

Presentation/Discussion/Committee action
on the Department of Education's

**Fiscal Biennium (FB)
2015-17**

Operating Budget

BOE - Finance and Infrastructure Committee
October 21, 2014



State Budget Periods

Biennium Budget: FB 2015-17

- Includes FY 2015-16 (FY16) and FY 2016-2017 (FY17)
- Begins July 1, 2015. Ends June 30, 2017.
- Submitted to the Legislature in odd-numbered years.
- Due to the Legislature 30 days prior to the start of session (3rd Wednesday in January).

Supplemental Budget: FY 2016-17

- Amends the second year of the biennium budget.
- July 1, 2016 to June 30, 2017.
- Submitted to the Legislature in even-numbered years.
- Due to the Legislature 30 days prior to the start of session (3rd Wednesday in January).



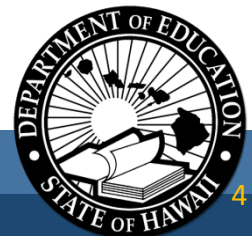
FB2015-17 Biennium Budget Development Process

July / Aug. 2014	Operating Budget Development (Internal) Assistant Superintendent assesses budget with Directors and Program Managers
Aug. / Sept. 2014	Budget Development (Inter-Office) Assistant Superintendent and Superintendent review requests from Offices
Sept. 29, 2014	Finance Memorandum 14-02: Budget Preparation Instructions issued by Department of Budget and Finance
Oct. 21, 2014	Deadline: Board of Education Finance Infrastructure Committee and Full Board review and approve a Biennium Budget Request
Oct. 27, 2014	Deadline: Board's Biennium Budget Request to Department of Budget and Finance per Finance Memorandum 14-12
Nov. 10, 2014	Deadline: Department submits three budget-cut scenarios to Budget and Finance
Mid-Nov. 2014	Governor's Final Executive Biennium Decisions (Governor may amend any of Board's Request)
Dec. 22, 2014	Deadline: Governor's <u>"Status Quo" Budget Request</u> to Legislature (30 days prior to session)
Late-Dec. 2014 / early-Jan. 2015	Legislative Review of FB 2015-17 formally initiated with Fiscal and Education Committee Budget Briefings
Feb.-March 2015	<u>"Second Budget Submittal"</u> to be transmitted by (new) Administration to Legislature
Mid-March 2015	Deadline: Passage of House (FIN) Draft of FB 2015-17
Early-April 2015	Deadline: Passage of Senate (WAM) Draft of FB 2015-17
Late-April 2015	Deadline: Passage of Conference Draft of FB 2015-17
July 1, 2015	Start of FY 2015-16



Budget picture: Key considerations

- On Sept 10, 2014 the Council on Revenues (COR) lowered FY15 projection from 5.5% to 3.5%;
- COR believes U.S. and Hawaii economies are still growing;
- Due to lower COR projection, revenue enhances or budget cuts amounting to \$40 million may be necessary beginning in FY16;
- Actual collections for first two months of FY15 were at 6%, indicating that necessity of budget cuts could be lessened based on next COR projection;
- Next COR projection due Jan 10, 2015;
- A new Governor will be sworn in on December 1, 2014.



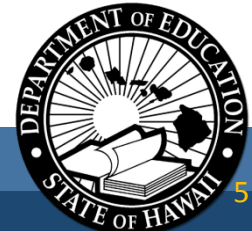
Department of Budget and Finance (B&F)

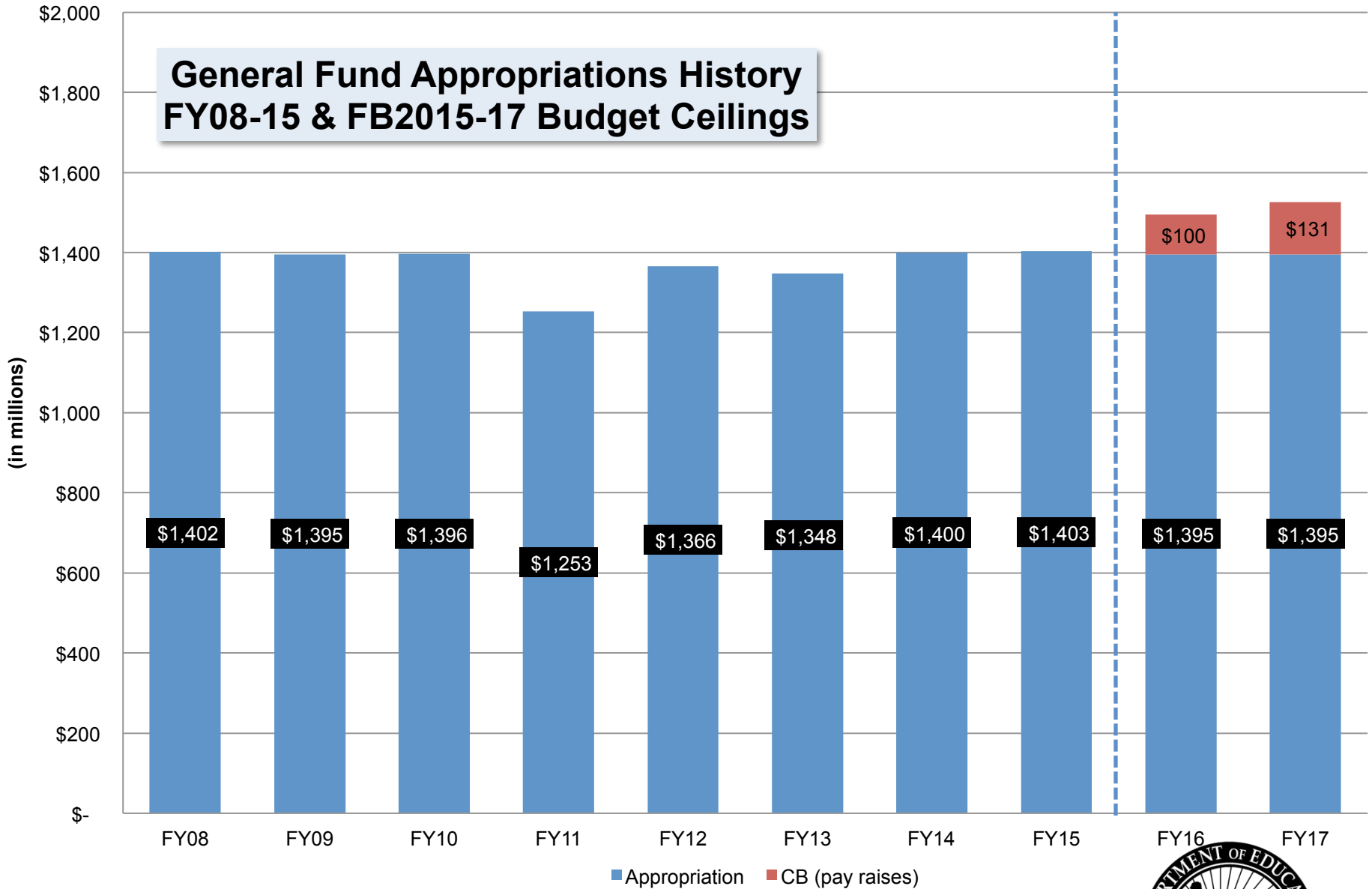
Biennium Budget Preparation Instructions (F.M. 14-12)

The FY16 and FY17 budget ceilings (starting point) are based on Act 122, SLH 2014 (Executive Supplemental Budget) appropriation, less non-recurring costs, plus previously approved collective bargaining cost increases.

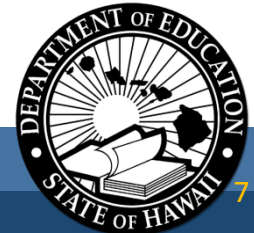
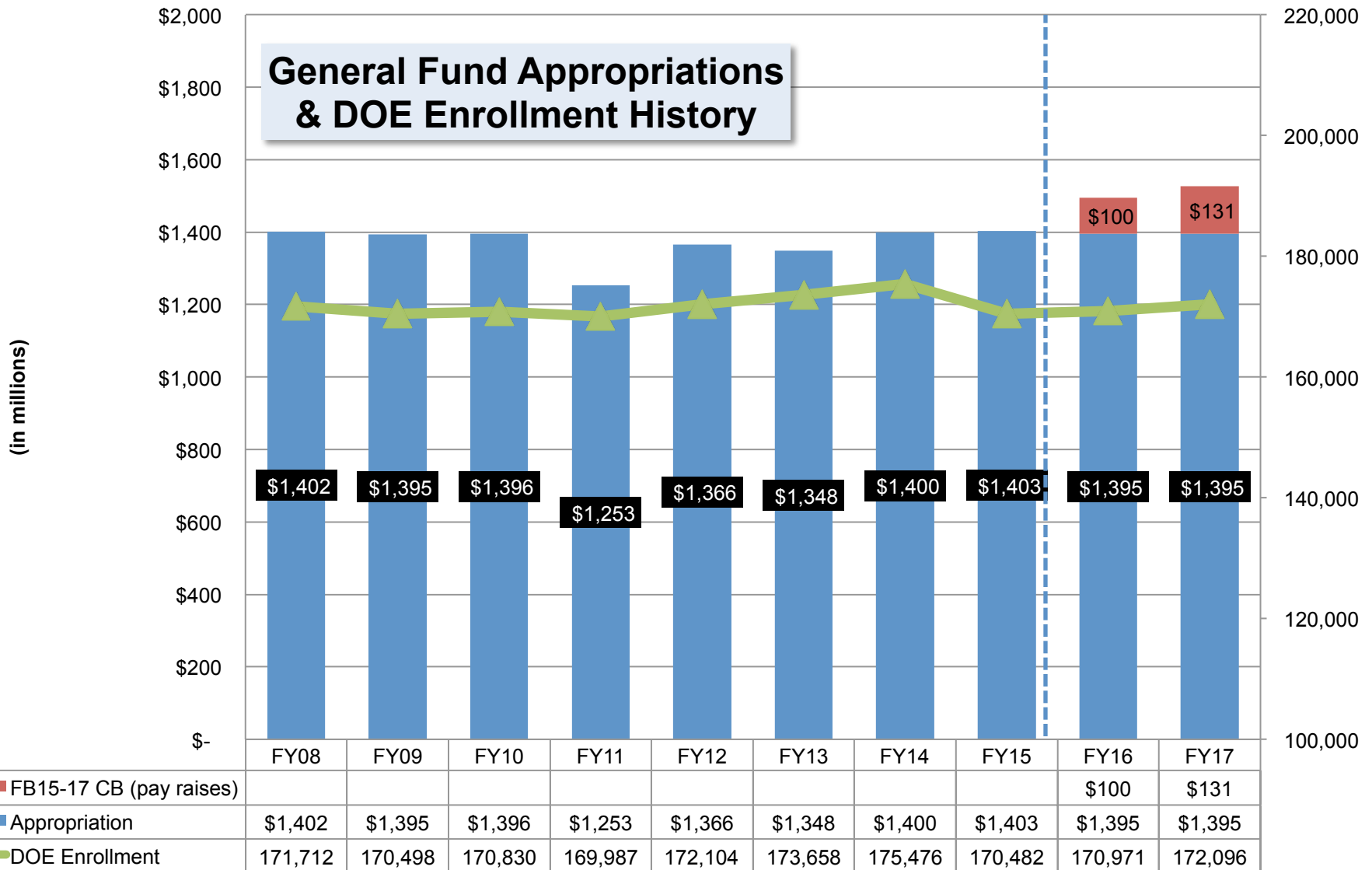
Means of Finance	FY15 Appropriation	Less Non-Recurring	FY16 CB	FY16 Base
General	1,406,144,711	(11,097,299)	99,863,506	1,494,910,918
Special	55,959,324		365,590	56,324,914
Federal	233,651,324		6,565,282	240,216,606
Other Federal	17,343,500			17,343,500
Trust	24,290,000		98,394	24,388,394
Interdept'l Trnsf	10,545,605		16,380	10,561,985
Revolving	28,834,438		104,367	28,938,805
TOTALS	1,776,768,902	(11,097,299)	107,013,519	1,872,685,122

Means of Finance	FY15 Appropriation	Less Non-Recurring	FY17 CB	FY17 Base
General	1,406,144,711	(11,097,299)	131,427,874	1,526,475,286
Special	55,959,324		504,025	56,463,349
Federal	233,651,324		8,440,270	242,091,594
Other Federal	17,343,500			17,343,500
Trust	24,290,000		126,791	24,416,791
Interdept'l Trnsf	10,545,605		20,031	10,565,636
Revolving	28,834,438		133,788	28,968,226
TOTALS	1,776,768,902	(11,097,299)	140,652,779	1,906,324,382

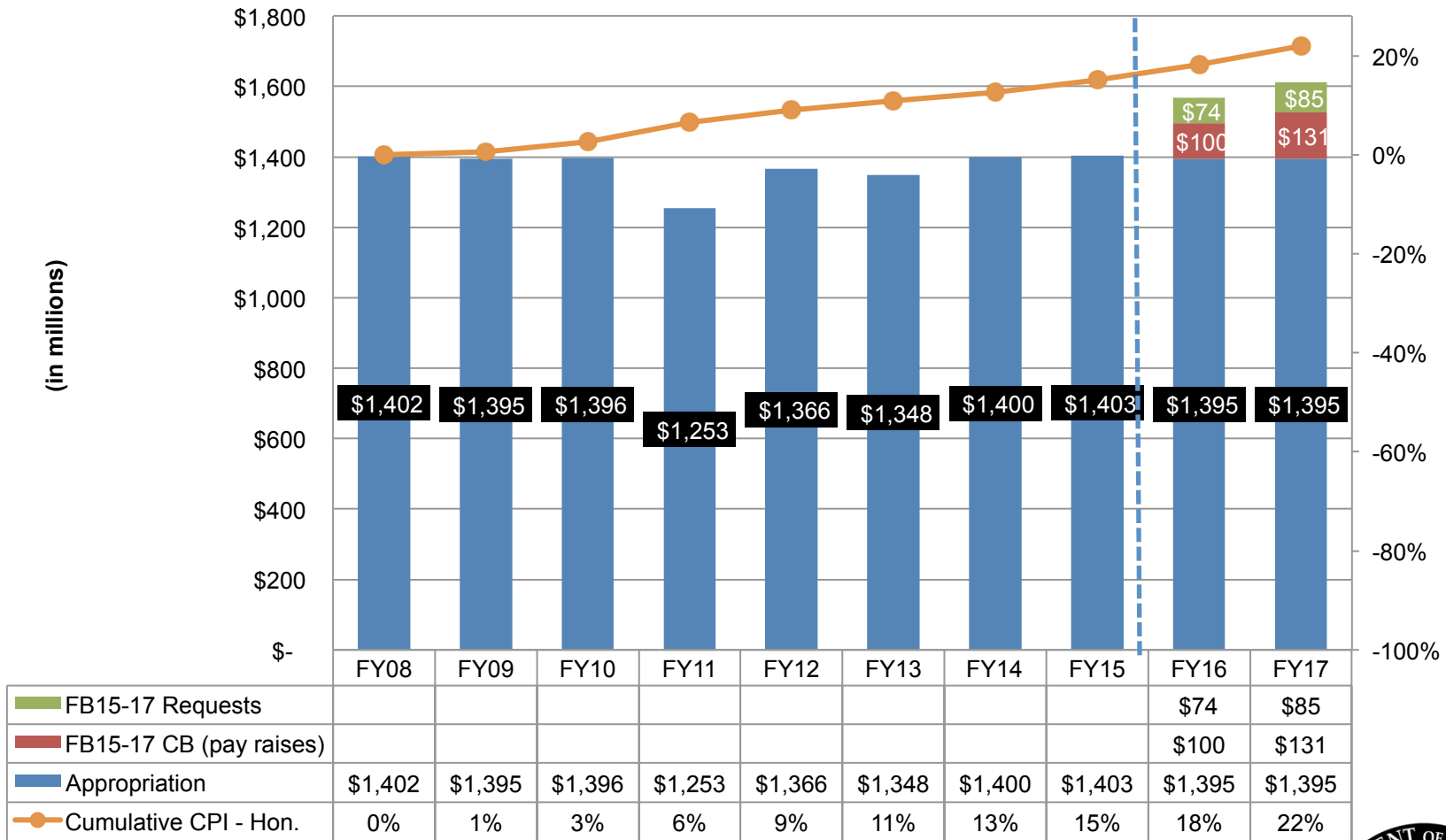




General Fund Appropriations & DOE Enrollment History



General Fund Appropriation History & FB2015-17 Budget Ceiling + CB + New Requests



Different lenses through which to view budget

How do allocations support public education in Hawaii?

1. Aligned to the goals of the **Strategic Plan**

2. Funding **basic operations** (maintain minimal standards) or **strategic investments** (enhance capacity)



Basic operations

Expenditures relating to health and safety, compliance, facilities, staffing, or employee benefits. *Some examples:*

- Skilled nursing services
- Weighted Student Formula (enrollment increase)
- Workers Compensation benefits
- Civil Rights Compliance
- School Bus, Food, and Utilities

Strategic Investments

Expenditures intended to grow student and staff success, and expand successful systems of support. *Some examples:*

- Future Ready Learning (technology for teachers/students)
- Advanced Placement
- Strive HI Awards
- Digital literacy program licenses (Achieve3000)
- School Improvement Process (Accreditation)

Different lenses through which to view budget

How do allocations support public education in Hawaii?

3. Most direct beneficiary of request: **Schools** or **All Levels**?

Schools

Vast majority of expenses directly targeted towards direct support of school operations. *Some examples:*

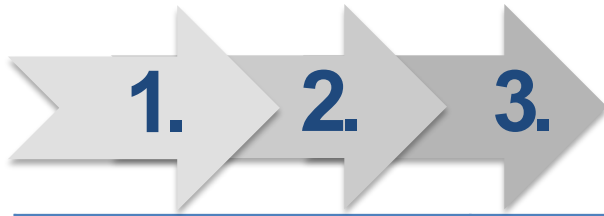
- Hawaii School for Deaf & Blind: (2) Interpreters and (1) DPSA.
- Lahainaluna Boarding Program: (1) Dorm Attendant
- Olomana Hale Hoomalu: (2) Special School Teachers
- Skilled Nursing Services
- Weighted Student Formula
- Advanced Placement
- Future Ready Learning
- Fire Alarms, Pest Control, Tree Trimming, A/C Repairs
- School Bus Contracts, Food Service, Utilities
- eSIS – new Student Information System

All Levels

Some requests benefit all levels of the Department — Schools, Complex Areas, and State. *Some examples:*

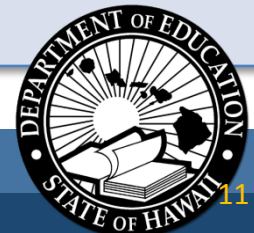
- Workers Compensation Benefits
- Civil Rights Compliance
- BlackBoard license (online courses / training)
- Leave Management
- Office of Strategy, Innovation, & Performance

Budget Program IDs



Regardless of the lens used, funds are allocated through these program buckets, known as **EDNs**.

EDN 100: School-Based Budgeting	To assure all students receive instruction consistent with the standards so they may achieve those standards and develop to their fullest potential 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.



Summary of budget request by “lens”

1.

2.

3.

FY2015-16: **\$73.8 million**

FY2016-17: **\$85.1 million**

Strategic Plan Goal	FY 2015-16	PERCENTAGE	FY 2016-17	PERCENTAGE
Goal 1	22,114,928	30%	33,764,180	40%
Goal 2	10,088,893	14%	10,088,893	12%
Goal 3	41,607,449	56%	41,271,456	48%
GRAND TOTAL	73,811,270	100%	85,124,529	100%

Type of Request	FY 2015-16	PERCENTAGE	FY 2016-17	PERCENTAGE
Basic Operations	50,865,533	69%	56,178,792	66%
Strategic Investment	22,945,737	31%	28,945,737	34%
GRAND TOTAL	73,811,270	100%	85,124,529	100%

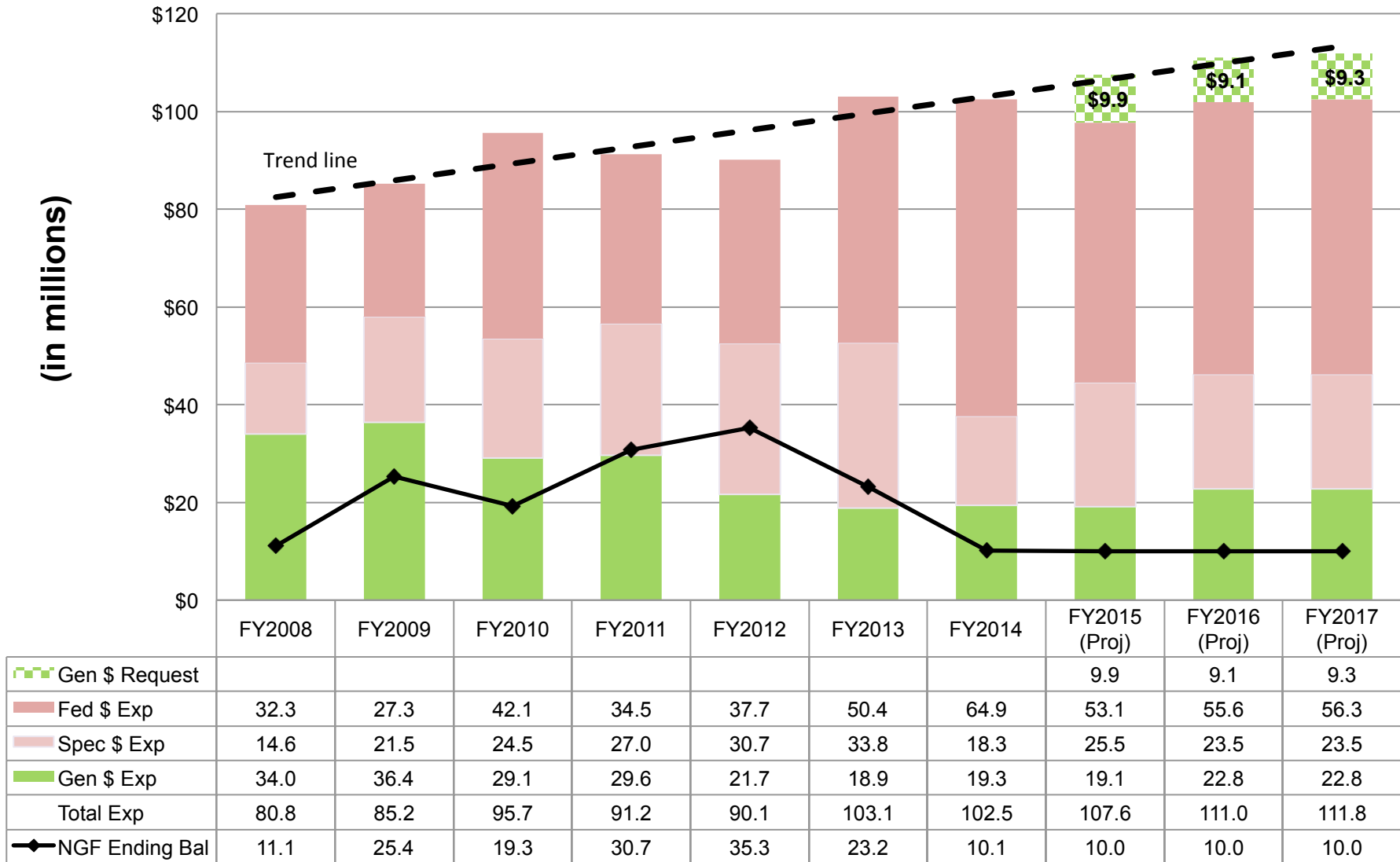
Direct Beneficiary of Request	FY 2015-16	PERCENTAGE	FY 2016-17	PERCENTAGE
School	69,075,677	93%	80,388,936	94%
All Levels	4,735,593	7%	4,735,593	6%
GRAND TOTAL	73,811,270	100%	85,124,529	100%

Budget Overview: Big-ticket items

Strategic Plan Goal	Program	Amount		
		FY15	FY16	FY17
Goal 3	School Food Services	\$9.9M	\$9.1M	\$9.3M
Goal 1	Weighted Student Formula	\$0	\$2.4M	\$8.0M
Goal 3	Utilities	\$0	\$12.8M	\$12.9M
Goal 3	Student Transportation	\$9.3M	\$7.4M	\$10.7M
Goal 1	Future Ready Learning	\$0	\$12.4M	\$18.4M

Food Service: Expenditures by Means of Finance

(Request: FY15: \$9.9 million; FY16: \$9.1 million; FY17 \$9.3 million)



Weighted Student Formula: Increasing Enrollment

(FY16: \$2.4 million; FY17 \$8.0 million)

(A)

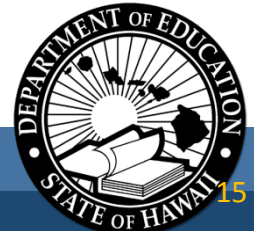
School Year	Total # of Schools	Total DOE Enrollment	Enrollment for (3) non-WSF funded Special Schools	Enrollment for WSF Calculation Purposes	Year to Year Projected Enrollment Change
SY14-15 (current)	255	170,481	135	170,346	
SY15-16	256	170,971	130	170,841	495
SY16-17	256	172,096	130	171,966	1,125

(B)

(C = B/A)

(D = A*C)

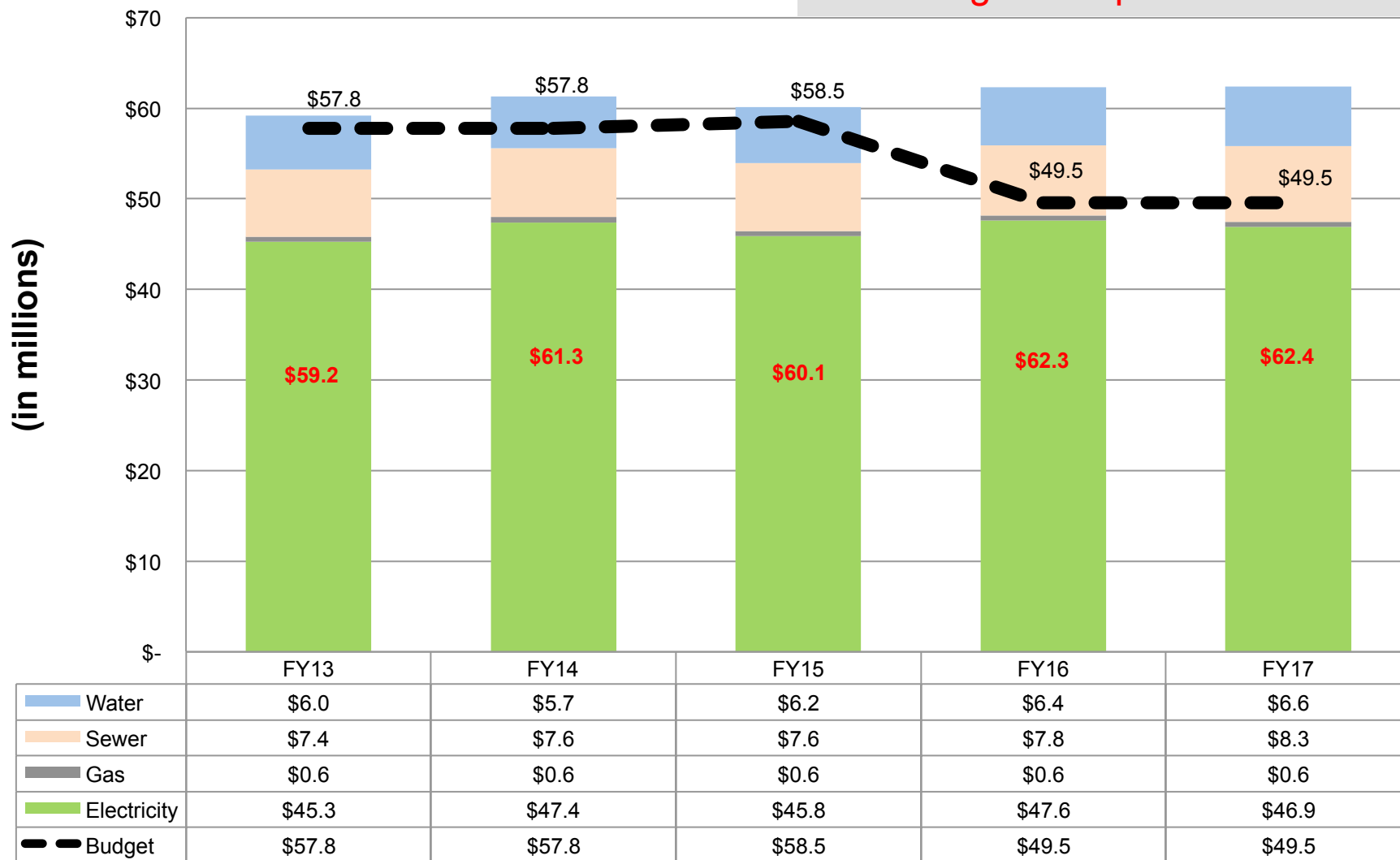
FY15 Base Budget	Adjustment for CB	Total Budget	Per Pupil Funding (based on SY14-15 Actual Enrollment)	Additional Funds Required for Increasing Enrollment
\$766,256,072	\$42,432,991	\$808,689,063	\$4,747	
\$766,256,072	\$60,286,153	\$826,542,225	\$4,852	\$2,401,808
\$766,256,072	\$80,327,839	\$846,583,911	\$4,970	\$7,992,822



Utilities

FY16: \$12.8 million; FY17: \$12.9 million

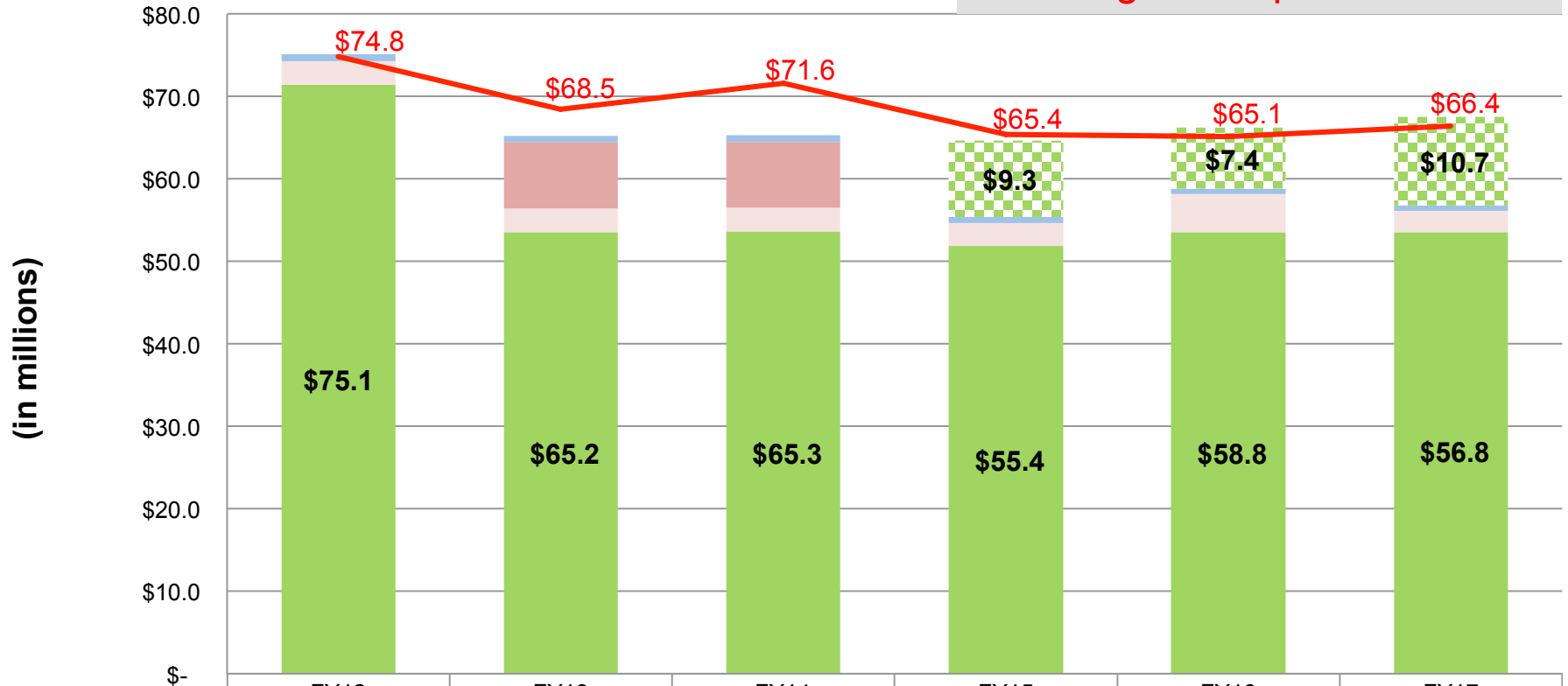
Budget Allocation vs.
Program Expenditures



Student Transportation

FY15: \$9.3M; FY16: \$7.4M; FY17: \$10.7M

Budget Allocation vs.
Program Expenditures



Gen Fund Request				\$9.3	\$7.4	\$10.7
Reimbursements	\$0.8	\$0.8	\$0.8	\$0.7	\$0.7	\$0.7
Impact Aid		\$8.1	\$8.0			
Bus Fare Budget	\$2.8	\$2.8	\$2.8	\$2.8	\$4.6	\$2.6
Gen Fund Budget	\$71.4	\$53.6	\$53.7	\$51.9	\$53.6	\$53.6
Total Prog Exp	\$74.8	\$68.5	\$71.6	\$65.4	\$65.1	\$66.4

Future Ready Learning

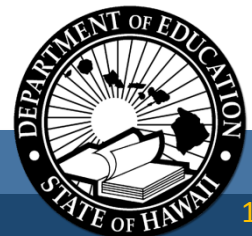
FY16: \$12.4 million; FY17: \$18.4 million

- \$30 million to provide ready, willing, and able schools with up to \$500/student to offset the cost of devices.
- \$376,893 each year for 7.0 positions and to provide professional development (PD) on technology integration directly to schools, based on their specific needs. These positions would support school and complex-wide PD sessions as well as hold follow-up PD sessions to help educators digest and apply content and skills from the larger sessions.

Planning Ahead: Focus on Building School Level Conditions for Success

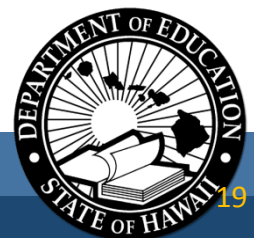
Based on lessons learned from implementation of the Access Learning Pilot, the implementation plan begins with a focus on supporting administrative vision/planning and professional development.

- School leadership teams will participate in a 6 month guided workshop to develop their implementation plan.
- Plans submitted as applications for Future Ready Learning support. Applications vetted against a rubric.
- Selected applicants will receive in-depth, targeted PD to support their plan and access to the device funds.

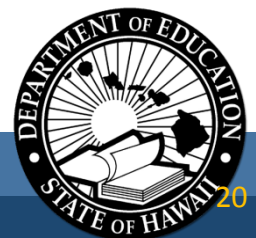


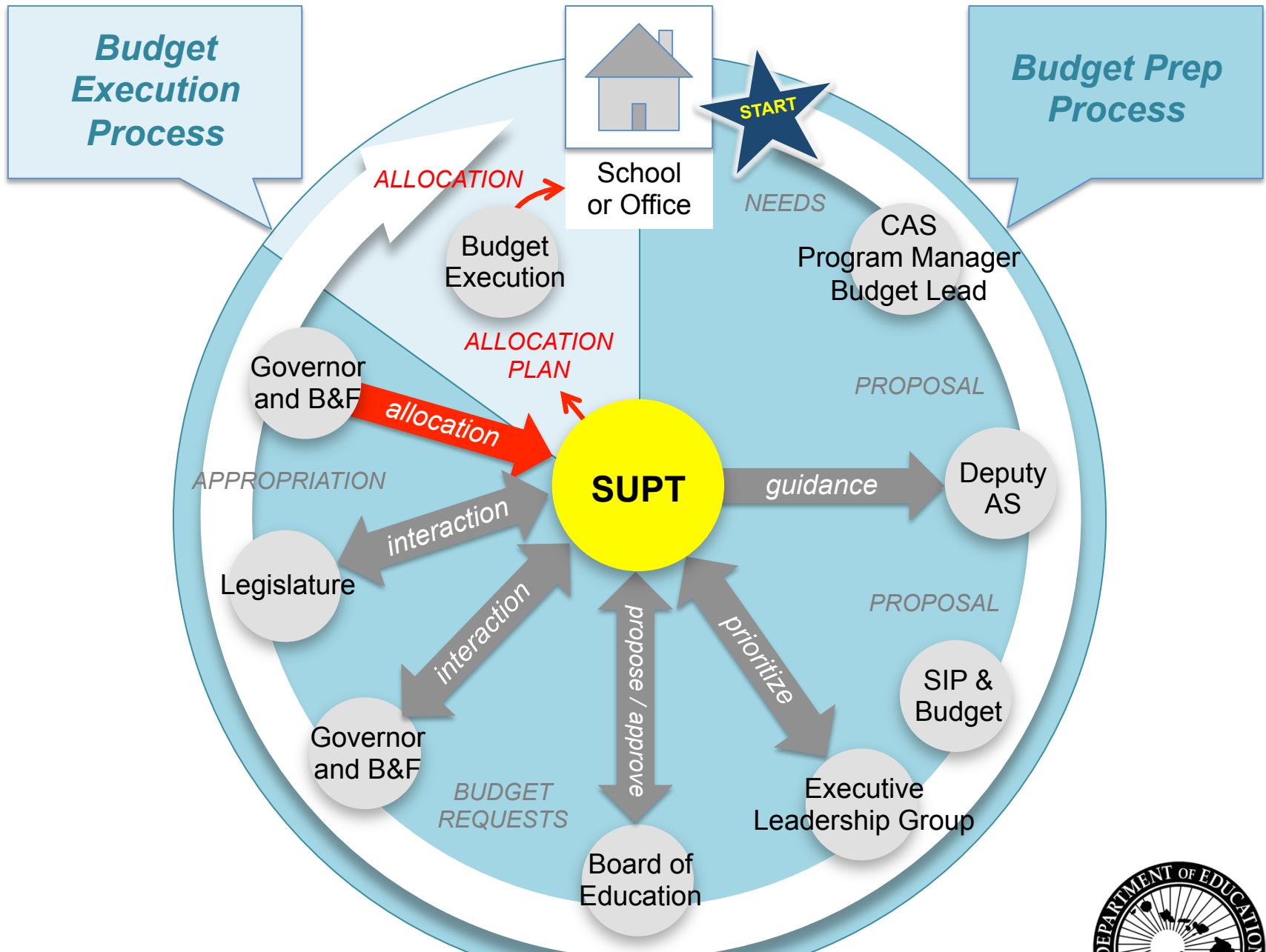
To keep transformation momentum going:

- We must provide for essential needs AND strategic investments.
- We need to continue increase funding at the school level.
- We will work with current and future Administration to ensure understanding of request.



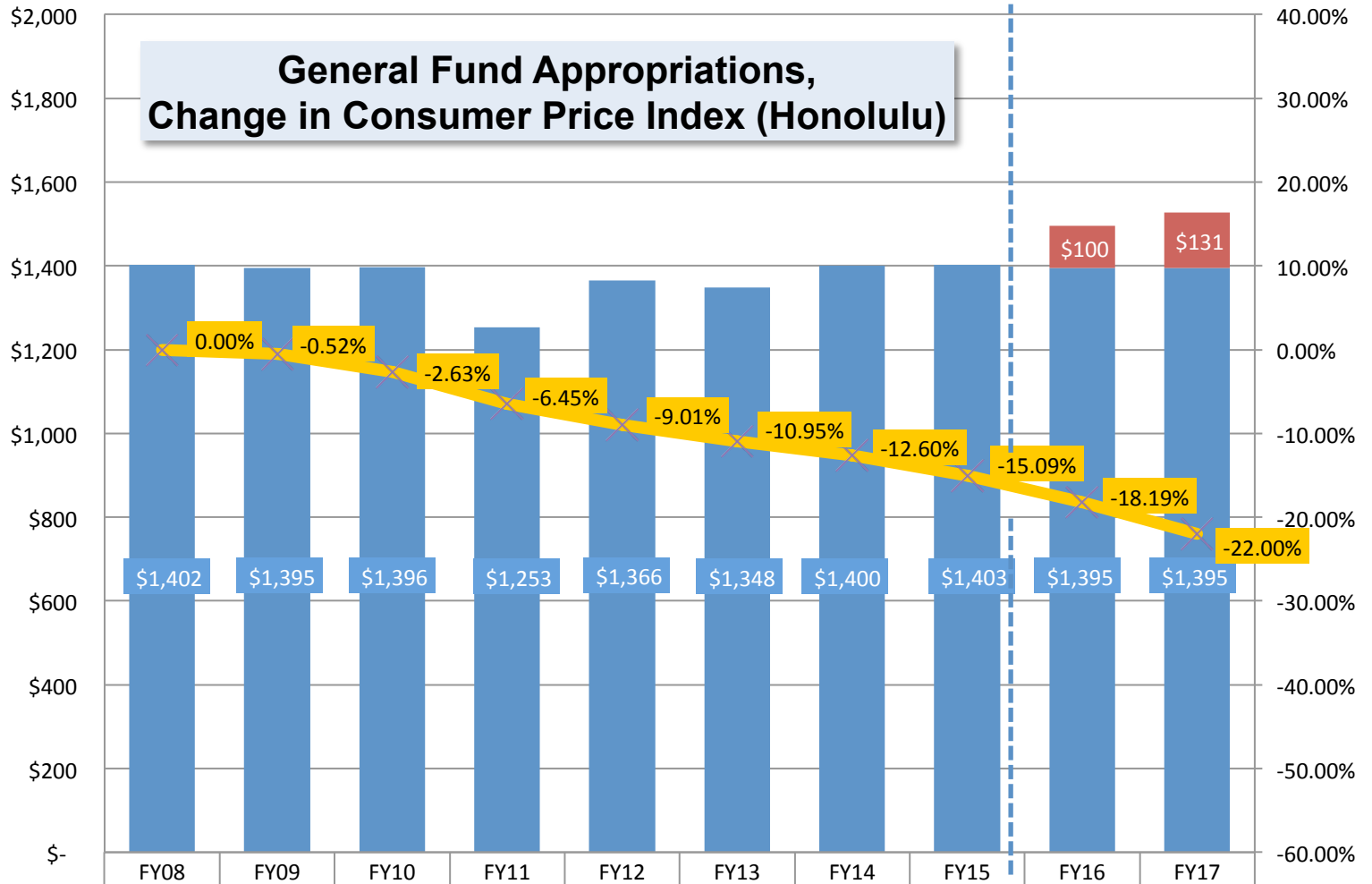
Questions?



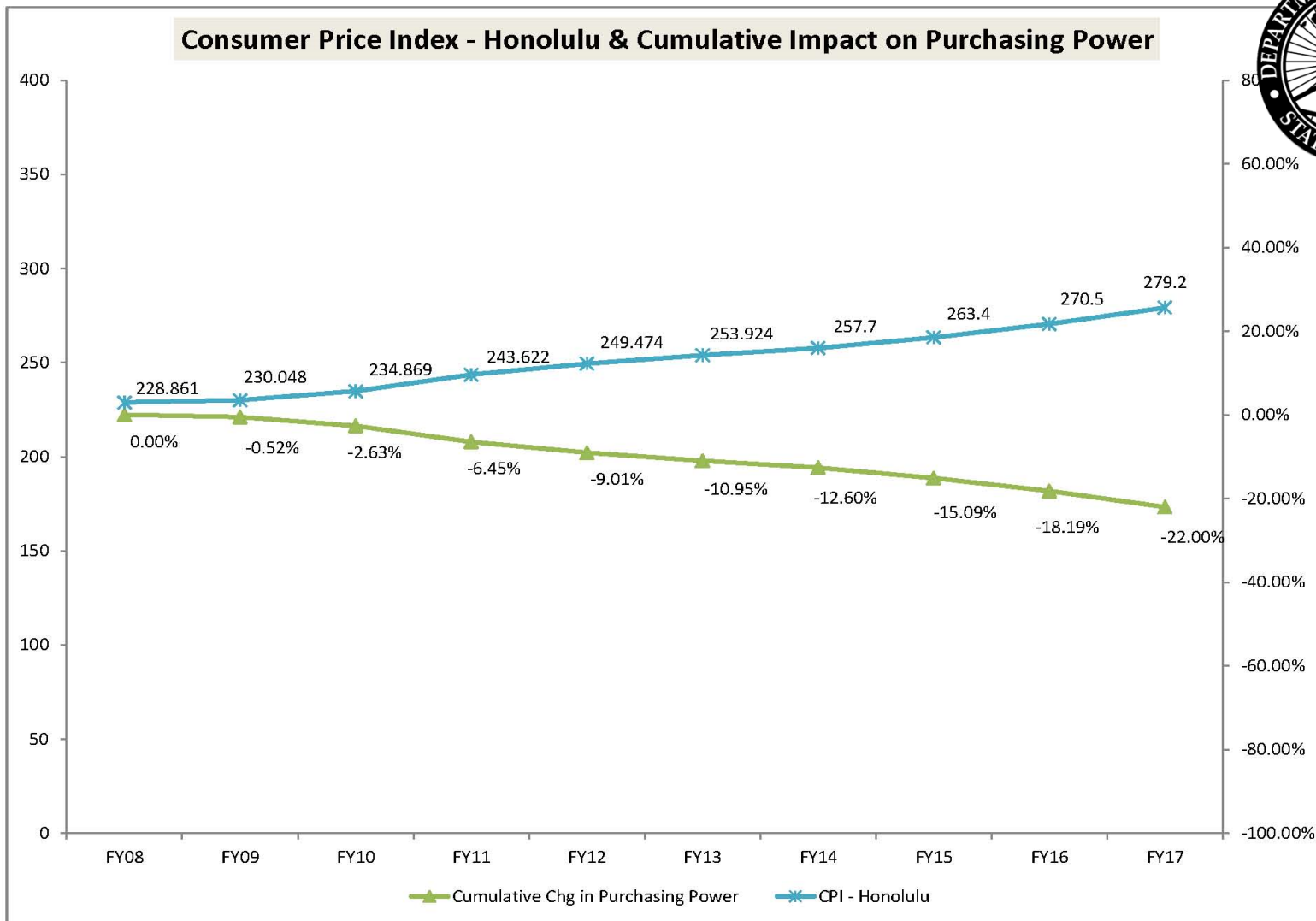
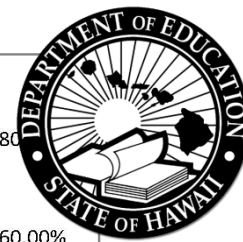


General Fund Appropriations, Change in Consumer Price Index (Honolulu)

(in millions)



FB15-17 CB (pay raises)									\$100	\$131
Appropriation	\$1,402	\$1,395	\$1,396	\$1,253	\$1,366	\$1,348	\$1,400	\$1,403	\$1,395	\$1,395
Cumulative Chg in CPI	0.00%	-0.52%	-2.63%	-6.45%	-9.01%	-10.95%	-12.60%	-15.09%	-18.19%	-22.00%



Source of CPI-Honolulu data: Hawaii State Data Book for FY08-13; DBEDT 3rd Quarter 2014 Outlook for the Economy for FY14-17

Department of Budget and Finance (B&F)

Biennium Budget Preparation Instructions (F.M. 14-12)

GENERAL POLICIES

- Departments are authorized and encouraged to recommend trade-offs and transfers within and among programs under their purview to reflect current priorities or changing conditions.
- Departments should exercise **prudence and restraint** in submitting requests for general fund increases.
- Non-general fund programs should plan for the fringe benefit assessment rate to increase from approximately 42% in the current year to 52% for FY16 and FY17.
- Departments should continue to maximize efforts to use non-general funds, as appropriate, to support programs.

