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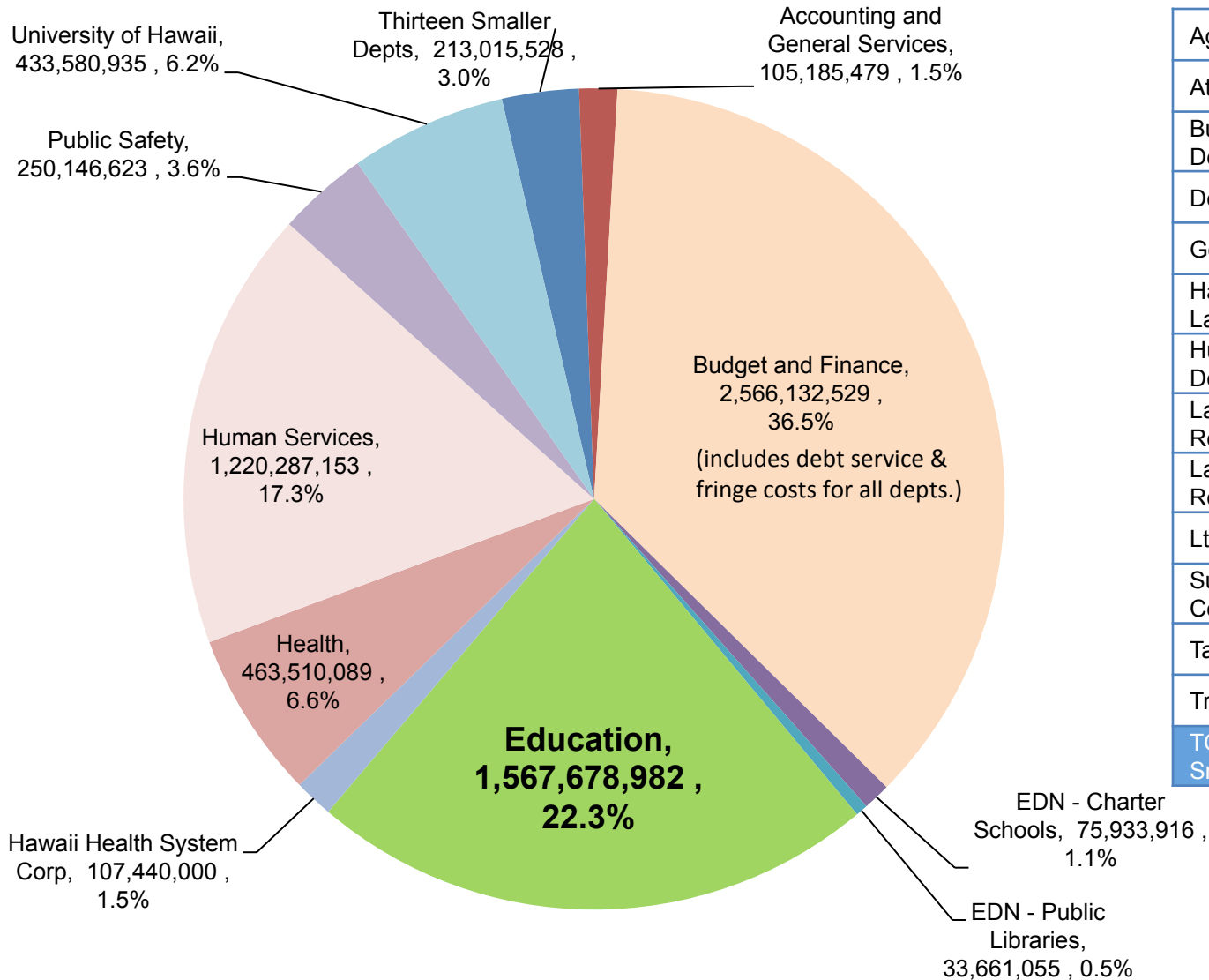
Department of Education's budget background and process for the 2017-2019 Fiscal Biennium

BOARD OF EDUCATION | Finance and Infrastructure Committee
August 16, 2016

Education breeds confidence. Confidence breeds hope. Hope breeds peace.

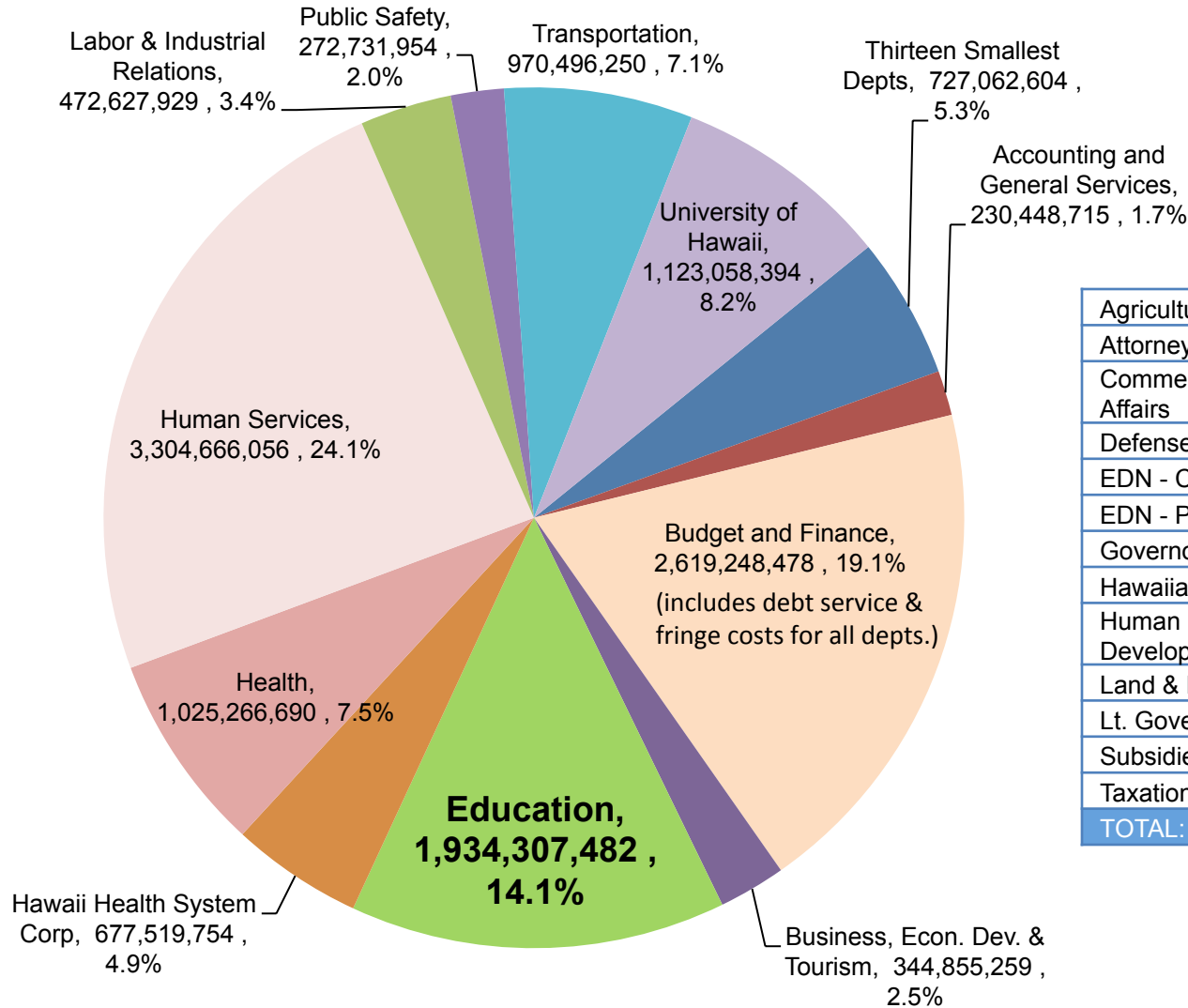
— Confucius

FY17 General Fund Appropriations: \$7B



Agriculture	15,316,858
Attorney General	31,716,325
Business, Econ. Dev. & Tourism	13,543,802
Defense	21,139,755
Governor	3,816,705
Hawaiian Home Lands	23,925,340
Human Resources Development	17,476,205
Labor & Industrial Relations	18,745,118
Land & Natural Resources	34,566,698
Lt. Governor	1,081,703
Subsidies to Counties	2,500,000
Taxation	27,687,019
Transportation	1,500,000
TOTAL of 13 Smaller Depts	213,015,528

FY17 All Means of Finance: \$13.7B

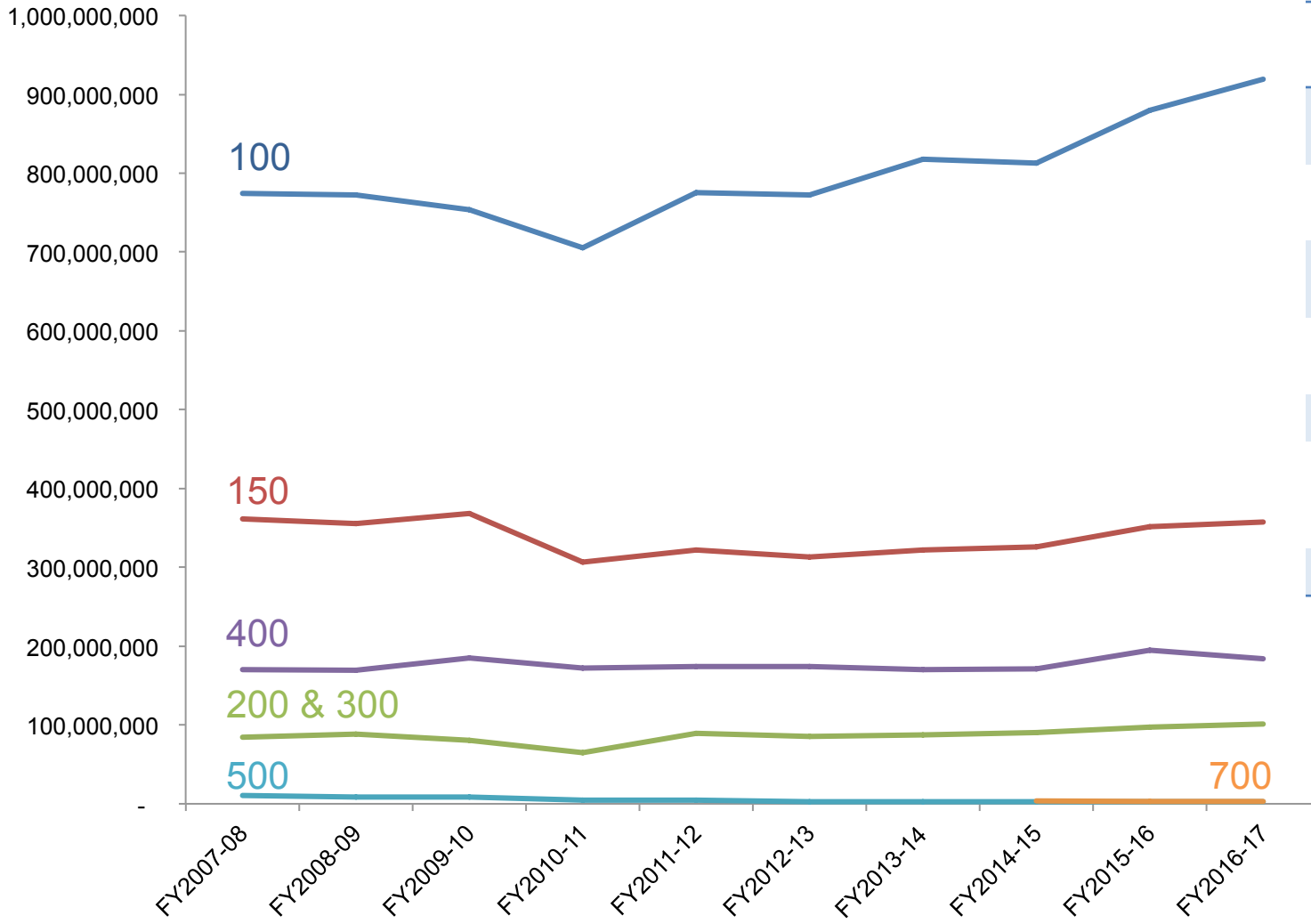


Agriculture	51,593,696
Attorney General	95,922,803
Commerce & Consumer Affairs	78,584,094
Defense	134,396,901
EDN - Charter Schools	77,938,466
EDN - Public Libraries	39,026,299
Governor	3,816,705
Hawaiian Home Lands	61,552,735
Human Resources Development	23,237,486
Land & Natural Resources	128,655,600
Lt. Governor	1,081,703
Subsidies to Counties	2,500,000
Taxation	28,756,116
TOTAL: 13 Smaller Depts	727,062,604

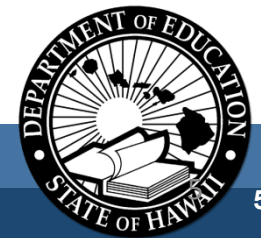
General Fund Appropriations by EDN

EDN	Title / Function	EDN	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12
100	School Based Budgeting	100	774,244,048	772,086,697	753,950,947	705,214,266	775,148,488
150	Special Education	150	361,156,533	355,373,685	368,188,673	306,635,452	322,144,665
200	Instructional Support	200	34,454,113	33,297,750	29,037,169	21,956,188	45,745,674
300	State Administration	300	50,381,509	55,557,715	51,432,190	42,924,189	43,344,985
400	School Support	400	170,290,488	169,455,447	184,814,106	171,841,402	174,109,976
500	School Community Services	500	11,035,725	8,792,776	8,674,528	4,861,955	5,072,889
700	Early Learning	700					
		TOTAL	1,401,562,416	1,394,564,070	1,396,097,613	1,253,433,452	1,365,566,677
EDN		EDN	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
100		100	772,510,601	817,507,508	812,888,595	880,317,495	919,739,606
150		150	313,456,272	321,843,969	325,508,663	351,492,656	357,369,736
200		200	43,767,584	45,120,095	47,429,820	50,586,338	52,202,121
300		300	41,945,114	42,276,161	43,343,959	46,984,179	48,599,682
400		400	173,929,086	170,665,305	171,218,522	195,206,685	183,909,690
500		500	2,500,000	2,500,000	2,500,000	2,992,223	2,862,275
700		700			3,255,152	3,076,182	2,995,872
		TOTAL	1,348,108,657	1,399,913,038	1,406,144,711	1,530,655,758	1,567,678,982

Historic EDN funding levels: General Fund



EDN	Title / Function
100	School Based Budgeting
150	Special Education
200	Instructional Support
300	State Administration
400	School Support
500	School Community Services
700	Early Learning



HIDOE Appropriations: All types & levels

81% **General funds:** Used to authorize the expenditure of State tax revenues not specifically set aside by law for a special purpose. Primary sources are the State income tax and general excise tax.

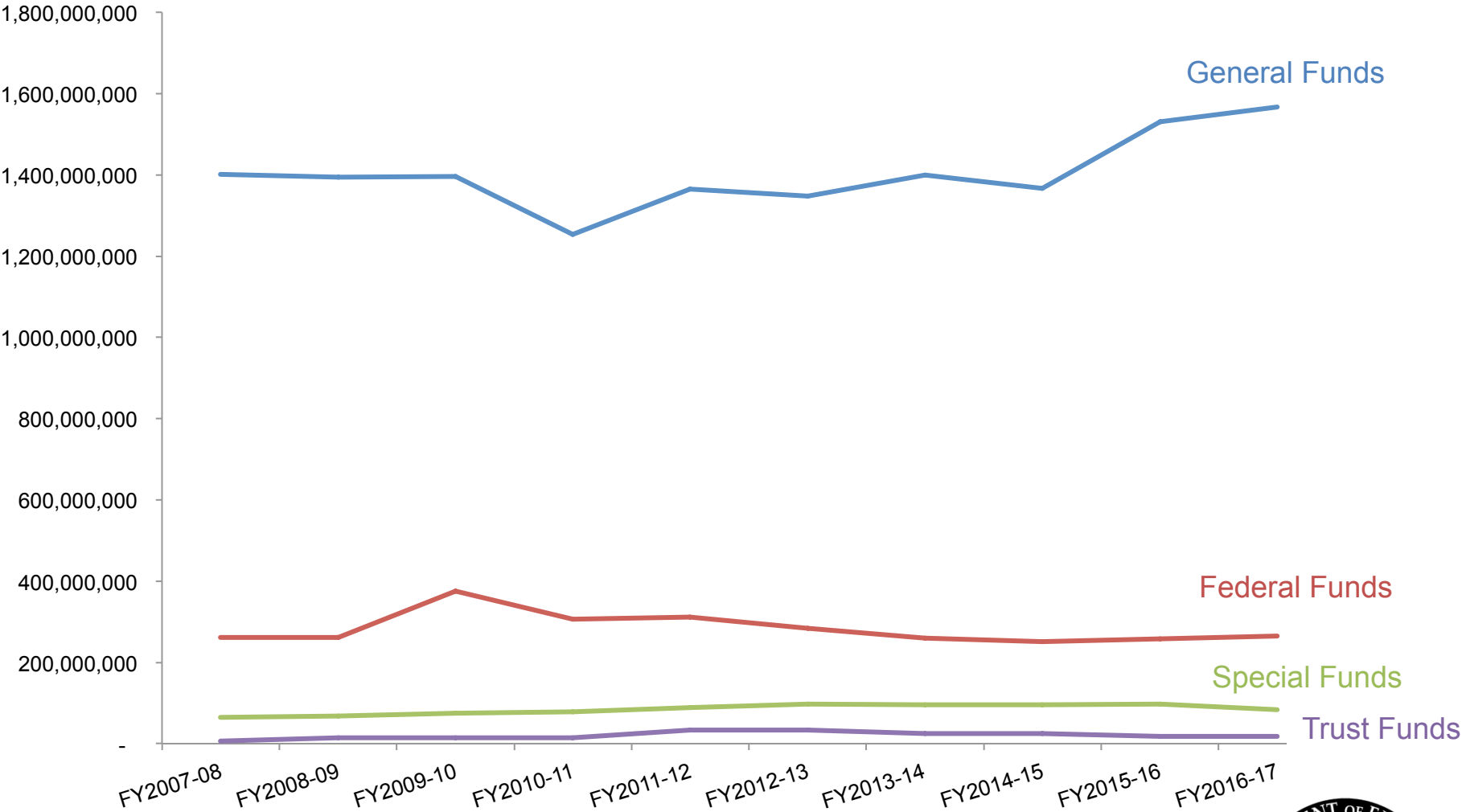
14% **Federal funds:** Used to authorize the Department to expend revenues from the federal government received by the Department for a variety of specific purposes. Examples include the Individuals with Disabilities Education Improvement Act (IDEA) or USDA National School Lunch Program.

4% **Special funds:** Used to authorize the expenditure of revenues collected by HIDOE for purposes identified in State law (includes Revolving & Interdepartmental Transfer Funds). Example: The School Food Services Special Fund into which school lunch receipts are deposited to be used by the School Food Services program.

1% **Trust funds:** used to authorize the expenditure of revenues received by schools or offices that are designated for specific persons or classes of persons who have a vested beneficial interest in the use of the funds. Example include Donations & Gifts Trust Fund.

	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY2011-12
General funds	1,401,562,416	1,394,564,070	1,396,097,613	1,253,433,452	1,365,566,677
Federal funds (ceiling)	262,206,533	261,847,302	374,991,570	305,716,386	311,496,353
Special funds (ceiling)	64,659,825	67,782,450	75,406,544	79,055,420	88,045,223
Trust funds (ceiling)	6,300,000	13,750,000	13,750,000	13,716,215	32,990,000
Total All MOF	1,734,728,774	1,737,943,822	1,860,245,727	1,651,921,473	1,798,098,253
	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17
General funds	1,348,108,657	1,399,913,038	1,367,369,920	1,530,655,758	1,567,678,982
Federal funds (ceiling)	284,547,256	259,250,749	250,994,824	258,012,049	265,034,049
Special funds (ceiling)	96,535,944	95,339,367	95,339,367	96,755,747	83,954,451
Trust funds (ceiling)	32,919,060	24,290,000	24,290,000	17,640,000	17,640,000
Total All MOF	1,762,110,917	1,778,793,154	1,737,994,111	1,903,063,554	1,934,307,482

Historic appropriation levels: All types



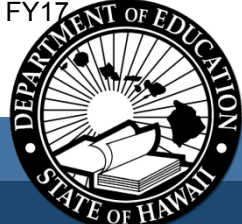
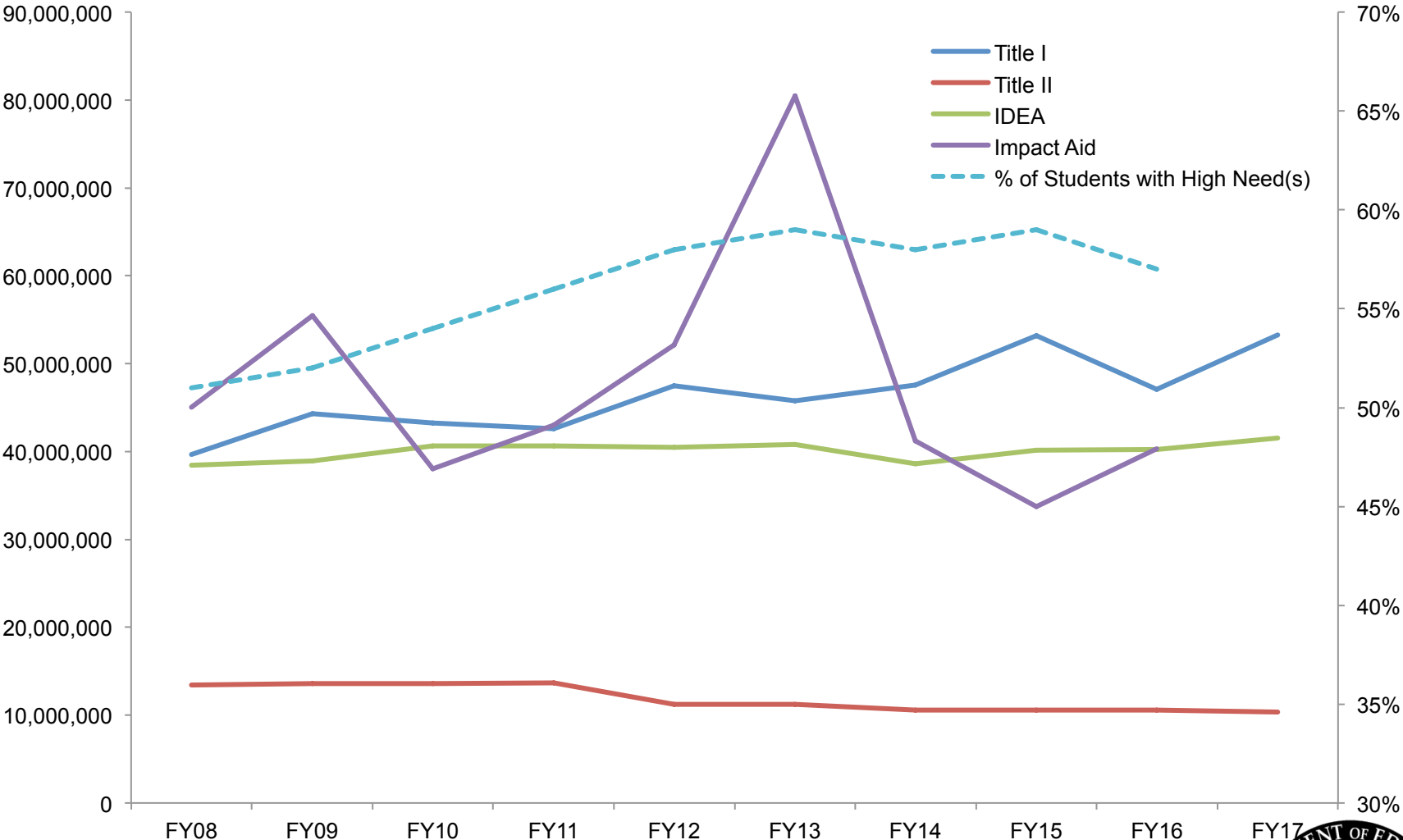
Select Federal programs & awards

- **ESEA Title I Part A** – Improving Basic Programs Operated by Local Educational Agencies
- **ESEA Title II** – Improving Teacher Quality State Grants
- **IDEA** – Individuals with Disabilities Act
- **Impact Aid** – Title VIII of ESEA under NCLB & moved to Title VII under ESSA

Program	FY08	FY09	FY10	FY11	FY12
Title I	39,638,957	44,336,607	43,230,443	42,598,821	47,475,260
Title II	13,393,817	13,623,462	13,622,554	13,659,126	11,243,906
IDEA	38,429,941	38,919,867	40,659,422	40,623,704	40,480,793
Impact Aid	45,068,203	55,515,943	38,057,476	42,967,608	52,162,808

Program	FY13	FY14	FY15	FY16	FY17
Title I	45,748,115	47,597,859	53,190,912	47,116,137	53,315,000
Title II	11,191,809	10,582,856	10,582,325	10,547,951	10,349,000
IDEA	40,833,044	38,610,911	40,150,801	40,227,772	41,556,000
Impact Aid	80,459,617	41,185,755	33,735,263	40,322,711	tbd

Historic federal awards: 4 major programs



FB2017-19 budget process



May: web-based budgeting tool released

June: Set up budget process & timeline with Supt Leadership.

July: Program Managers review & rebuild budgets, needs assessment

Aug 12: Proposals due for current and new requests

Aug-Sept: Summarize requests, evaluate & strengthen documentation for current service budgets

Aug 15-22: New requests to be evaluated and justified

Aug 19: Target date for issuance of B&F Biennium Budget Instructions

Sept: Prepare presentation for BOE Review

Sept 20 or Oct 4: FIC and BOE action on recommendations

As of 8/14/16

Budget Process Overview

DATE	BUDGET ACTIVITY	BOE UPDATE OR ACTION
Late Spring – Summer	Department prepares its Budget Recommendation	
Late Summer – Early Fall	Finance Director issues Budget Preparation Instructions	Updated on Budget Process
Early-Mid Fall	Board approved budget submitted to the Department of Budget and Finance for approval	Approves Department’s Budget Request
November	Governor makes final decisions on the DOE's budget requests	Updated on Governor’s decisions
Late December	Governor submits Executive Budget Request to the Legislature	
March	House of Representatives draft their version of the budget	Updated on House Draft
April	Senate draft their version of the budget	Updated on Senate Draft
Late April	Legislature finalizes the budget & appropriates funds	Updated on Conference Draft
Early – Late June	Governor allots (releases) funds in increments based on revenue projections, and may restrict funding to departments	Approved Department’s Restriction Plan if one is necessary
July 1	Fiscal Year begins and HIDOE begins expending allotted funds	

Council on Revenues

General Fund Tax Revenue Projections

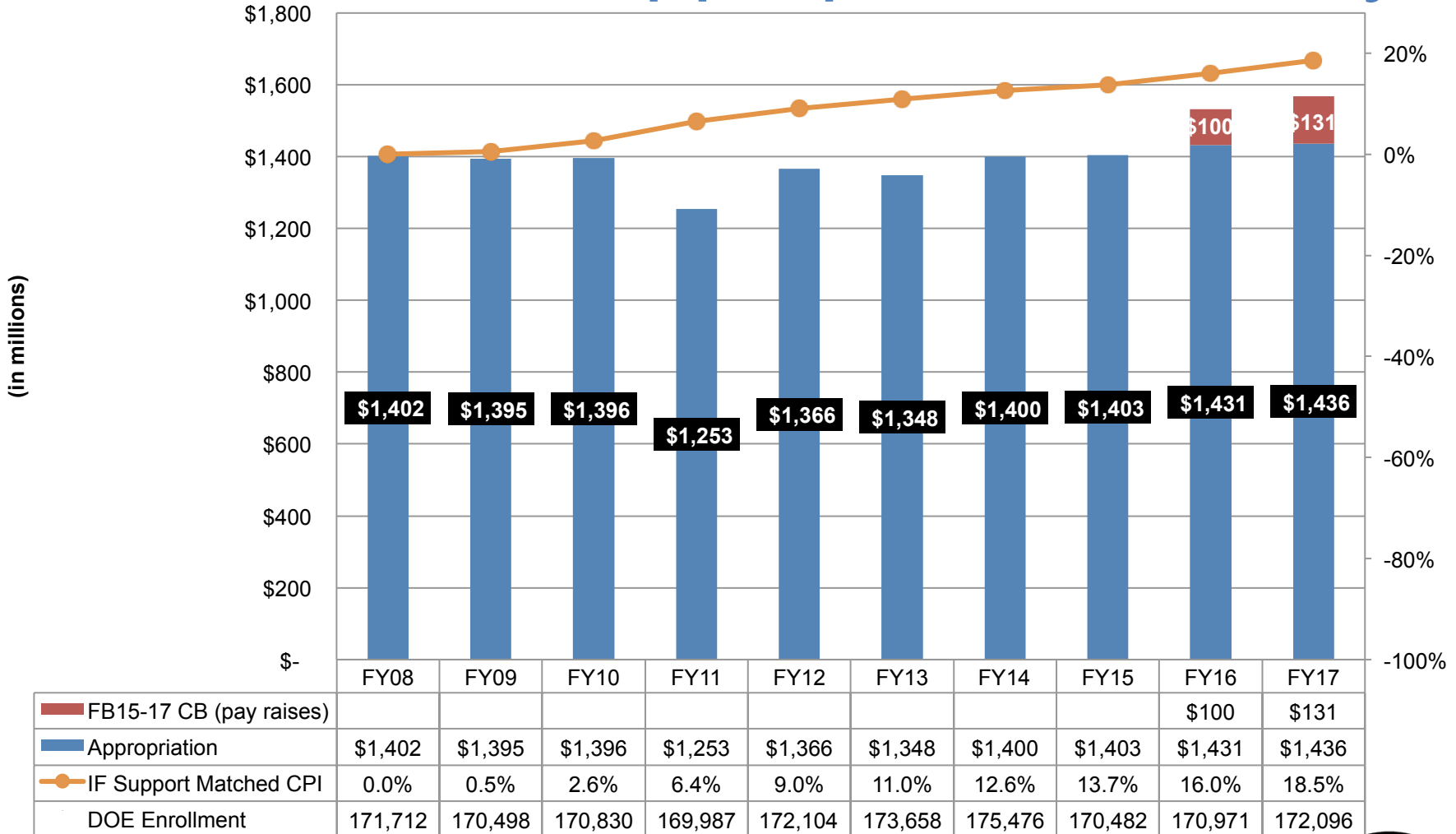
- Hawaii Revised Statute §37-112
 - To ensure a balanced budget, the governor and legislature shall use the latest Council on Revenues (COR) estimates as their base estimate for general fund tax revenues for next six years.
 - If the revenue estimate used by governor or legislature differs they shall make that fact public with the reasons for using the differing revenue estimate.
- Hawaii Revised Statute §37-111
 - The COR is established in the State Constitution and Hawaii Revised Statute (§37-111)
 - Made up of seven individuals – 3 selected by the Governor, 2 selected by the Senate, 2 selected by the House.
 - Reports its latest revenue forecast to the governor and the legislature on June 1, September 10, January 10, and March 15 of each year.

Council on Revenues

Recent General Fund Tax Revenue Projections

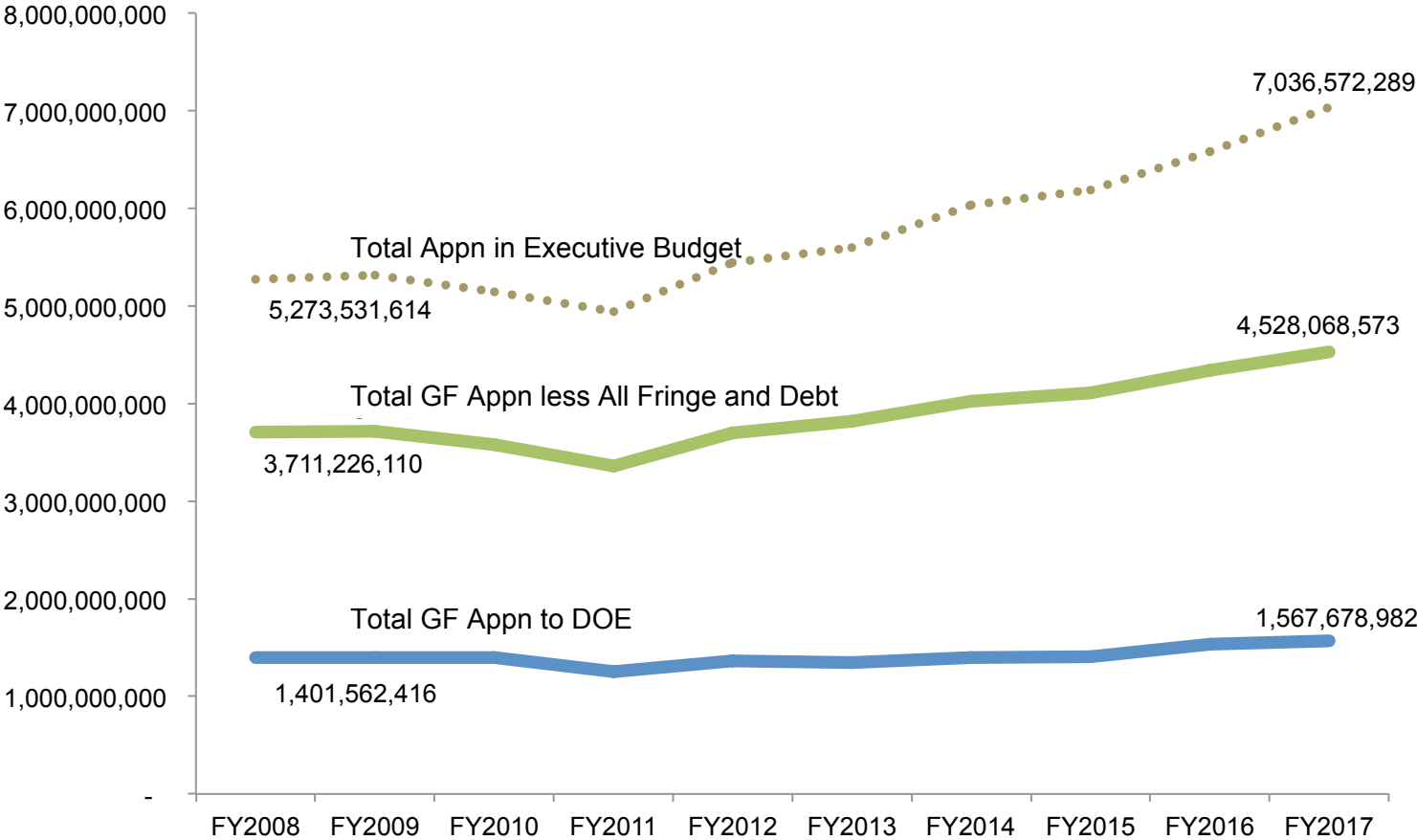
COR Meeting Date	Used by:	FY16 %	FY16\$	FY17 %	FY17\$
09/03/15	Governor to submit FY2016-17 Supplemental Budget Request	6.0%	6,079,249,000	5.5%	6,413,608,000
01/07/16	House to prepare the House Draft of Supplemental Budget	6.7%	6,119,395,000	5.5%	6,455,962,000
03/10/16	Senate to prepare the Senate Draft of the Supplemental Budget and the Conference Committee to negotiate final FY17 appropriations	6.7%	6,119,395,000	5.0%	6,425,365,000
05/24/16	Considered by Governor in restricting or releasing FY17 Allocations	6.1%	6,084,985,000	5.0%	6,389,234,000
Actual FY16 Collections (as of 6/30/16)	Considered by Governor in releasing FY17 Allocations & setting the FB2017-19 Budget Instructions.	8.0%	6,193,952,000 <i>(est. of revenue announced by Exec)</i>	5.0%	6,503,650,000 <i>(using latest COR %)</i>
9/2/16 Next Scheduled Meeting <i>(tentative)</i>	Considered by Governor in releasing FY17 Allocation and making decisions on the FB2017-19 Budget	8.0%	6,193,952,000 <i>(est. of revenue announced by Exec.)</i>	tbd	tbd

General Fund Appropriation History



Source: CPI-Honolulu data from DBEDT, 2016 2nd Qtr Economic Outlook & FY17 enrollment is projected enrollment.

General Fund Appropriations from Executive Budget Bills, FY08-17



CIP Categories

Capacity:

New Schools, Classroom Additions, Temporary Facilities, Repurposing existing facilities to create capacity

Condition:

Repair & Maintenance, Electrical/Technology Infrastructure, Hazardous Material Removal, Structural Improvements

Program Support:

Gender Equity, New Restrooms, ADA Compliance, Support Program Spaces, Playground Equipment

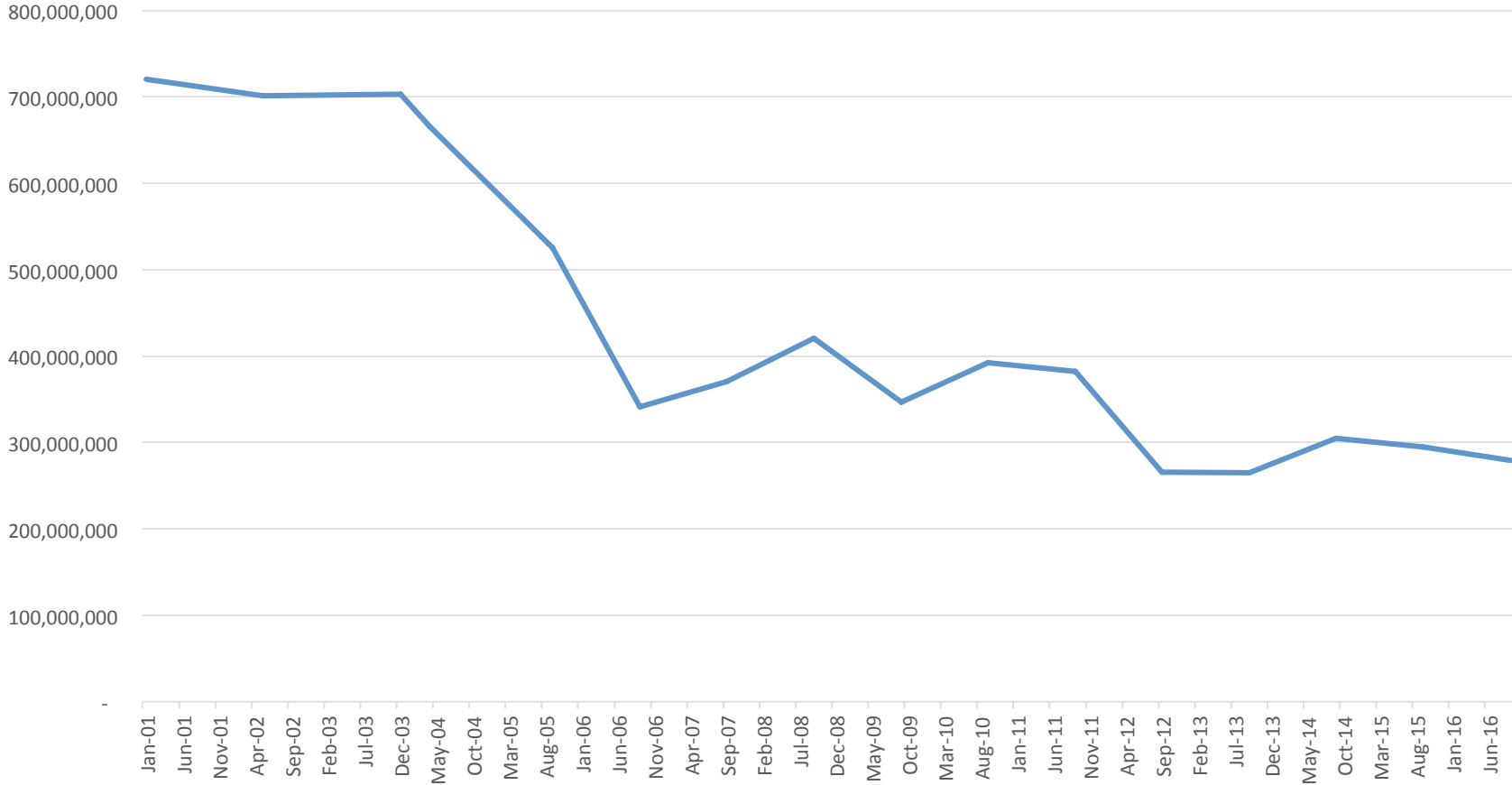
Equity:

Science Facilities, Special Education, Energy Improvement, Right-sizing of spaces, Physical Education, Noise Abatement

Heat Abatement:

Ventilation, Mechanical Cooling, Night Flushing, etc.

R&M backlog since 2001



CIP funding, appropriations



Questions?