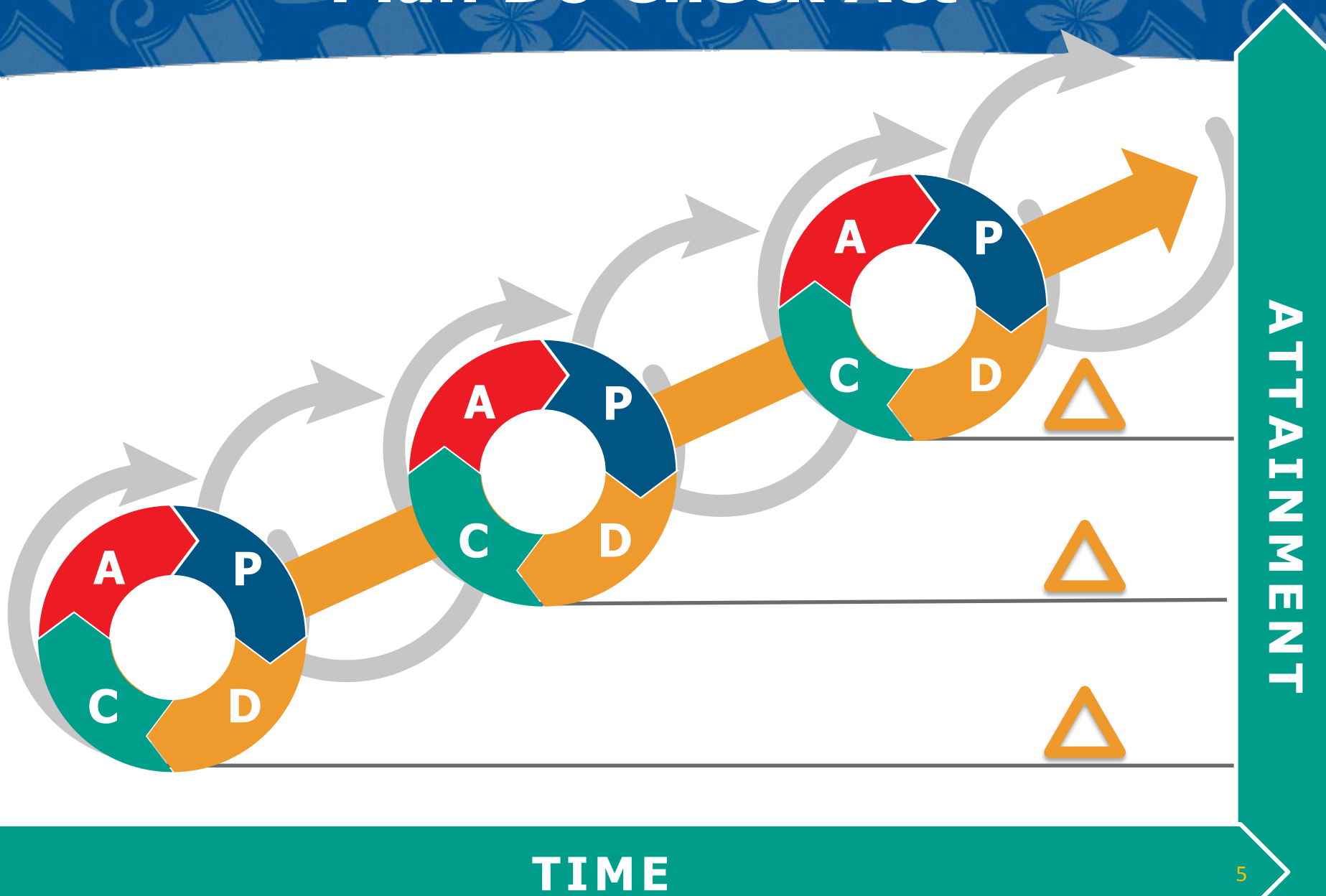


# STUDENTS ARE MORE COLLEGE & CAREER READY



# Plan Do Check Act

College and  
Career-Ready



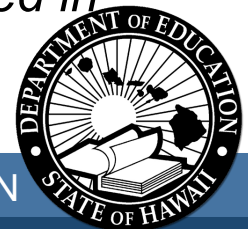
# State Budget Periods

- **Biennium Budget: FB 2013-2015**

- Includes FY 2013-2014 and FY2014-2015
  - §37-71 The budget. (a) Not fewer than thirty days before the legislature convenes in every odd-numbered year, the governor shall submit to the legislature and to each member thereof a budget that shall contain the program and budget recommendations of the governor for the succeeding two fiscal years.

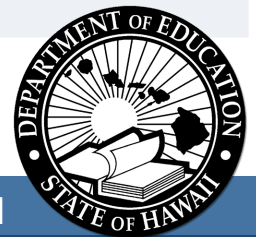
- **Supplemental Budget: FY 2014-2015**

- Amends the second year of the biennium budget
  - §37-72 Supplemental budget. (a) Not fewer than thirty days before the legislature convenes in regular session in an even-numbered year, the governor may submit to the legislature a supplemental budget to amend any appropriation for the current fiscal biennium. The supplemental budget shall reflect the changes being proposed in the State's program and financial plan and shall be submitted as applicable, in the manner provided in section 37-71.



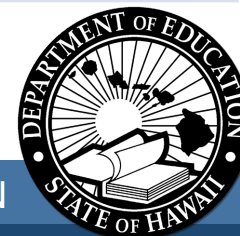
## FY2014-15 Supplemental Budget Development Process

July / August 2013	Operating Budget Development (Internal) Assistant Superintendent assess budget with Directors and Program Managers
August / September 2013	Budget Development (Inter-Office) Assistant Superintendent and Superintendent review requests from Offices
September 23, 2013	Finance Memorandum 13-08: Budget Preparation Instructions issued by Department of Budget and Finance
Early October 2013	Department Supplemental Operating Request finalized & transmitted to Board
October 15, 2013	Deadline - Board of Education Finance Infrastructure Committee and Full Board review and approve a Supplemental Budget Request
October 16, 2013	Deadline - Board's Supplemental Budget Request to Department of Budget and Finance per Finance Memorandum 13-08



## FY2014-15 Supplemental Budget Development Process (continued)

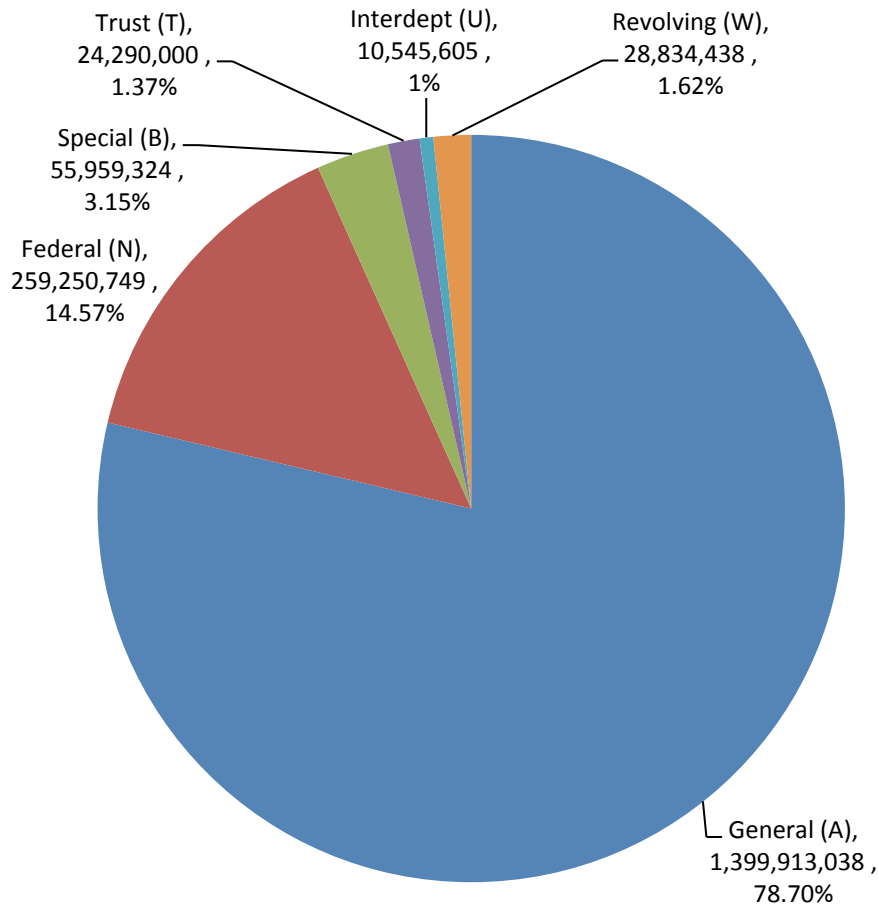
December 6, 2013	Deadline - Governor's Final Executive Supplemental Decisions per Finance Memorandum 13-08 (note: Governor may amend any of Board's Request)
December 16, 2013	Deadline - Governor's Supplemental Budget Request to be transmitted to Legislature (30 days prior to session)
Late-December 2013 / early-January 2014	Legislative Review of FY2014-15 Supplemental Budget formally initiated with Fiscal and Education Committee Budget Briefings
Mid-March 2014	Deadline – Passage of House (FIN) Draft of the Supplemental Budget
Early-April 2014	Deadline – Passage of Senate (WAM) Draft of the Supplemental Budget
Late-April 2014	Deadline – Passage Conference Draft of the Supplemental Budget
July 1, 2014	Start of FY2014-15



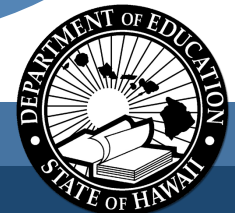
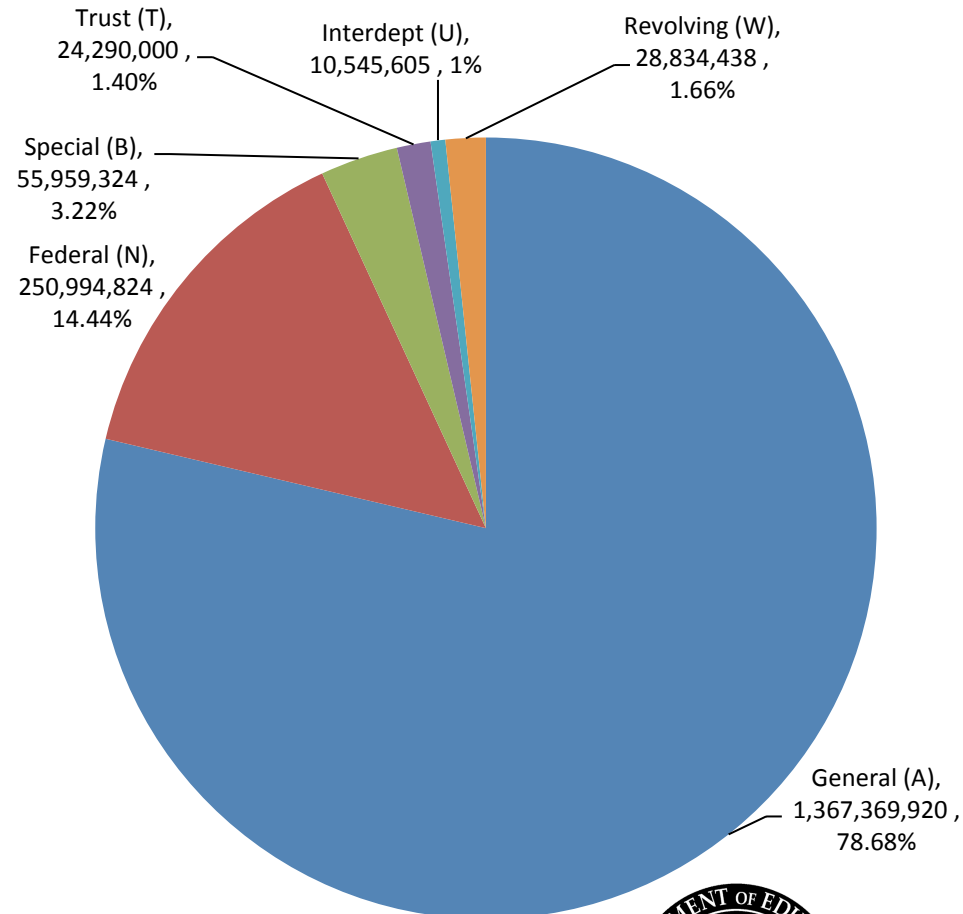


# Act 134, Session Laws of Hawaii (SLH)

**FY2013-14 Appn (EDN100-500)**  
**(\$1,778,793,154)**



**FY2014-15 Appn (EDN100-500)**  
**(\$1,737,994,111)**



# History of Executive Budget Bill

## General Fund Appropriations for Public Schools

<u>Prog ID</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10 *</u>	<u>FY11 **</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14 ***</u>	<u>FY15</u>
EDN 100	774,244,048	772,086,697	753,950,947	705,214,266	778,080,508	772,510,601	817,507,508	794,398,920
EDN 150	361,156,533	355,373,685	368,188,673	306,635,452	321,550,609	313,456,272	321,843,969	321,843,969
EDN 200	34,454,113	33,297,750	29,037,169	21,956,188	45,035,424	43,767,584	45,120,095	44,132,348
EDN 300	50,381,509	55,557,715	51,432,190	42,924,189	42,831,552	41,945,114	42,276,161	42,276,161
EDN 400	170,290,488	169,455,447	184,814,106	171,841,402	173,036,458	173,929,086	170,665,305	162,218,522
EDN 500	11,035,725	8,792,776	8,674,528	4,861,955	5,032,126	2,500,000	2,500,000	2,500,000
ALL DOE EDNs	<b>1,401,562,416</b>	<b>1,394,564,070</b>	<b>1,396,097,613</b>	<b>1,253,433,452</b>	<b>1,365,566,677</b>	<b>1,348,108,657</b>	<b>1,399,913,038</b>	<b>1,367,369,920</b>

\* The Department's FY10 appropriation was restricted by the former Administration by \$127.7 million.

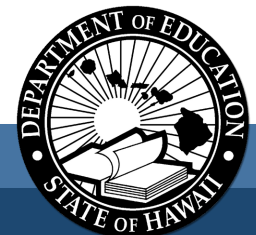
\*\* FY10 & FY11 decrease was partially offset with federal ARRA funds and some of the general funds cut in anticipation of increased federal support were restored in FY12

\*\*\* FY14 saw \$37.7 million in labor savings restored with employee pay being returned to the levels from FY09

Source: Annual Executive Budget Bill Passed by State Legislature

HAWAII STATE DEPARTMENT OF EDUCATION

HawaiiPublicSchools.org

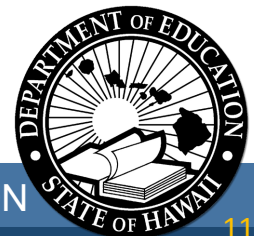


# Department of Budget and Finance (B&F)

## Budget Preparation Instructions (Economic Outlook)

September 23, 2013 Finance Director Kalbert Young issues Finance Memorandum 13-08: Supplemental Budget Policies and Guidelines

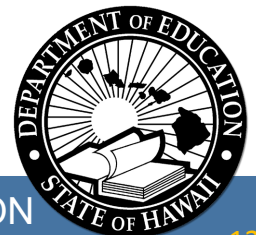
- Fiscal backdrop:
  - State's financial footing has substantially improved
  - preliminary FY13 general fund balance reached a "healthy and historically unprecedented \$844 million"
  - The Administration is "optimistic but reserved about State's economic situation due to concerns regarding future growth of the local economy"



# Department of Budget and Finance (B&F)

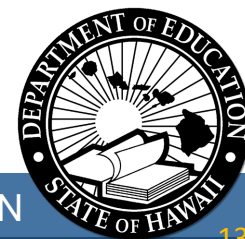
## Supplemental Budget Preparation Instructions (F.M. 13-08)

- The Administration is committed to bring a New Day in Hawaii by “investing in the education, skills and well-being of Hawaii’s people.”
- Requests for general funds may be proposed to meet the following:
  - a) Increases in fixed costs and entitlements
  - b) Public health and safety or court orders or federal mandates
  - c) Restoration of legislative program or position reductions necessary for the viability of current programs
  - d) Continuation of program currently funded by specific appropriations
  - e) New Day Initiatives
  - f) Impact of federal sequestration



## DOE's State Budget Program IDs

EDN 100	School Based Budgeting	To assure all student receive instruction consistent with the standards so they may achieve those standards and develop to their fullest potentials in alignment with the General Learner Outcomes.
EDN 150	Special Education and Student Support Services	To ensure that student learning takes place within an educational, social, and emotional context that supports each student's success in achieving the standards.
EDN 200	Instructional Support	To support the instructional program by providing assistance to schools and complexes in implementing standards; developing, training, monitoring new and existing curricula and instructional strategies that support student attainment of the standards; testing; and reporting on student, school and system accountability in a responsive and expedient manner.
EDN 300	State Administration	To facilitate the operations of the public school system by providing leadership, management, planning, fiscal, logistical, technological, personnel, and other supporting services.
EDN 400	School Support	To facilitate the operations of the Department by providing school food services, services and supplies related to construction, operation, and maintenance of grounds and facilities, and student transportation services.
EDN 500	School Community Services	To provide lifelong learning opportunities for adults and to meet other community needs of the general public.



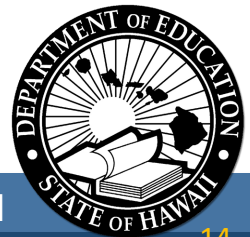
# Board Supplemental Requests

## **EDN 100 – School Based Budgeting**

1. \$20 million for Weighted Student Formula
2. \$554,379 for Advanced Placement Incentives
3. \$265,000 for WASC Accreditation (school expenses)
4. \$120,545 for the High Core Alternative Learning Center
5. \$60,000 for ESEA Flexibility reporting system

## **EDN150 – Special Education & Student Support Services**

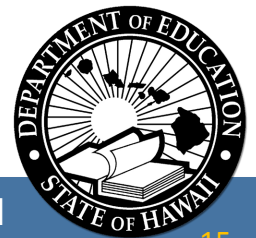
1. \$1 (placeholder) for Special Education Services for students to age 22



# Board Supplemental Requests (continued)

## **EDN 200 – Instructional Support**

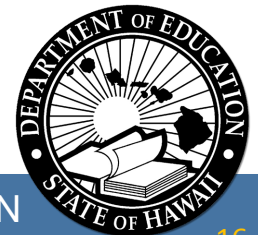
1. \$3,091,568 for ESEA Flexibility Waiver system of support
2. \$1,267,700 for Educator Effectiveness System
3. \$592,000 for Sabbatical Leave for Teachers
4. \$250,000 for Formative Instruction
5. \$217,086 for WASC Accreditation – Administration



# Board Supplemental Requests (continued)

## **EDN300 – State Administration**

1. \$870,000 for Alternative Teacher Route
2. \$599,208 for Professional Development Management System
3. \$431,037 for Communications Office
4. \$403,000 for eHR System
5. \$256,000 for Teacher Mentor Program
6. \$100,503 for Human Resources Executive Assistant
7. \$100,435 for Board Office
8. \$130,360 for Civil Rights Compliance
9. \$36,000 for Superintendent's Office
10. \$266,112 for Internal Audit
11. -1.0 position (permanent) count for Human Resource
12. +15.0 positions (permanent) for the Office of Information Technology Services

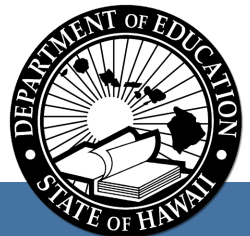




# Board Supplemental Requests (continued)

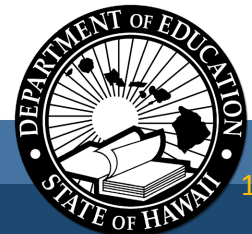
## **EDN 400 – School Support**

1. \$10,600,000 for Utilities



# Board of Education Supplemental Request Summary

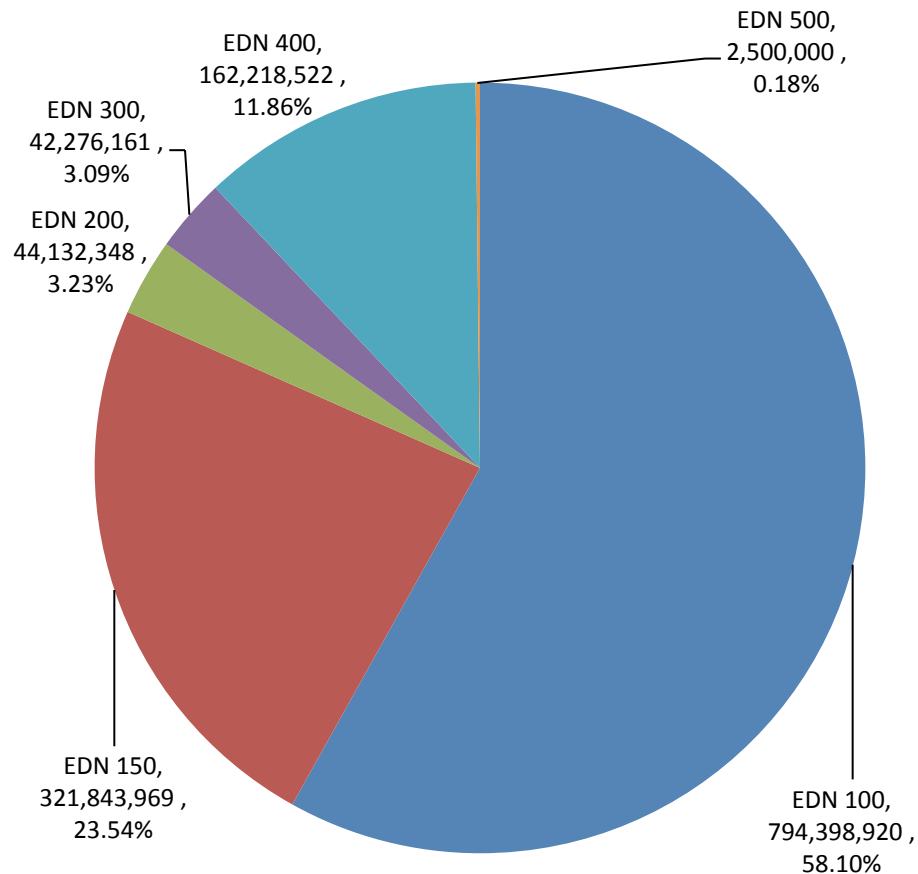
EDN	(1) FY 13-14 (Act 134, SLH 2013)	(2) FY 14-15 (Act 134, SLH 2013)	(3) FY 14-15 BOE Supplemental Budget Request	(4) FY 14-15 BOE Supplemental Budget Total	(4-1) / (1) % Change FY13-14 (Act 134) to FY14-15 Supplemental Budget Total
EDN100	817,507,508	794,398,920	20,999,924	815,398,844	-0.26%
EDN150	321,843,969	321,843,969	1	321,843,970	0.00%
EDN200	45,120,095	44,132,348	5,418,354	49,550,702	9.82%
EDN300	42,276,161	42,276,161	3,192,655	45,468,816	7.55%
EDN400	170,665,305	162,218,522	10,600,000	172,818,522	1.26%
EDN500	2,500,000	2,500,000	-	2,500,000	0.00%
Total	1,399,913,038	1,367,369,920	40,210,934	1,407,580,854	0.55%



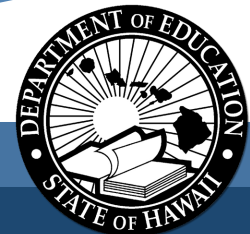
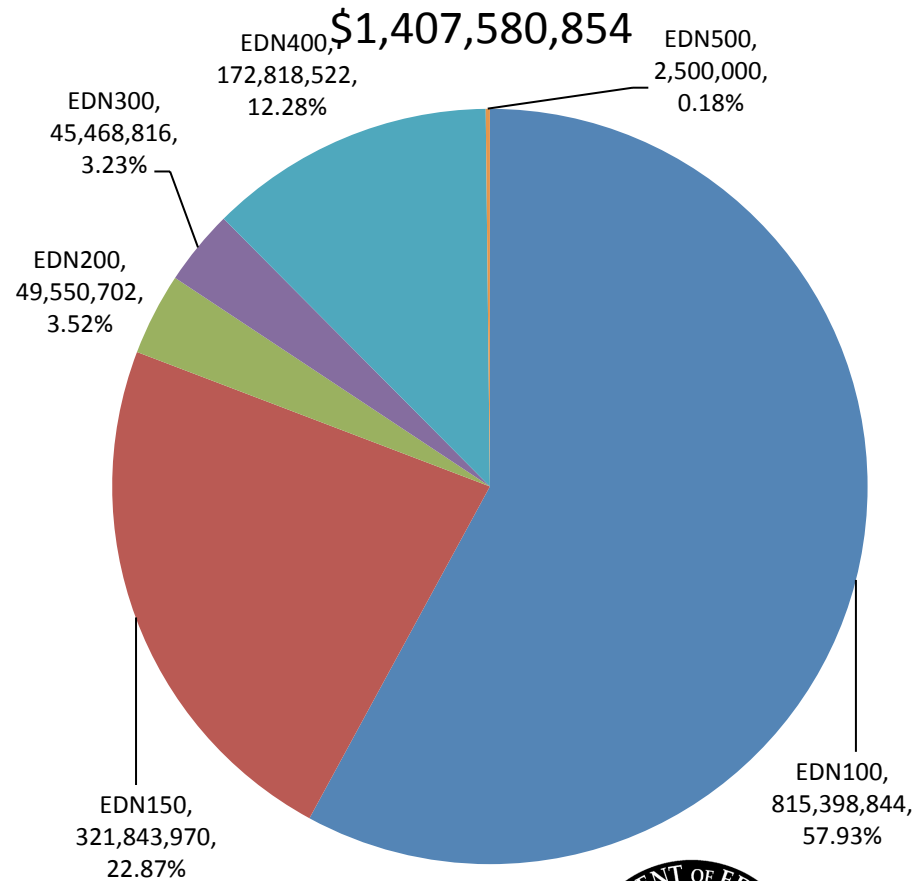
# FY2014-15 General Funds

## Current Appropriation & Supplemental Request

FY2014-15, Act 134, SLH 2013  
\$1,367,369,920

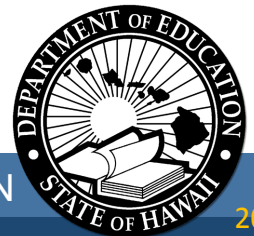


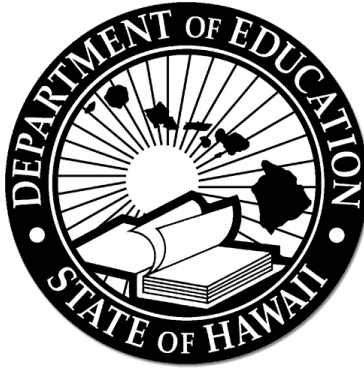
FY2014-15, BOE Supplemental  
Request  
\$1,407,580,854



# Outstanding Areas of Risk

- **Federal Budget**
  - Will Congress come up with an alternative to the across the board sequestration cuts imposed on programs in FFY13?
  - Will Congress be able to pass a FFY14 budget with sufficient time to help inform planning for state FY2014-15?
  - Will the State be in a position to and willing to provide additional financial assistance given the cut back and unreliability of federal support?
- **Utilities**
  - Will the Hawaiian Electric Companies infrastructure be able to accommodate the potential photovoltaic (PV) energy production capacity from schools?
- **Student Transportation**
  - Will adjustments being implemented result in savings that can offset inflationary pressures so that further route reductions are not necessary?
- **Special Education**
  - How many additional eligible students will opt to continue to receive educational services to age 22?
- **Enrollment**
  - As always there is potential risk that in-migration particularly related to the military may be higher than estimated as well as out-migration may be lower, and vice versa.

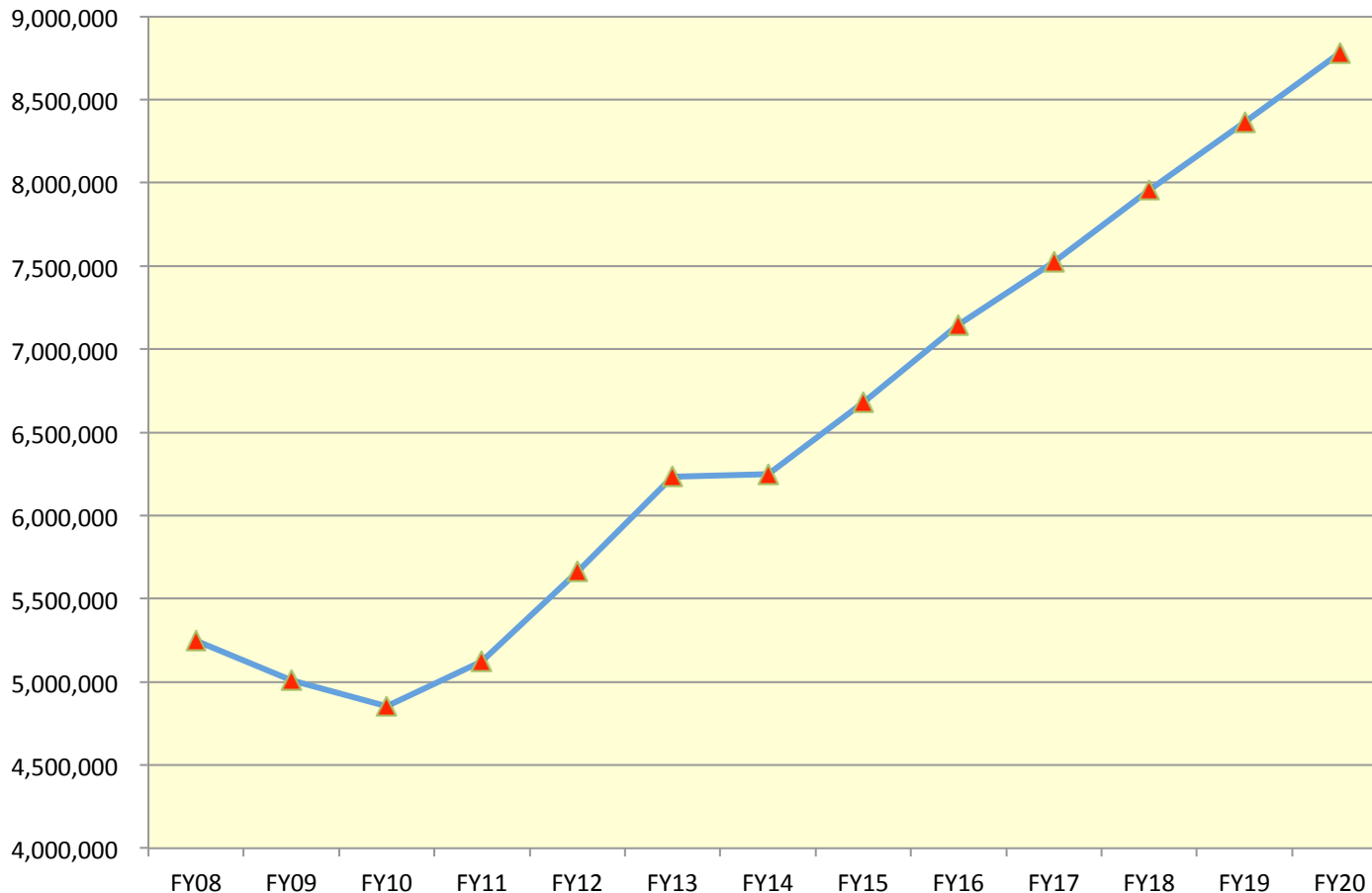




# Any questions?

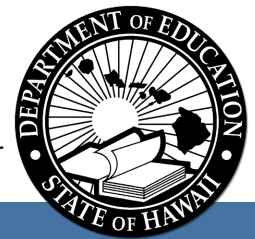
# General Fund: Tax and Non-Tax Revenue Collections

FY08-FY13 Actuals & FY14-20 Council on Revenues Projection (9/5/13)



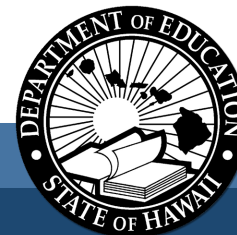
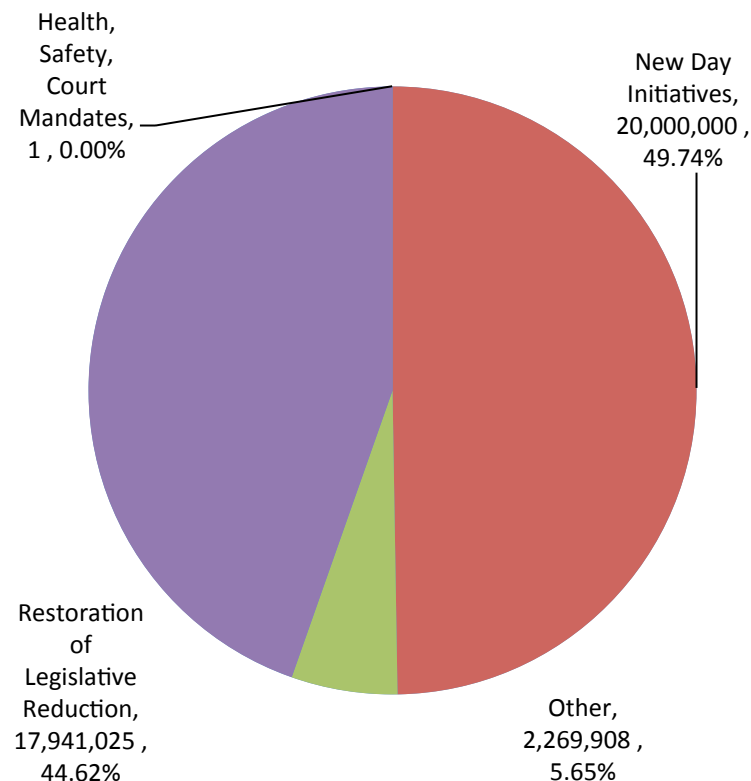
In thousands

Source: Council on Revenues Chair Kawafuchi's Sept. 10, 2013 report to the Governor



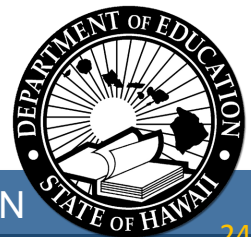
# FY2014-15 General Funds Supplemental Request By Department of Budget and Finance Categories

EDN	Program Description	Perm	Temp	Total Sum of FY 2015	B&F Request Category
EDN100	ALTERNATIVE PROGRAMS			120,545	Restoration of Legislative Reductions
EDN100	ADVANCED PLACEMENT INCENTIVE PROGRAM		-	554,379	Restoration of Legislative Reductions
EDN100	WASC ACCREDITATION	(2.00)		265,000	Restoration of Legislative Reductions
EDN100	HCPS-SCHOOL ACCOUNTABILITY		-	60,000	Restoration of Legislative Reductions
EDN200	INSTRUCTIONAL SERVICES BRANCH			250,000	Restoration of Legislative Reductions
EDN200	WASC ACCREDITATION - ADMINISTRATION	2.00	-	217,086	Restoration of Legislative Reductions
EDN200	ESEA FLEX	-	22.00	3,091,568	Restoration of Legislative Reductions
EDN200	SABBATICAL LEAVE-TEACHERS			592,000	Restoration of Legislative Reductions
EDN300	BOARD OF EDUCATION SUPPORT OFFICE			100,435	Restoration of Legislative Reductions
EDN300	SUPERINTENDENT'S OFFICE			36,000	Restoration of Legislative Reductions
EDN300	COMMUNICATIONS & COMMUNITY AFFAIRS OFC	-	-	431,037	Restoration of Legislative Reductions
EDN300	INTERNAL AUDIT		-	266,112	Restoration of Legislative Reductions
EDN300	CIVIL RIGHTS COMPLIANCE	-	2.00	130,360	Restoration of Legislative Reductions
EDN300	TEACHER MENTOR PROGRAM			256,000	Restoration of Legislative Reductions
EDN300	PERSONNEL DEVELOPMENT BRANCH			870,000	Restoration of Legislative Reductions
EDN300	OFFICE OF HUMAN RESOURCES		-	100,503	Restoration of Legislative Reductions
EDN300	OFFICE OF HUMAN RESOURCES	(1.00)	-	-	Restoration of Legislative Reductions
EDN300	INFORMATION TECHNOLOGY PROJECT MGMT	1.00		-	Restoration of Legislative Reductions
EDN300	NETWORK SUPPORT SERVICES	4.00		-	Restoration of Legislative Reductions
EDN300	INFORMATION SYSTEMS SERVICES	2.00		-	Restoration of Legislative Reductions
EDN300	SCHOOL TECHNOLOGY SERVICES & SUPPORT	9.00		-	Restoration of Legislative Reductions
EDN400	UTILITIES			10,600,000	Restoration of Legislative Reductions
		<b>15.00</b>	<b>24.00</b>	<b>17,941,025</b>	<b>Restoration of Legislative Reductions Total</b>
EDN200	EDUCATOR EVALUATION SYSTEM			1,267,700	Other
EDN300	PERSONNEL DEVELOPMENT BRANCH			403,000	Other
EDN300	PERSONNEL DEVELOPMENT BRANCH			599,208	Other
				<b>2,269,908</b>	<b>Other Total</b>
EDN150	SPECIAL EDUCATION IN REGULAR SCHOOLS			1	Health, Safety, Court Mandates
		-	-	<b>1</b>	<b>Health, Safety, Court Mandates Total</b>
EDN100	WEIGHTED STUDENT FORMULA	-	-	20,000,000	New Day Initiatives
		-	-	<b>20,000,000</b>	<b>New Day Initiatives Total</b>
		<b>15.00</b>	<b>24.00</b>	<b>40,210,934</b>	<b>Grand Total</b>



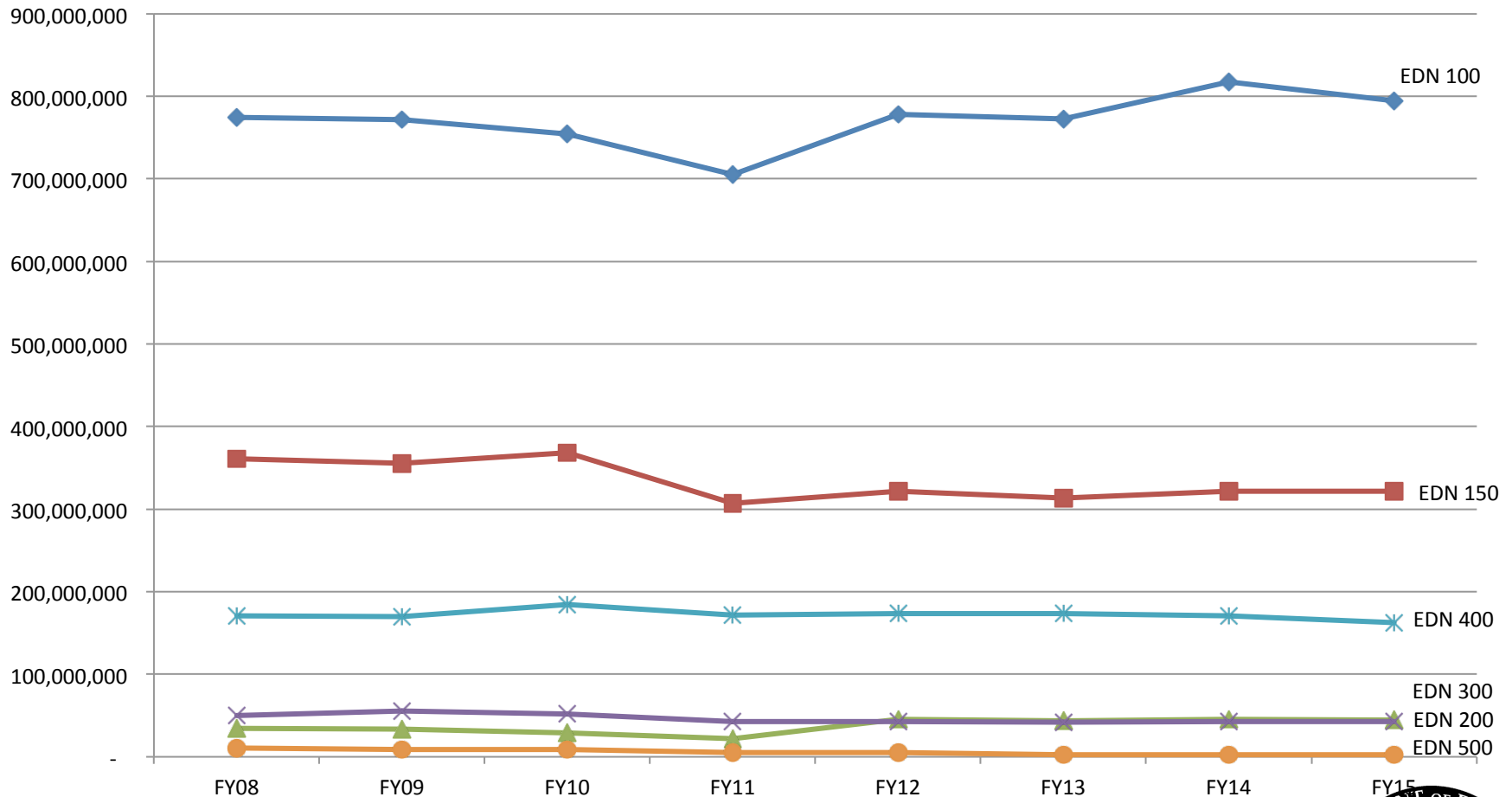
# State General Fund Revenue Projection

- The **Council on Revenues**, established under section 37-111, Hawaii Revised Statutes, **prepares revenue estimates of the state government for each fiscal year** of the six-year state program and financial plan.
- The Council reports its latest revenue forecast to the governor and the legislature on June 1, September 10, January 10, and March 15 of each year. In addition, the Council prepares estimates of the state total personal income for such calendar years as are necessary for establishing the state expenditure ceiling.
- Forecasts of total personal income are reported to the director of finance, the governor, the chief justice, and the legislature each August 5 and November 5. Estimates prepared by the Council are **considered by the governor in preparing the state budget**, recommending appropriations, and controlling expenditures; they are **considered by the legislature in appropriating funds** and enacting revenue measures.

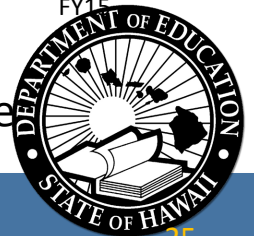




# History of General Fund Appropriations

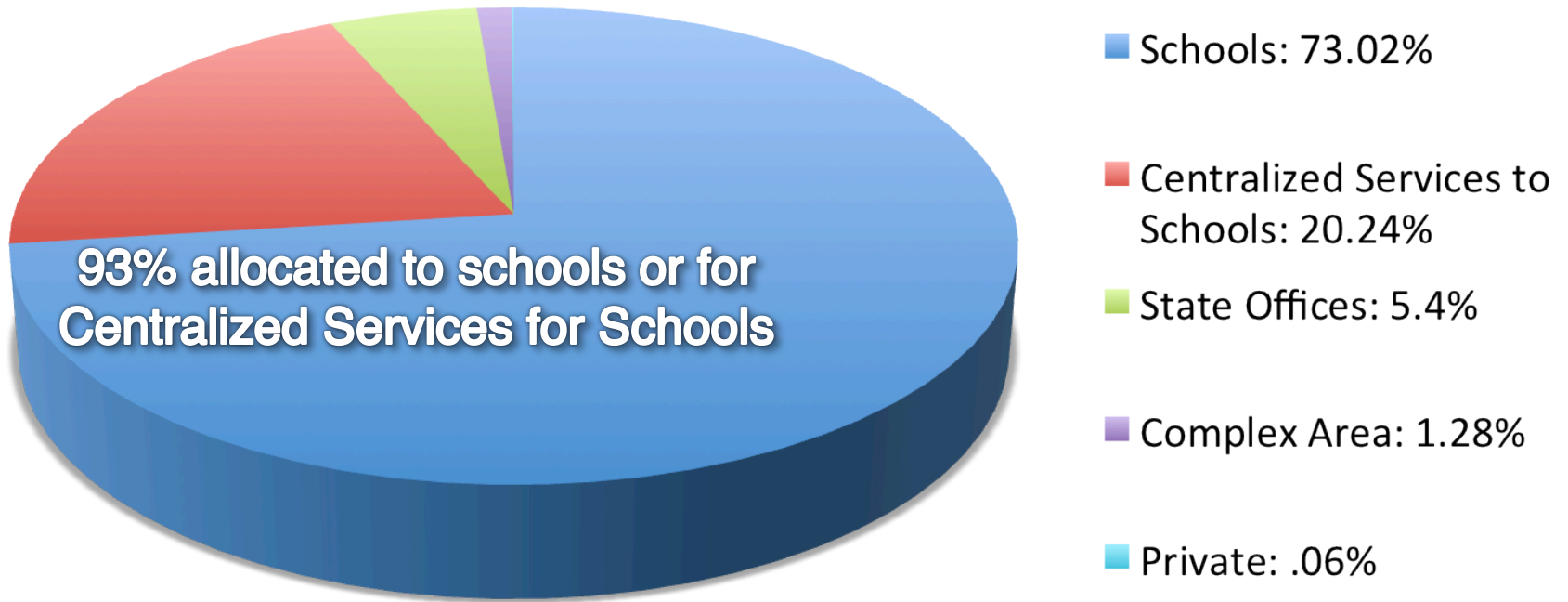


Source: Annual Executive Budget Bill Passed by State Legislature

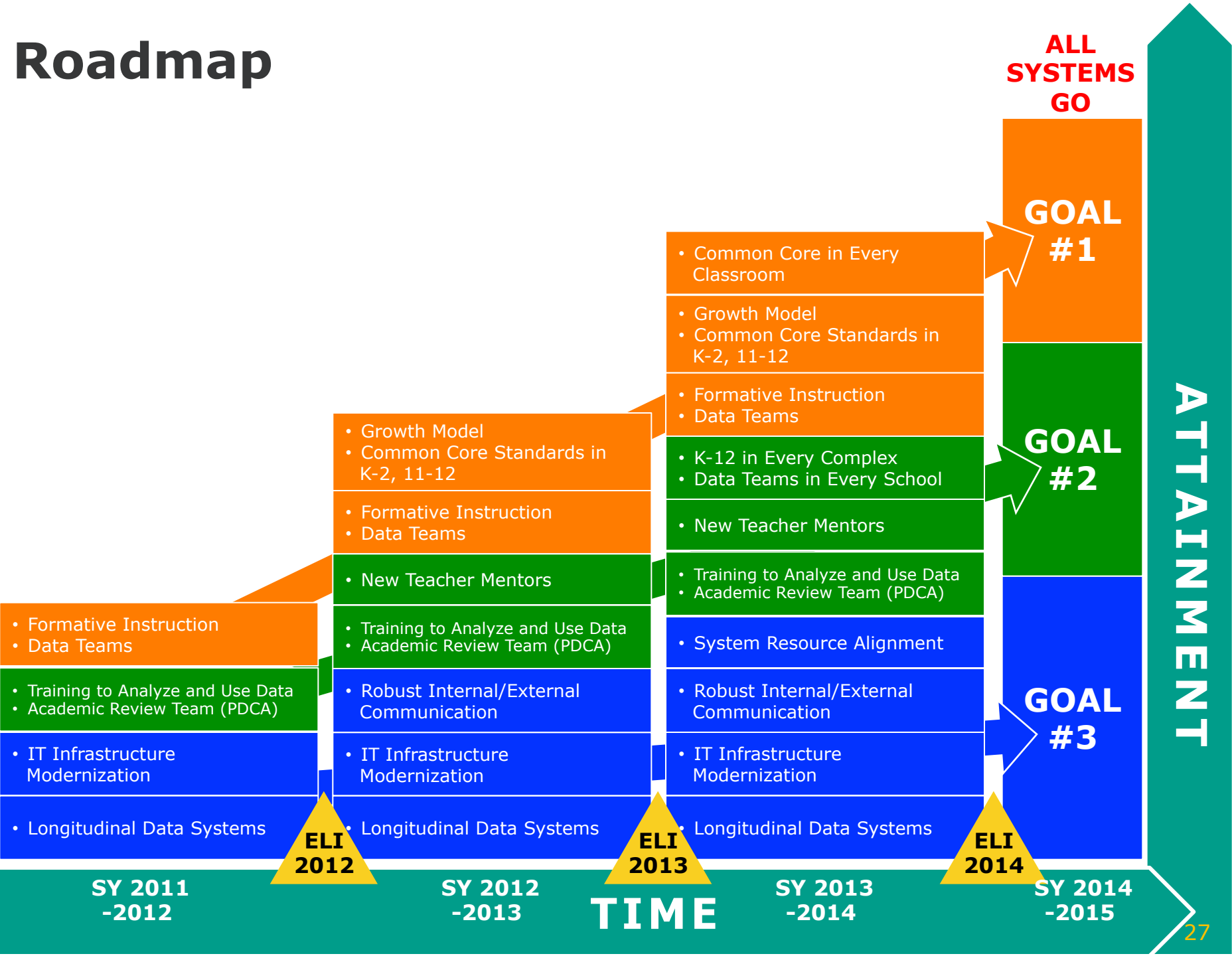


# FY14 GENERAL FUND ALLOCATIONS

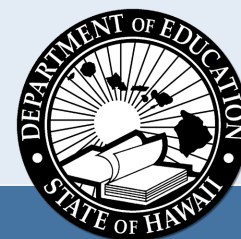
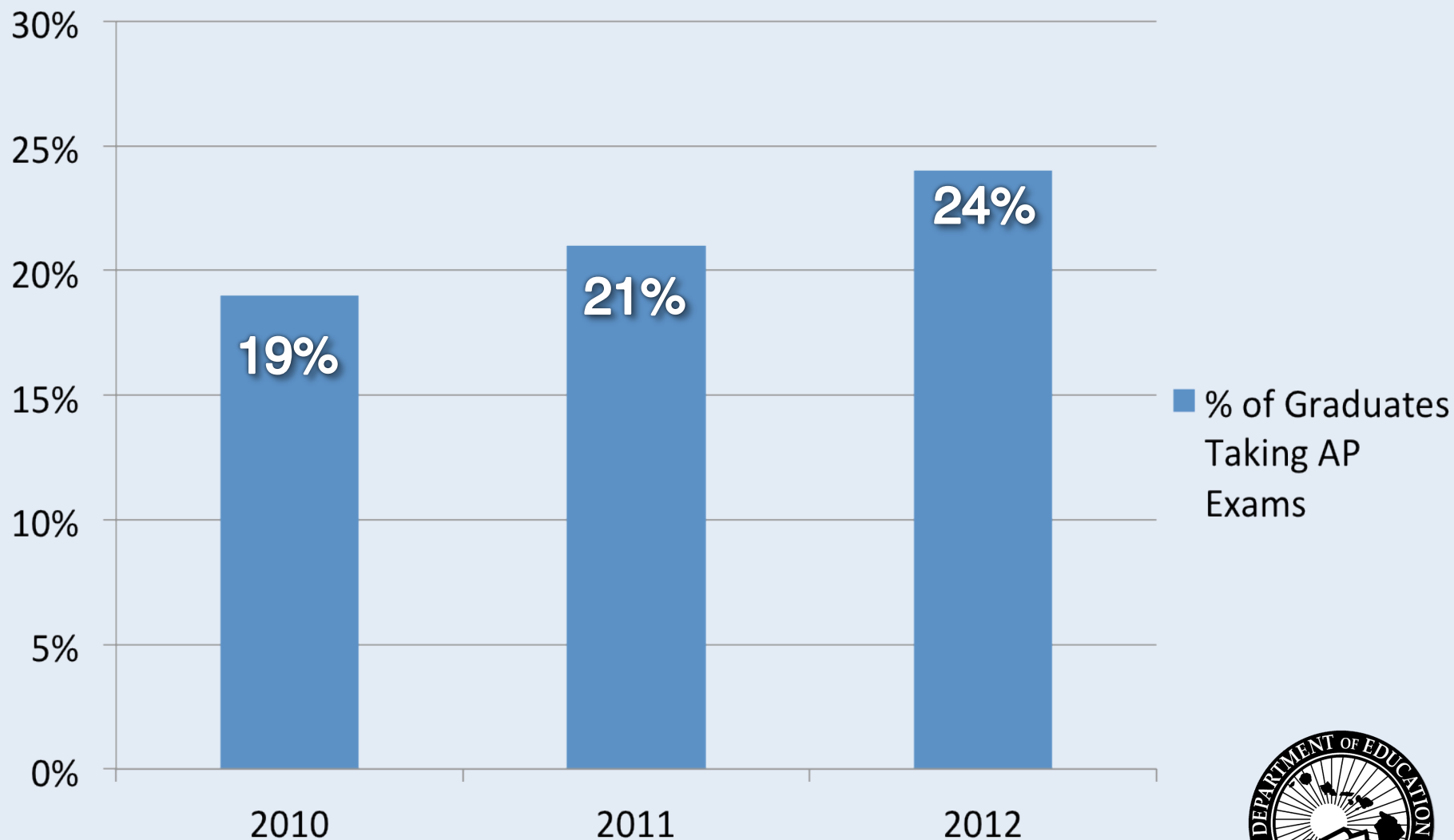
Percent of Allocation



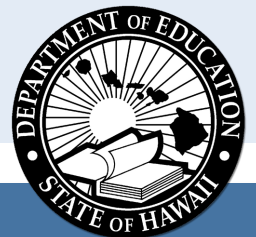
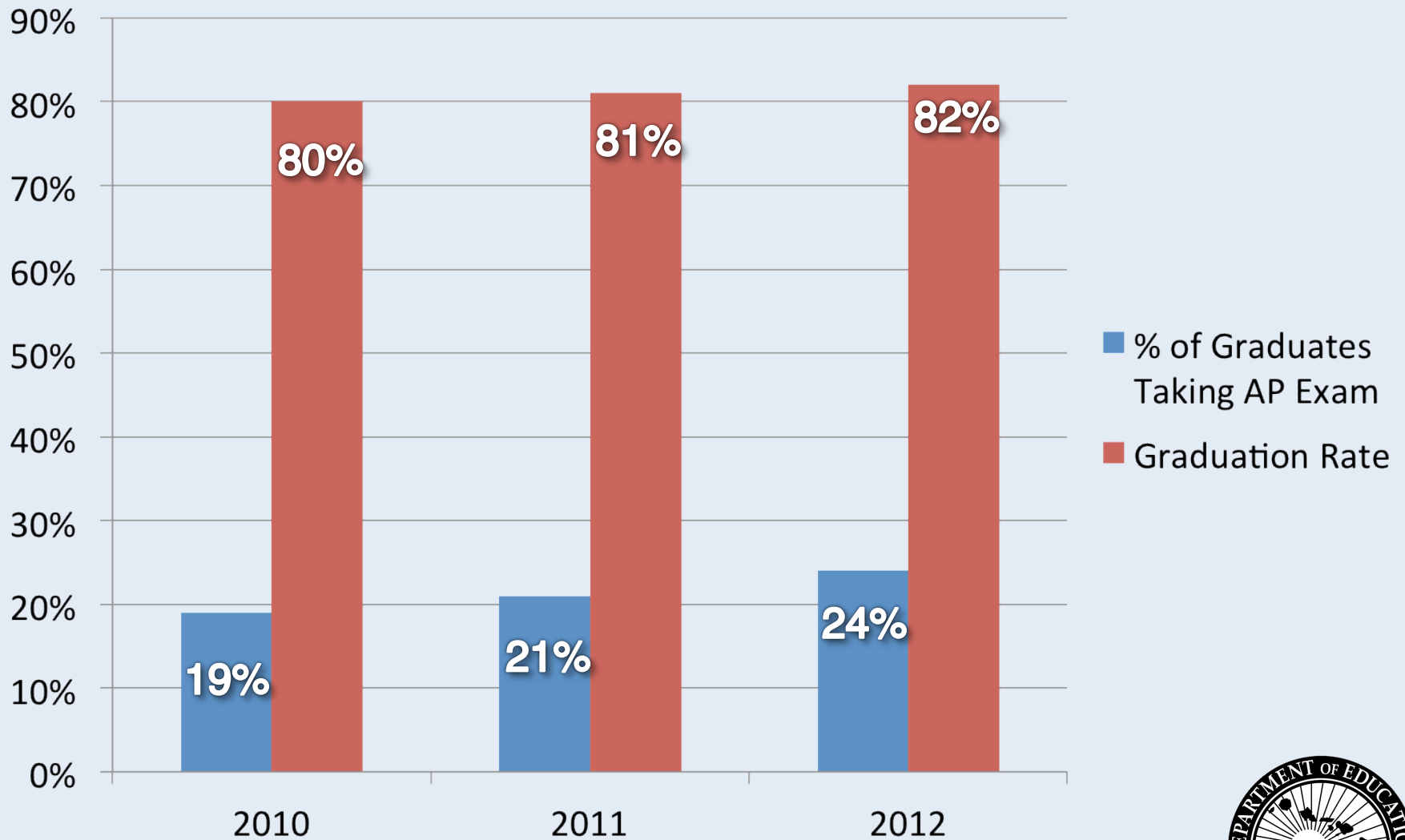
# Roadmap



# STUDENTS ARE MORE COLLEGE & CAREER READY



# STUDENTS ARE MORE COLLEGE & CAREER READY



# STUDENTS ARE MORE COLLEGE & CAREER READY

