INTERAGENCY WORKING GROUP

TRANSFER OF FUNCTIONS
FROM VARIOUS DEPARTMENTS
TO THE DEPARTMENT OF EDUCATION

REPORT TO THE LEGISLATURE
IN RESPONSE TO SECTION 42 OF ACT 51,
SESSION LAWS OF HAWAII 2004

(Note: Appendices to the Report are in separate volume.)

DECEMBER 2005
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INTRODUCTION

Part VIII of Act 51 "Reinventing Education Act of 2004" requires the Interagency Working Group (IWG) created by the Act to submit plans to the Legislature regarding the transfer of rights, powers, functions, duties, and resources, including positions on July 1, 2006, from the Department of Budget and Finance (B&F), Department of the Attorney General (AG), Department of Human Services (DHS), and Department of Health (DOH) to the Department of Education (DOE).

In meeting this requirement, this report sets forth the IWG's recommendations that implement the intent of Act 51 and provides a status report on the successful transfer of functions from the Department of Accounting and General Services (DAGS) and the Department of Human Resources Development (DHRD) that occurred on July 1, 2005.

A great deal of time and effort was invested by the Investigative Committees (ICs), created by the IWG, to develop recommendations regarding the functions identified in Act 51. This year, the ICs presented recommendations that reflect the agreements reached between the departments and the DOE. The ICs' recommendations were the product of the work of the ICs and their respective transition teams, discussion groups or work groups. There are no differing views or positions to report. If interested, readers of this report may obtain information from the participating departments; the DOE has the working papers of all the ICs. A contact list is contained in Appendix D.

The IWG is grateful for the legal advice and counsel provided by Deputy Attorney General Randall Nishiyama and the staff support provided by Kate Stanley and Kathryn Matayoshi, consultants for the DOE.

I wish to express my personal appreciation to the Directors of the Departments, Union leaders and representatives, and community members for their participation in the work of the IWG.

David Carey
President and Chief Executive Officer of Outrigger Enterprises
Chair
Interagency Working Group
EXECUTIVE SUMMARY

The IWG met five times in 2005. The establishment of the ICs established for each department named in Act 51 was critical to accomplishing the work required in Act 51. The ICs were tasked with reviewing the functions to be transferred to the DOE, exploring alternatives for the transfer, and providing a recommendation to the IWG.

A. Progress on Functions Transferred July 1, 2005 - DAGS, DHRD

The ICs for DAGS and DHRD formed Transition Teams in December of 2004 to plan and implement the transfer of functions.

The transfer of the DAGS functions on July 1, 2005, resulted in 207 employees moving to the DOE, along with all construction projects and repair and maintenance work for the island of O'ahu. This monumental task involved a reorganization of the Office of Business Services at the DOE, developing and implementing a process for determining who would transfer and how the transfer of personnel would take place, and developing and implementing new processes at the DOE for the repair and maintenance work, as well as the design and construction projects.

On the Neighbor Islands, repair and maintenance work continues with DAGS under a Service Level Agreement (SLA). The SLA defines roles and responsibilities, expectations and accountability for the DAGS and DOE personnel. It is an example of the kind of open communication, flexibility and commitment by people in both departments to improving service to schools on the Neighbor Islands.

None of this would have been possible without leadership and commitment from all the individuals involved, from the DOE, DAGS, the Hawaii Government Employees Association (HGEA) and the United Public Workers (UPW). The successful transition on O'ahu has resulted in the repair and maintenance work order backlog being reduced from 2,949 to 1,120 in four months, capital improvement projects on track, improved communication with and accountability to the schools through a Maximo work management system and an improved Facttrak information system, and greater connection between the school personnel and those who serve them in the Office of Business Services.

Similarly, the DHRD IC established a Transition Team that developed seven Memoranda of Understanding (MOU), covering the wide range of human resource services to be transferred to the DOE. These seven MOUs cover: a) staffing services, b) classification and compensation services, c) personnel transactions services, d) labor relations services, e) benefit administration services, f) workers' compensation, medical placement, and safety services, and g) training services.

The transfer of functions from DHRD to the DOE also required a reorganization of the Office of Human Resources at DOE, and the improvement and expansion of the DOE human resources information system. These major tasks are being accomplished by
the DOE with DHRD's support and expertise. For example, in the area of staffing, formal and on-the-job training is ongoing and is expected to continue until June 30, 2006.

B. Progress on Functions Scheduled for Transfer July 1, 2006 - B&F, AG, DHS, DOH

Four departments had functions scheduled to transfer to the DOE on July 1, 2006: B&F, AG, DHS, and DOH. ICs for each of these departments were established and met throughout the year.

With respect to the ICs for B&F and AG, the discussions proved to be valuable in and of themselves. The candid and open discussion resulted in increased understanding and appreciation of the role and responsibilities of each department, as well as the barriers and burdens each can impose on the other. The resulting recommendation to repeal provisions of Act 51 calling for transfers of functions from B&F and AG to the DOE is a mutual decision of the departments based on the nature of the discussions held under the auspices of the IWG. The departments are focused now on areas of concern and improvement. The departments are not continuing "business as usual".

The oversight of the IWG in keeping the departments focused on performance measures, objectives and improvement was critical to this process. It is anticipated that the memos, MOUs and SLAs that these departments will implement are the beginning of the work started by Act 51, and a critical step towards improving the educational system for our community.

The discussion in the IC for the DHS transfer also clarified the statutory responsibilities of DOE in the area of employment background checks. This clarification also resulted in the recommendation to repeal the portion of Act 51 relating to the transfer of the DHS function.

Finally, the IC for the DOH transfers continues to work on the transfer and transition issues. Given the tasks and activities currently undertaken by the DOE under Act 51 and its other mandates, the IC decided that the important issues involved in the transfer of the DOH functions required more time to effectively and positively implement. Thus, the recommendation of the IC was to request an amendment to Act 51 to delay the implementation from July 1, 2006 to July 1, 2007.

The IWG adopted all of the recommendations of the various departmental ICs, and has included in this report recommended legislation for the amendment of Act 51 as Appendix A.

The work of the IWG and the departments will continue through 2006 and 2007, focusing on the development or implementation of the various MOUs and SLAs identified in the process of implementing Act 51. The function of Act 51 as a critical catalyst for analysis and discussion of functions, responsibilities, roles, and procedures has been and continues to be fulfilled.
CHAPTER I
OVERVIEW OF THE INTERAGENCY WORKING GROUP

Act 51, passed by the 2004 Legislature and known as the "Reinventing Education Act of 2004," included a coordinated set of initiatives to implement comprehensive education reform in Hawaii's public schools.

Part VIII of Act 51 addressed the concern that many state agencies perform services for the DOE and that this may not be the most efficient and effective organizational structure. The Legislature required the transfer of functions from various departments to the DOE in order to improve the responsiveness and service delivery of the DOE. The Legislature established the IWG, charged with the responsibility of developing plans for the transfer of rights, powers, functions, duties and resources, including positions from the various departments to the DOE.

The transfer of functions was set to occur in phases. On July 1, 2005, the functions relating to expending capital improvement funds, contract administration relating to capital improvement projects (CIP) and the repair and maintenance functions that had not been transferred July 1, 2004, were transferred from DAGS to the DOE. Also, the functions relating to the operation of a centralized human resources system including recruitment, certification, examination, management, classification and compensation of DOE employees were transferred from DHRD to the DOE. On July 1, 2006, functions from B&F, AG, DHS, and DOH were to be transferred to the DOE.

The membership of the IWG as required by Act 51 include:

Mark Bennett, Attorney General, Department of the Attorney General
Chiyome L. Fukino, M.D., Director, Department of Health
Patricia Hamamoto, Superintendent, Department of Education
Georgina K. Kawamura, Director, Department of Budget and Finance
Lillian B. Koller, Director, Department of Human Services
Russ K. Saito, Comptroller, Department of Accounting and General Services
Kathleen N.A. Watanabe, Director, Department of Human Resources Development
Dayton Nakanelua, State Director, United Public Workers
Russell Okata, Executive Director, Hawaii Government Employees Association

Act 51 also provided that the Superintendent could appoint community members to the IWG. Superintendent Hamamoto appointed the following community members:

Joshua Agsalud Ed.D., Former Administrative Director of the State of Hawaii
David Carey, President and Chief Executive Officer, Outrigger Enterprises
Donald Horner, President and Chief Executive Officer, First Hawaiian Bank  
Alan Oshima, Senior Vice President and General Counsel, Hawaiian Telcom  
Linda Smith, Senior Policy Advisor, Office of the Governor

Mr. Agsalud resigned in August 2005 from the IWG and Superintendent Hamamoto appointed Mr. Robert Alm, Senior Vice President, Public Affairs, Hawaiian Electric Company, Inc. as a community member.

Ms. Marie Laderta replaced Kathleen N.A. Watanabe upon Ms. Laderta’s appointment as Director of the Department of Human Resources effective August 2005.

The IWG met five times between May 2005 and December 2005. The IWG used the same organizational approach to accomplishing the work as it did last year. The ICs met and as needed, established working groups or discussion groups to review the transfer of functions and develop recommendations for the IWG. The recommendations regarding the functions to be transferred July 1, 2006 are contained in Chapter III. During the year, the IWG also received status reports from the departments whose functions transferred July 1, 2005. A review of these transfers is contained in Chapter II.

The IWG developed a work plan that outlined the work during 2005 and sets forth the work from December 2005 through June 2007 when the IWG as provided by Act 51 ceases to exist. The work plan is contained in Appendix B.

As the recommendations adopted by the IWG require amendments to Act 51, this report contains the proposed legislation that would accomplish this in Appendix A.

The IWG has worked diligently to fulfill the requirements of Act 51. In the process, communication and understanding between departments, unions and the community have improved. The structure of State government has been realigned, requiring internal improvements within the DOE. The stage has been set for continuous improvements of the educational system and more support for improved student achievement.
CHAPTER II
STATUS OF THE 2005 TRANSFERS

Act 51 called on the IWG to oversee the transfer of various functions from DAGS and DHRD to the DOE effective July 1, 2005, with the objective of improving the responsiveness and service delivery of the DOE. The resulting reorganization of State government moved responsibility and improved accountability for the capital improvement and repair and maintenance functions and the personnel functions to the DOE. Through the hard work of the many individuals involved and with the focus and support of the IWG, the transfers made in 2005 have succeeded in positioning the DOE to provide an improved level of service to the schools and students.

A. DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

Act 51 called for the transfer of repair and maintenance and the design and construction for all schools from DAGS to the DOE. This function at DAGS was largely divided between the Public Works Division (PWD) and the Central Services Division (CSD). The overall Fiscal Year (FY) 2005-2006 budget for capital improvement projects and major repair and maintenance was approximately $215.6 million. In addition, capital improvement projects at DAGS of approximately $155.4 million were transferred to the DOE. The FY 2005-2006 operating budget for personnel and operational expenses was approximately $16.2 million. The monumental task of transferring the functions, personnel and operations took the cooperation, open-mindedness, and hard work of many individuals in both departments.

This section is divided into three segments. The first two cover the transfers of DAGS functions, excluding repair and maintenance on the Neighbor Islands: the Transition Phase, from December 2004 through July 1, 2005, when the actual transfer of personnel, projects and responsibility took place, and the Implementation Phase, where the IWG continued to monitor the progress made by DAGS and the DOE following the critical transfer date. The third segment describes work done by DAGS and the DOE with respect to Neighbor Island schools.

1. Transition Phase

Both DAGS and the DOE understood that planning for the transition would be complex, involving multiple processes, significant financial resources, and many personal and personnel issues. Anticipating issues and providing solutions, keeping critical stakeholders and especially employees informed and involved, and above all finding a way to not just move the organizational blocks, but make the functions work better for the schools and the students, were primary
objectives that kept the many individuals involved focused on the important work undertaken. It was a struggle to put aside many years of practice and established procedures to take a fresh look at how these services were provided to the DOE, one of the many customers of DAGS, and to figure out a way to pull the resources out of DAGS without harming services to the other agencies.

With respect to this transfer, the DOE and DAGS leadership established a Transition Team in December 2004. The Transition Team initially agreed on the number of employees to transfer. The Transition Team also agreed that the more cost effective way to proceed on the Neighbor Islands was by way of a Service Level Agreement between DAGS and the DOE, rather than the transfer of personnel on the Neighbor Islands. The Transition Team then established subcommittees to manage the identified tasks relating to personnel transfers and nonpersonnel transfers.

The Subcommittee on Non-Personnel Resources dealt with transfers of assets and budgets, and location of offices. The Subcommittee on Personnel developed procedures for transfer of personnel with the applicable unions (HGEA and UPW). The Service Level Agreement for the Neighbor Islands was developed jointly between the DOE Complex Superintendents and the DAGS District Engineers. The leadership and commitment of the DAGS personnel in the work of the Transition Subcommittees were critical. In addition, the participation of HGEA and the UPW was invaluable in addressing the concerns of the employees who were moving to the DOE.

Prior to the establishment of the Transition Team, DAGS went through the analysis necessary to determine the resources being utilized to serve the DOE. Its analysis concluded that the following personnel transfers to DOE occur: 45 from Public Works Division, 157 from Central Services Division and 5 from Staff Support. A total of 207 personnel were successfully transferred to DOE from DAGS. DAGS personnel who were located at the Kalanimoku Building continue to be located there; however it is contemplated that in the future, personnel will be relocated to one DOE location. Planning for that relocation has not yet begun.

The DAGS analysis of a typical project flow chart and the budget and procurement process proved useful in developing the process and addressing the issues necessary to ensure smooth transition of functions, projects and personnel.

In reviewing the information provided by DAGS and its own experience with the schools and DOE facilities, DOE determined that it would utilize a service bureau model, with a one stop service center. District Support Teams would be developed to handle the repair and maintenance and capital improvement projects within a particular school district. The District Support Teams consist of construction management inspectors, Facilities Maintenance Branch District Managers and Building Inspection Planning Unit (BIPS) inspectors.
In order to effectively integrate the new functions and personnel, and to utilize the service bureau model, it was necessary for the DOE Office of Business Services ("DOE-OBS") to reorganize. The new organization incorporated the new responsibilities and integrated the 207 DAGS personnel with the existing personnel at DOE. The process of completing this new organization is on-going. The reorganization is being reviewed by the BOE, and then will be sent to the unions for required consultation.

In the new DOE-OBS, three new divisions were created: the Facilities Maintenance Branch, the Facilities Development Branch, and the Customer Assurance Branch. Final review and approval of organizational names and structure is pending.

The Facilities Maintenance Branch handles emergency repairs, work orders, service contracts, custodial support, and ground maintenance.

The Facilities Development Branch is responsible for master plan development, budget preparation, project initiation, major repair and maintenance projects, CIP projects, and staff contracts.

The Customer Assurance Branch is responsible for project control, safety and security, facilities assessment, energy conservation, and the SLA with DAGS for work on the Neighbor Islands. As a part of addressing continuous improvement, the branch has rolled out Maximo, described below, and is further enhancing Factrak, where backlog and initiated projects are listed, and where additional project information, more accurate status reports, and studies and reports can be found.

2. **Implementation Phase**

Since the July 1, 2005 transfer date, progress has been made on many fronts.

DOE-OBS Facilities Maintenance Branch has reduced the backlog of work orders from 2,949 on July 1, 2005 to its goal of two weeks of incoming work orders, or approximately 1,000 work orders. This was accomplished through collaborative teaming with district managers and work crew foremen, and additional appropriations requested by the Governor and appropriated by the Legislature for repair and maintenance. More efficient work order scheduling arising from this collaboration resulted in the backlog being reduced to the goal one month ahead of schedule.

DOE-OBS Facilities Maintenance Branch has also initiated and completed rollout of the Maximo work management system to all 160 schools on O‘ahu. This web-based system allows schools to directly initiate work orders and emergency requests on-line via a single Response Center. It provides schools with on-line
status reports, tracks work flow, and tracks labor and material costs. It will help DOE-OBS Facilities Maintenance Branch achieve its goal of emergency call response time of two hours or less, and trouble call response time of 48 hours or less.

All O'ahu schools are now on cycle maintenance (an eight week cycle for repair and maintenance that is not of an emergency or urgent nature), and because the Response Center is in place, the schools now have one point of contact and a single form for work requests.

As part of the DOE, the OBS Facilities Development Branch is now able to work directly with the schools and involve them in the capital improvement projects. The direct link to their customers is exemplified in how federal funds for Americans with Disabilities Act improvements have been managed. The funding goes directly to the school, but the design, construction and contracting is handled by Facilities Development Branch. These steps provide support to the schools, allowing the school staff more time to focus on students, not the buildings.

The DOE's Capital Improvement Projects have also weathered its initial transition period after July 1, 2005, and is back at the level of output previously maintained at DAGS. In a little over four months, from July 1 through November 10, the OBS-Facilities Development Branch has initiated 157 new projects, selected design firms for 70 projects, sent 60 projects out to bid, accepted 45 constructed projects, and closed out 31 projects.

The DOE is now looking to accelerate project development. As part of the process, the OBS Facilities Development Branch is connecting with the schools - moving projects at an accelerated pace with the involvement of personnel from the school complex and the individual schools.

At the same time, the DOE-OBS Customer Assurance Branch is developing and implementing Facttrak, an information system that is used to track milestone events and projects that are larger and longer in nature. This will allow OBS Facilities Development Branch to not only get the projects out, but monitor quality, cost, timelines and overall progress on any given capital improvement project.

As part of the overall system approach, DOE-OBS is also developing a baseline assessment of condition of school facilities, called the Facilities Asset Management System. With the addition of professional engineering staff, the assessments will be a major foundation for systematic maintenance of facilities. Asset management will allow the DOE-OBS to forecast more accurately future maintenance needs and costs, and provide a methodology for approaching the need to upkeep and upgrade existing facilities.
Finally, the DOE-OBS Facilities Development Branch is trying innovative approaches to delivering projects faster, with higher quality and being more responsive to the needs of their customer. For example, work under $100,000 is being completed under a new process that combines design and construction, to integrate the process and expedite getting work out. It is being evaluated for efficiency and cost-effectiveness.

Much of this work is possible because of the smooth transfer of functions from DAGS to DOE. DAGS' efforts and cooperation provided a firm foundation for DOE's success.

3. The Neighbor Islands

The DAGS Neighbor Island District Offices were kept intact, and personnel were not transferred to the DOE. It was mutually agreed that during the first years of the Act 51 implementation, services on the Neighbor Islands would be handled through a Service Level Agreement (SLA). It is anticipated that future SLAs will be revisited by both departments.

The SLA has preserved the DAGS services on the Neighbor Islands. There were no significant changes in how Neighbor Islands function. One of the issues that has hampered progress is the lack of funds for necessary repair and maintenance, equipment maintenance contracts, and capital improvements. Additional funds asked for by the Governor and appropriated by the Legislature have helped to address this problem.

DAGS has focused its efforts on implementing a cycle maintenance program on the Neighbor Islands. Implementation is complete on Kauai, and cycle maintenance is scheduled for completion in January 2006 on the Big Island and in February 2006 in Maui County.

With respect to accountability measures, DAGS continues to use its existing computer system to capture data on work orders and emergency work orders. Automated monthly performance reporting for work orders is being piloted. Procedures to ensure timely data capture are under development. Reports on the status of work orders (completion) were produced for November 2005, and will continue on a monthly basis.

The SLA is an example of the cooperation and coordination between DAGS and DOE personnel that was essential to the successful transfer. Complex Area Superintendents and District Engineers are working on policies and procedures based on SLA requirements. The SLA covered the roles and responsibilities of the parties, goals and objectives, and method and means of measuring progress. The DAGS and DOE personnel involved on the Neighbor Islands agreed to meet quarterly to maintain ongoing assessments of the SLA.
B. DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT

Act 51 requires that all rights, powers, functions, duties and resources of DHRD relating to the operation of a centralized human resources system and recruitment, certification, examination, management, classification and compensation of DOE employees, including labor relations, be transferred to the DOE effective July 1, 2005.

The Transition Team created by DOE and DHRD met numerous times prior to the transfer date of July 1, 2005. This section describes the work and progress that have been made, and has been divided into two segments along with the implementation time frame: first, the planning and work done prior to July 1, 2005, and second, the progress since the transfer.

The leadership and participation of the DHRD personnel was critical to the success of the Transition Team. Their willingness to work with the DOE personnel and their continued assistance in the post-transition period have been critical to the DOE's success in performing the personnel functions.

1. Transition Phase: December 2004 – June 30, 2005 and Beyond

a. Memoranda of Understanding

After extensive discussion, the departments reached agreement on seven areas, memorialized in seven Memoranda of Understanding ("MOU") signed by both DOE and DHRD. The MOUs focused on transition, continuation of services and cooperation between the two departments.

These seven MOUs cover: a) staffing services; b) classification and compensation services; c) personnel transactions services; d) labor relations services; e) benefit administration services; f) workers' compensation, medical placement, and safety services; and g) training services. Each MOU is briefly described below:

   i) Staffing Services: Staffing services for civil service classes utilized by the DOE include classes of work that are unique to the DOE, and multi-agency classes of work that are shared between the DOE and other Executive Department Branches. These services will be transferred to the DOE at a time to be set in the future. The departments agreed on the transfer of recruitment records from DHRD to the DOE, and also the following confidential records: examination records, records on eligibles established for the DOE unique classes, and the certified list of eligibles for the DOE unique classes. DHRD also agreed on the transfer of the recruitment process for vacancies transferred from the DARGS Facilities Support Services Branch.
In addition, DHRD has agreed to provide certain services and training to the DOE to ensure a smooth transition of staffing functions from DHRD to the DOE. With this assistance, the DOE is continuing to develop and build its own staffing infrastructure and expertise.

This MOU provides for service through June 30, 2006, and also sets out various milestones to be met in the time period until June 30, 2006, including deadlines for the development of the DOE's computerized staffing system, and the transfers for recruitments so that the DOE can conduct more of its own recruitments for its civil service system by January 1, 2006.

ii) Classification and Compensation Services: DHRD's Employee Classification and Compensation Division (ECCD) agreed to complete all non-delegated classification requests received on or before June 1, 2005, and all requests for shortage category reviews received on or before May 15, 2005. In addition, ECCD agreed to provide training on shortage declarations, classification principle, practices and procedures, development and pricing of new classes, minimum qualification specifications and selective certification requirements, and on-the-job training.

iii) Personnel Transactions Services: The departments agreed to the transfer of personnel records, including responsibility for employee records-keeping and archiving, leave accrual, utilization and recording, personnel actions reporting, and workforce information and reporting. Also included in the MOU are provisions relating to the use of DHRD's information system (DHRD-HRMS) and the DOE's ORACLE system and Kronos.

iv) Labor Relations Services: DHRD administers a statewide labor relations program for Bargaining Units 1, 2, 3, 4, 9, 10 and 13 ("BUs"). DHRD will continue to provide labor relations services relating to the administration of the collective bargaining agreements for the BUs, as well as consider and coordinate DOE requests and data in the State's proposals for collective bargaining. DHRD will also provide training and other assistance.

v) Benefit Administration Services: The MOU outlines roles and responsibilities for the following benefit plans: Premium Conversion Plan, Flexible Spending Accounts/ Island Flex Plan, Qualified Transportation Fringe Benefit Plan (Flex Park), Resource for Employee Assistance & Counseling Help (REACH), Leave Sharing Program and Governor's Awards Program.
vi) **Workers' Compensation, Medical Placement, and Safety Services:** DHRD will continue to administer the Workers' Compensation program for the employees transferred to the DOE under Act 51 where the date of injury is prior to July 1, 2005. In addition, the MOU provides for placement options, and for continuation of DHRD's role in the State's Temporary Disability Benefit Plans, the State's alcohol and drug testing program, and safety and accident prevention services.

vii) **Training Services:** DHRD administers a statewide training program for civil service employees. Under this MOU, the program will continue to be available to DOE employees on the same terms and conditions as other State agencies.

All MOUs conclude on June 30, 2006 and are subject to earlier termination or extension upon agreement of the departments.

b. **Reorganization**

In order to assure that the services to its employees continued to be met, the DOE's Office of Human Resources (DOE-OHR) recognized that its organizational structure needed to change to reflect a broader and larger scope of work, and to accommodate increased numbers of employees. No DHRD staff positions were transferred to the DOE, in recognition of the work load that DHRD continued to carry for the other State agencies. Instead, twelve temporary DOE positions were established to address the DOE's restructuring and delinking from DHRD; no school positions were affected. The reorganization is described more fully in the Progress Since the Transfer section, below.

c. **Information Systems**

In addition, information systems needed to be updated and integrated to manage effectively and efficiently the volume of documentation that would be generated and managed by the relatively small DOE staff. The DOE is in the process of automating the Human Resources Information System, including scanning of all historical information and current personnel files, developing a recruitment system for all classes of employees, and developing a management position and employee data system. The Human Resource Automation Project is described further in the Progress Since the Transfer section, below.

2. **Progress Since the Transfer**

Other than for the arrangements established in the MOUs, human resources support for 6,000 DOE employees and 200 job classes were successfully transitioned from DHRD to the DOE on July 1, 2005. An additional 207 DAGS employees and 43 job classes were also successfully transitioned from DAGS to
DOE-OBS on July 1, 2005. In the future, school health aides, public health nurses and part time substitutes from DOH will also be transferred to the DOE.

On July 1, 2005 the Office of Human Resources (OHR) implemented the new organizational structure based on operations and functions versus job classes. The new organization structure consists of three branches and 12 sections:

1) Personnel Management Branch, with three sections:
   a. Recruitment Section
   b. Classification and Compensation Section
   c. Records and Transactions Section

2) Personnel Assistance Branch, with three sections:
   a. Labor Relations Section
   b. Negotiations Section
   c. Benefits Section

3) Personnel Development Branch, with four sections
   a. Certification and Training Section
   b. Induction, Mentoring and Professional Development Section
   c. Personnel Evaluation and Awards Section
   d. Compliance and Monitoring Section

The Personnel Regional Officers and the Leadership Development & Educational Research Institute are also sections.

Existing personnel and functions are housed within the three branches of OHR. Branch Directors are focused on (1) realigning roles and responsibilities; (2) advertising and filling vacant positions; (3) assessing the personnel needs of the branches; (4) training of personnel to implement functions; and (5) updating and developing the Standard Practice (School Code).

The Human Resource Automation Project continues to forge ahead in planned increments with the goal of implementing a comprehensive automated system. The scanning of all teacher records and files, and the applicant records for all Support Services Personnel (SSP) is completed. The OHR staff now operates electronically when accessing employee information rather than by hard copy. The result is a reduced turnaround time in obtaining employee and SSP applicant information.

The project has also created a new online application and tracking system for Educational Assistant positions. This system is currently being evaluated for future development and efficiency. Staff has used this experience to determine the needs of a recruitment system that will meet the various recruitment needs of the DOE. In addition, the employee transaction section has realized an increase in efficiency and reduced error in processing of data.
In response to the requirements of the federal No Child Left Behind Act for DOE employees, a professional development component has been added to the scope of the automation project. Features of this system will include access to various professional development courses, individualized plans for employees and schools, and certification and licensure programs. Phase 1 of the professional development component will be available in June 2006.
CHAPTER III
STATUS AND RECOMMENDATIONS FOR THE 2006 TRANSFERS

While the recommendations of the IWG include repeal of provisions of Act 51 calling for the transfers of functions in B&F and AG, it should be noted that the provisions to be repealed served a very useful purpose in focusing the departments on areas of concern. The recommendation to repeal should be viewed as a mutual decision of the departments reached after extensive discussion and further review by the IWG. The function of Act 51 as a critical catalyst for analysis and discussion of issues and problems has been and continues to be fulfilled.

With the assistance and direction of the IWG, the work of the departments became a collaborative effort to communicate, learn, clear misunderstandings, clarify issues, focus on solutions, and begin a process of improving service, operations, and relationships, with an eye always on student learning and achievement. The departments are not continuing "business as usual." The oversight of the IWG in keeping that focus on performance measures, objectives and improvement was critical to this process. It is anticipated that the memos, MOUs and SLAs are really the beginning of the work started by Act 51, and a critical first step towards improving the educational system for our community.

A. DEPARTMENT OF BUDGET AND FINANCE

Section 47 of Act 51, Session Laws of Hawaii 2004, provides for the transfer of all rights, powers, functions, duties, and resources relating to funding of collective bargaining agreement increases; and securing, administering, use, and expending of federal funds and other aid, including their custodial supervision from B&F to the DOE effective July 1, 2006, subject to repeal by subsequent legislation.

In addition, Section 42 of Act 51 requires the IWG to develop comprehensive plans for the transfer of the functions identified above and the functions relating to the capital improvement project allotment process and the determination of retirement and other employee benefits.

The IC met on July 28, August 25, September 8, and October 4 and 17, 2005. Participants from the DOE included Patricia Hamamoto, Randy Moore, Rae Loui, Gilbert Chun, Duane Kashiwai, Sanford Beppu, Chris Ito, Edwin Koyama, Adele Chong and Gordon Sam. Participants from B&F included: Georgina Kawamura, Stanley Shiraki, Neal Miyahira, Dan Manabe, Jim Bayley, Shirley Kimura, and Jeff Tsuda. Lei Desha from the HGEA was also a participant. David Carey, IWG chair, was also a participant.

This section is divided into the three areas discussed in the IC: 1. Capital Improvement Project Allotment Process; 2. Fiscal Functions (collective
bargaining, determining retirement and other benefits, and federal funds); and 3. Other Fiscal Functions not set forth in Act 51.

It should be noted again that the process of discussion, clarification and focusing on results brought on by Act 51 has resulted in a clearer understanding on the part of both departments of their roles and responsibilities. There is greater appreciation for other departments' tasks and responsibilities. The improved understanding and openness is refreshing and important. This is most notable in the fact that the IC was willing to take on a discussion of other fiscal functions, beyond those mandated by Act 51. The departments have begun a course of positive dialogue that will hopefully serve as a critical platform for improvement well beyond the scope and time of Act 51 and the IWG.

1. **Capital Improvement Project Allotment Process**

Section 5, of Article VII of the State Constitution, Expenditure Controls, provides that the control of the rate of expenditures of appropriated state moneys, and for the reduction of such expenditures under prescribed conditions, shall be made by law.

Section 37-43, Hawaii Revised Statutes ("HRS"), provides that B&F shall carry out the capital improvement project allotment process. The capital improvement project allotment process consists of the review, prioritization, and evaluation of capital improvement projects to insure consistency with executive priorities.

Section 103-7, HRS, provides that all capital improvement projects require authorization by the Legislature and the Governor.

The DOE recognizes the Governor's fiscal responsibility for the entire State and that the Board of Education (BOE) does not have a revenue source to support either cash expenditures or the authorization of general obligation bonds to finance capital improvement projects.

The DOE wanted the allotment process and those factors influencing the allotment process such as debt service to be transparent, understandable, and explainable to the BOE and the public. The DOE also wanted predictability and timeliness in the allotment process so that the DOE could manage an effective and efficient construction and repair and maintenance program.

With these objectives in mind, the DOE and B&F agreed that the allotment process function should not be transferred from B&F to the DOE. Rather, a memo or a Memorandum of Understanding ("MOU") will be prepared that describes the allotment request process and specify the information that B&F will provide to the DOE with regard to the calculation of debt service. The memo or MOU will be completed by June 30, 2006.
Section 36-32, HRS, establishes the State Educational Facilities Improvement Special Fund ("SEFI"). Under Section 237-31, HRS, the SEFI is funded through a portion of the general excise tax revenues and/or general obligation bonds. B&F has requested the repeal of the SEFI because, in recent years, the SEFI has been funded entirely by general obligation bonds. Consequently, capital improvement projects funded by SEFI are viewed by B&F as essentially being funded by general obligation bonds. The DOE would like to maintain SEFI. Both departments have agreed to revisit this issue in the future.

2. Fiscal Functions (funding of collective bargaining increases, determining retirement and other benefits, and securing, administering, use, and expending of federal funds and other aid, including their custodial supervision)

a. Collective bargaining

The DOE and B&F agreed that the function of funding of collective bargaining agreement increases should not be transferred from B&F to the DOE. The DOE is dependent on the State to fund its programs, including the collective bargaining increases for its employees. To improve fiscal transparency for the DOE's spending of State money for collective bargaining increases, B&F has agreed to modify the format of the collective bargaining appropriation bills to separately show the salary and benefit appropriations that are for DOE employees.

b. Determining retirement and other benefits

The DOE and B&F agreed that the DOE will, in cooperation with B&F and with assistance from B&F, make concurrent determinations of pension accumulation, health benefit, and social security and Medicare contributions.

c. Federal funds

The DOE and B&F agreed that the custodial supervision of federal funds, and the receiving and holding of federal funds, should not be transferred to the DOE.

The DOE will change its current practice of requesting the Governor's approval for federal grants that are not budgeted as long as the grants do not exceed the DOE's total federal fund ceiling.

B&F would like the DOE to budget for federal impact aid an amount that is closer to what the DOE has historically received of the expected federal impact aid. The DOE and B&F have different views as to the nature and
use of the federal impact aid. Both departments have agreed to revisit this issue in the future.

A memo or an MOU regarding fiscal function procedures will be completed by June 30, 2006.

3. **Other Fiscal Functions not set forth in Act 51**

Among other fiscal functions not set forth in Act 51, the DOE and B&F have agreed to discuss position ceilings as they relate to the implementation of Weighted Student Formula, and carryover funds, in addition to revisiting the SEFI issue and the federal impact aid issue.

After extensive discussion, the departments agreed that the transfer of functions should not occur at this time, and that Act 51 should be amended to repeal the transfer of functions from B&F to the DOE. Furthermore, the departments agreed that the allotment process and fiscal functioning between the two departments can be improved and will cooperate to implement memos or MOUs with specific procedures outlining the capital improvement project allotment process and fiscal matters, including those that are not mentioned in Act 51.

This recommendation was considered and adopted by the IWG at its November 15, 2005 meeting. Therefore, the IWG recommends to the 2006 Legislature that Act 51, sections 47 and 48, be amended to repeal the transfer of functions from B&F to the DOE.

Both departments are committed to improving transparency, increasing the understanding of the public regarding the purpose and nature of education expenditures, and to improving fiscal processes.

**B. DEPARTMENT OF THE ATTORNEY GENERAL**

The IC for the transfer of functions from the AG met on August 18, 2004 and November 1, 2005. Participants from the DOE included: Superintendent Patricia Hamamoto, Gerald Okamoto, Solette Perry, Fay Ikei, Linda Shinsato, Merlene Akau and Naomi Matsuzaki. Participants from the AG included: Attorney General Mark Bennett, James Halvorson, Holly Shikada and Randall Nishiyama. Participants from B&F included: Jeff Tsuda, David Moore and Neal Miyahira. Lei Desha from the HGEA was also a participant.

Section 47 of Act 51, Session Laws of Hawaii 2004, provides for the transfer of rights, powers, functions, and duties and resources relating to the negotiating of workers' compensation claims, and labor-management relations from the AG to the DOE on July 1, 2006, subject to repeal by subsequent legislation.
Several discussion groups met numerous times prior to the November 1, 2005 IC meeting. The group discussions served to clarify the work that the AG currently performs in the areas of workers' compensation and labor relations, the services that the DOE would like to have from the AG, the resource limitations, potential issues for clarification and problem solving, and overall clarity of the respective roles and responsibilities of the DOE and the AG in these two areas. In addition, legal services required or advisable in other contexts for the DOE were raised and will be the subject of future discussions. These include contract review, regulatory compliance, and civil litigation support. There is a commitment on the part of both departments to continue and expand these discussions beyond the two areas listed in Act 51.

The DOE currently handles all workers' compensation claims through the initial decision on the claim. The AG currently provides legal services in any appeals from the initial determination by the DOE. The AG also currently provides legal advice and counsel when needed, reviews and assists with finalizing settlement documents, assists in pursuing fraud violations, assists with obtaining subpoenaed documents, pursues third party liability claims (benefit recovery), and conducts depositions when necessary.

The AG also provides legal services for workers' compensation claims from other State departments and agencies.

With respect to labor-management relations, the DOE currently handles all step 1 grievances and handles all Step 2 grievances for HGEA Units 5 and 6.

With the addition of the personnel from DAGS, and future addition of personnel from the DOH, the DOE will handle any future grievances for the new employees. This includes grievances in other HGEA units not previously in the DOE (such as Unit 9), and potentially increases in the overall volume of work because of the increased number of personnel in the DOE.

The AG generally handles all arbitrations upon request for all unions.

The DOE believes the responsiveness and level of service from their deputy attorneys general in the Employment Law Division has generally been excellent. The DOE and AG agree that transferring personnel from the AG to the DOE to handle the DOE's workers' compensation and labor relations work will not lead to significant cost savings or increases in efficiency.

The DOE and AG agreed that there are ways to improve the services in the workers' compensation and labor relations areas, including improving communication and coordination (including options such as earlier coordination and advice on legal positions and issues), and clarifying scope of responsibility for each department, clarifying procedures and protocols, and improving overall monitoring and development of cases. The departments agree that this can be
accomplished through an MOU or SLA between the DOE and AG, which will provide the mechanism and process for improved relationships and service.

An MOU or SLA regarding ways to improve the services in the workers' compensation and labor relations areas will be completed by the Departments by June 30, 2006.

The IC concluded that the transfer of the functions relating to labor relations and workers' compensation from the AG to the DOE should not occur at this time, and that Act 51 should be amended to repeal the transfer of functions from the AG to the DOE. Furthermore, the departments agreed that the provision of services between the two departments can be improved and will cooperate to implement MOUs or SLAs with specific procedures outlining, among other things, methods for communication and coordination of services, including those not mentioned in Act 51.

The IC also considered cycle time and responsiveness, and other areas beyond labor relations and workers compensation to include contract review and legal representation in a variety of administrative and civil matters. The IC intends that the MOUs or SLAs will incorporate performance measures and on-going process improvement methods to continue to drive improved operations in the DOE and support from the AG. It is contemplated that the MOUs or SLAs developed for the labor relations and workers compensation areas will serve as models for the development of similar agreements for other areas of legal services provided by the AG to the DOE.

The recommendation was considered and adopted by the IWG at its December 14, 2005 meeting. Therefore, the IWG recommends to the 2006 Legislature that Act 51, section 47, be amended to repeal the transfer of functions from AG to the DOE.

The IWG strongly recommends that the departments continue to view this as a continuous improvement process that will extend beyond the statutory life of the IWG.

C. DEPARTMENT OF HUMAN SERVICES

Section 47 of Act 51 provides for the transfer of the function of conducting employment background checks for the after-school plus program, private vendors, and other employees and trainees who work with public school students from the DHS to the DOE effective July 1, 2006, subject to repeal by subsequent legislation.

The IC met on June 28, 2005. Participants from the DOE included: Patricia Hamamoto, Randy Moore, Gerald Okamoto, Fay Ikei, Linda Shinsato, Linda Unen, Chris Butt, Glenn Nakamoto and Katherine Sakuda. Participants from
DHS included: Henry Oliva and Gary Kemp. Participants from the B&F included: Ed Rogoff and Dean Mizusawa. Lei Desha from the HGEA was also a participant.

The IC reviewed the current practice and statutes covering criminal history checks. The DOE is required by section 302A-601.5, HRS, to have procedures for obtaining criminal history record checks for employees that are in close proximity to children. The DOE is to use the information to determine if a person is suitable for working in close proximity to children.

The DOE currently performs criminal history checks for all prospective employees of the DOE except for the A+ employees, and makes the determinations as to the prospective employee’s suitability for employment.

Currently, DHS conducts the criminal history record checks for the A+ after school program employees who are employees of the DOE. DHS has agreed to continue to provide this service to the DOE for the 2005-2006 school year. DHS is willing to provide this service to the DOE because the A+ program provides after school care to many of the DHS clients.

For school years 2006-2007 and beyond, DHS will not provide the criminal history record check service for the DOE A+ employees. The DOE is in the process of securing additional resources in order to conduct the criminal history record checks, as well as looking at other options, such as contracting with a private provider or asking DHS to continue the service for a fee.

The DOE and DHS will continue to discuss if there are any future services that DHS will provide or if there are any other agreements that DOE and DHS want to enter into regarding the provision of criminal history record checks.

The IC concluded that there is no function that DHS is required to perform regarding criminal history record checks, and therefore, Act 51 should be amended to repeal the transfer of function from DHS to DOE.

This recommendation was considered and adopted by the IWG at its October 26, 2005 meeting. Therefore, the IWG recommends to the 2006 Legislature that Act 51, sections 47 and 48, be amended to repeal the transfer of the employment background criminal history record check function from DHS to the DOE.

D. DEPARTMENT OF HEALTH

Section 47 of Act 51 provides for the transfer of all rights, powers, functions, duties, and resources relating to school health aides and public health nurses who supervise school health aides from the DOH to the DOE on July 1, 2006, subject to repeal by subsequent legislation.
In addition, Section 42 of Act 51 requires the IWG to develop comprehensive plans for the transfer of the school health aides from the DOH to the DOE.

The IC met on June 17, 2005, exchanged proposals in August 2005, and met on October 11, 2005. Participants from the DOE included: Patricia Hamamoto, Kathy Kawaguchi, Steve Shiraki, Dee Helber, Fay Ikei, Linda Shinsato and Vernon Young. Participants from the DOH included: Chiyome Fukino, Linda Rosen, Barbara Yamashita, Ruth Ota, Ann Kinningham, Rita Hoopii-Hall, and Beverly Koito. Participants from B&F included: Dan Manabe and Susan Inouye. Nora Nomura and Joan Takano from the HGEA were also participants.

The DOE has asked the DOH to delay the transfer of the school health aides and public health nurses who supervise school health aides from July 1, 2006, to July 1, 2007. The DOE has capacity constraints regarding managing the transfer of such employees due to the transfer of functions from DARGS and DHRD on July 1, 2005; the building of the human resource infrastructure to serve additional civil service employees; the Act 51 requirement to implement the Weighted Student Formula at every school; and the January 2006 implementation of the Medicaid reimbursement program for services provided by the DOE.

The DOH and the DOE agree that the transfer of the school health aides and public health nurses who supervise school health aides should be delayed until July 1, 2007.

The DOH and the DOE have not yet reached agreement on the best method of providing supervision and clinical oversight of the health aides. This could be accomplished either through a transfer of the public health nurses or a MOU/SLA between the two departments that provides for clinical oversight of the health aides by public health nurses who would remain with the DOH.

The DOH and the DOE have not yet reached agreement on how many support personnel should transfer.

The DOH and the DOE agreed that the IC and transition team should continue to meet to plan for the transfer of the health aides, discuss the best option for their supervisory and clinical oversight, and determine the number of support personnel that should transfer.

Given the outstanding issues and the capacity of the DOE to integrate additional personnel into the department, the IC concluded that the transfer of the school health aides and public health nurses who supervise the school health aides would be more effective if delayed until July 1, 2007, and accordingly made that recommendation to the IWG at its meeting October 26, 2005.
This recommendation was considered and adopted by the IWG at its November 15, 2005 meeting. Therefore, the IWG recommends to the 2006 Legislature that Act 51, Section 47, be amended to change the date of the transfer of the school health aides and supervisory public health nurses from July 1, 2006, to July 1, 2007.
INTERAGENCY WORKING GROUP

TRANSFER OF FUNCTIONS
FROM VARIOUS DEPARTMENTS
TO THE DEPARTMENT OF EDUCATION

APPENDICES TO THE
REPORT TO THE LEGISLATURE
IN RESPONSE TO SECTION 42 OF ACT 51,
SESSION LAWS OF HAWAII 2004

DECEMBER 2005
RELATING TO EDUCATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. After extensive deliberations, the Interagency Working Group (IWG) established pursuant to part VIII of Act 51, Session Laws of Hawaii 2004, the "Reinventing Education Act of 2004," has recommended to the legislature that the transfer of functions from the department of budget and finance, the department of the attorney general, and the department of human services to the department of education specified in Act 51 be repealed. The IWG has also recommended that the transfer of functions from the department of health to the department of education specified in Act 51 be delayed one year and take effect July 1, 2007, rather than July 1, 2006.

The IWG report to the 2006 legislature recommended that fiscal functions should remain with the department of budget and finance. The IWG reported that the departments of education and budget and finance have agreed to improve the:

(1) processes related to capital improvement project (CIP) allotments;
(2) fiscal processes affecting the calculation of employee
benefits; and

(3) expenditures of federal funds.

The departments will work together to prepare memos or
memorandums of understanding (MOU) to set forth the new
processes, mutually agreed upon, between the two departments.

The IWG report also recommended that transferring the
functions relating to workers compensation and labor-management
relations from the department of the attorney general to the
department of education should not occur at this time. The IWG
reported that the departments will prepare MOUs or service level
agreements (SLAs) that clarify the scope of responsibility,
procedures, and protocols.

The IWG report noted that the department of education is
required by statute to conduct criminal history record checks for
employees that work in close proximity to children; therefore
there is no function that the department of human services is
required to perform.

The IWG report also recommended that the transfer of the
school health aides and the public health nurses who supervise
the school health aides be delayed one year from July 1, 2006 to
July 1, 2007. The department of education requested the delay
due to the number of other requirements of Act 51 that are
scheduled to be implemented in the 2006 - 2007 school year. In
addition, both departments desire to have a smooth transition and
additional time will make this possible.

While the IWG recommended repealing specific provisions of
Act 51 relating to the transfers of functions in the departments
of budget and finance and attorney general's office, the IWG took
special note that the provisions to be repealed served a useful
purpose in focusing the departments on areas of concern. The
recommendations to repeal certain statutory provisions were
mutual decisions of the departments reached after extensive
discussion and further review by the IWG. The function of Act 51
as a critical catalyst for analysis and discussion of issues and
problems has been and continues to be fulfilled.

The departments are not continuing "business as usual". The
legislature fully expects the departments to remain committed to
continuous improvement and that the memos, MOUs, and SLAs, when
completed and implemented in accordance with the departments'
agreements, are a critical step towards improving the educational
system for our community.

Therefore, based on the IWG recommendations contained in the
IWG report to the 2006 Legislature, the purpose of this Act is to

SECTION 2. Act 51, Session Laws of Hawaii 2004, is amended
by amending section 47, to read as follows:
SECTION 47. (a) All the rights, powers, functions, duties, and resources of:

(1) The department of budget and finance relating to the:
   (A) Funding of collective bargaining agreement increases; and
   (B) Securing, administering, use, and expending of federal funds and other aid, including their custodial supervision;

(2) The department of the attorney general relating to:
   (A) The negotiating of workers' compensation claims; and
   (B) Labor-management relations within the department of education;

(3) The department of human services relating to the conducting of employment background checks for the after-school plus program, private vendors, and other employees and trainees who work with public school students; and

(4) The department of health relating to school health aides and public health nurses who supervise school health aides[†]
are transferred to the department of education effective July 1, 2007, subject to repeal by subsequent legislation.

(b) All moneys budgeted in support of each position to be transferred to the department of education, including moneys for direct and indirect employee benefits, are transferred to the department of education effective July 1, 2007, subject to repeal by subsequent legislation.

SECTION 3. Act 51, Session Laws of Hawaii 2004, is amended by amending section 48 to read as follows:

'SECTION 48. All resources, appropriations, records, equipment, databases, software, programming, machines, files, supplies, contracts, books, papers, documents, maps, and other personal property heretofore made, used, acquired, or held by the department of accounting and general services[] department of budget and finance, department of human services[,] and department of health relating to the functions transferred to the department of education shall be transferred with the functions to which they relate.'

SECTION 4. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 5. This Act shall take effect June 29, 2006.
.B. NO. _____

INTRODUCED BY: ____________________________

BY REQUEST
IWG WORK PLAN
As of December 14, 2005

Goal: Act 51, Section 41, Reduction of Bureaucracy: improving the efficiency of the State’s public education system.

This work plan identifies work accomplished during this past year as well as future IWG and Investigative Committee work (identified in bold).

I. IWG Objectives:
   A. Develop comprehensive plans for transferring certain rights, powers, functions, duties and resources including positions, from the departments of accounting and general services, human resources development, budget and finance, the attorney general, human services, and health to the department of education.
   B. Assure due consideration to minimize the impacts to personnel and overall costs to government.
   C. The IWG shall cease to exist on June 30, 2007.

II. Investigative Committees to Develop Recommendations for Transfer

   A. Department of Budget and Finance (B&F) - Department of Education (DOE)
      Work Product and Schedule
      1. Reconvene the IC and create working groups to consider the transfer of functions set forth in Act 51:
         a. Funding of collective bargaining agreement increases;
         b. Securing, administering, use and expending of federal funds and other aid, including their custodial supervision;
         c. Capital improvement project allotment process;
         d. Determination of retirement and other employee benefits.
      2. Draft proposal that:
         a. Recommends deletions or additions of functions that should transfer;
         b. Recommends other options such as Memorandum of Understanding (MOU), Service Level Agreements (SLA) or other agreements that address the issues related to the functions identified in Act 51;
         c. Recommends statutory changes;
         d. Identifies issues not addressed in Act 51 that need to be addressed.
      3. The DOE and B&F held discussion group meetings regarding the items mentioned in Act 51 and identified other issues. B&F – DOE IC schedule:
         a. 7/28/05: Allotment Process for Capital Improvement Projects (CIP) and Repair and Maintenance (R&M)
         b. 8/25/05: Discussion of recommendation regarding allotment process
         c. 8/31/05: Progress report to IWG
         d. 9/8/05: Discussion of collective bargaining and employee benefits.
         e. 10/4/05: Discussion of recommendation regarding fiscal matters to IWG
f. 10/17/05: Discussion of recommendation to IWG

g. 10/26/05: Presentation of recommendations to IWG

h. 11/14/05: IWG adopts recommendation to repeal transfer of the allotment process and other fiscal functions from B&F to the DOE. B&F and DOE agree to complete memos or MOUs to specify the change in procedures regarding the allotment process and other fiscal functions by June 30, 2006.

i. December 2005 through March 2006: B&F and DOE draft memos or MOUs

j. April 2006: IC meets to review and accept memos or MOUs

k. May 2006: IC reports to IWG

l. May 2006 through June 30, 2007: DOE and B&F meet as needed regarding memos or MOUs and other issues of interest to both departments such as federal impact aid. DOE and B&F continue to provide updates to IWG.

B. Department of the Attorney General (AG) - DOE Work Product and Schedule

1. Working groups composed of DOE and AG personnel considered the transfer of functions set forth in Act 51:
   a. Workers’ compensation claims;
   b. Labor-management relations within the DOE

2. The IC met November 1, 2005 to consider the following:
   a. Deletion or additions of functions that should transfer;
   b. Consideration of other options such as MOUs, SLAs or other agreements that address the issues related to the functions identified in Act 51;
   c. Any statutory changes;
   d. Issues not addressed in Act 51 that need to be addressed.

3. November 14, 2005 IWG meeting: The IC recommended that the transfer of the functions from AG to the DOE should be repealed and that the AG and DOE will develop MOUs and or Service Level Agreements.

4. December 2005 through March 2006: AG and DOE draft MOUs

5. April 2006: IC meets to review and accept MOUs

6. May 2006: IC reports to IWG

7. May 2006 through June 30, 2007: DOE and AG meet as needed regarding MOUs and other issues of interest to both departments. DOE and AG continue to provide updates to IWG.

C. Department of Human Services (DHS) – DOE Work Product and Schedule

1. Reconvene the Investigative Committee (IC) June 28, 2005.

2. Present recommendation to IWG on August 31, 2005, to repeal the transfer of the criminal history record check function for A+ employees from DHS to the DOE by amending Act 51.


D. Department of Health (DOH) - DOE Work Product and Schedule
1. Continue the IC and transition team meetings regarding the transfer of health aides and public health nurse supervisors from DOH to the DOE.
2. Resolve issues regarding the number of personnel to be transferred or develop other options for the transfer of functions.
3. Draft recommendations that:
   a. Identifies the number and positions to be transferred
   b. Includes a transition plan that:
      i. Describes how positions will be identified, transferred and filled
      ii. Identifies the amount of money to be transferred in support of each position
      iii. Sets forth a timeline for the transition
   c. Propose amendments to Hawaii Revised Statutes that are necessary because of the transfer of functions.
4. Revise the DOE organizational chart and functional statement.
5. Design and create a substitute health aide system for the DOE
6. DOH – DOE IC and Transition Team schedule:
   a. June 17, 2005: Transition Team meeting to develop position descriptions for school health aide and public health nurse supervisor for the DOE and to identify the infrastructure needed for the transfer; support resources that should transfer from DOH to DOE.
   b. August 2005: DOH and DOE exchanged proposals for different options; transfer strategies including the number of support positions that should transfer.
   c. October 11, 2005: IC meets and agrees to recommend to the IWG that the transfer of functions be delayed from July 1, 2006 to July 1, 2007. Due to the number of other Act 51 requirements and in order to provide enough time to complete the tasks above, both departments agreed that a delay would ensure that the transfer would be successful.
   d. October 26, 2005: Recommendation presented to the IWG.
   e. November 14, 2005: IWG adopted the recommendation.
   f. December 2005 through February 2006: DOH and DOE to reach agreement on the transfer strategy and number of personnel to transfer including support personnel.
   g. February 2006 through April 2006: Transition Team prepares time line for the completion of the items # 2, 3, 4, and 5 above. IC meets to prepare progress report to IWG.
   h. May 2006 through August 2006: DOH and DOE meet with personnel affected by the transfer and reach agreement with unions on transfer procedure.
   i. September 2006 through October 2006: The process of identification of positions begins, budget to be transferred determined, and required legislation drafted. Updates reported to IWG.
   j. November 2006 through June 2007: Continue transition meetings as needed, monitor budget and legislation during the 2007
legislative session, and work with DOE Principals and employees that transfer.

k. July 1, 2007: Transfer function and employees to the DOE.

III. **IWG Role and Work Product**

A. Oversight of the work of the ICs:
   1. Review of progress and focus of work
   2. Discuss and take action on any other issue not resolved by the ICs
   3. Review, modification and approval of all IC recommendations, including any recommendations on statutory changes.

B. Identification of issues not addressed in Act 51 that need to be addressed in order to achieve the goals of Act 51.

C. Make recommendations regarding the transfer of functions in DHS, DOH, B&F, and AG to be forwarded to the BOE, the Governor, and the Legislature

IV. **IWG Organizational Process**

A. Governance

B. Decision-making
   1. Use standard business meeting procedures for business items such as the approval of minutes, adopting timelines.
   2. Work toward consensus when reviewing, adopting, or asking for revisions of the IC recommendations.
   3. Where consensus cannot be reached, include each agency's, organization's, or person's position as part of the report.

V. **Meeting schedule for IWG**

A. May 9, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
   1. Progress reports from DHRD, DAGS and DOH on Transition Team status
   2. Report on legislative actions relating to delinking.

B. August 31, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
   1. Progress reports from DAGS and DHRD on July 1, 2005, transfer
   2. Presentation of DHS/DOH/B&F/AG ICs

C. October 26, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
   1. Adoption of DHS – DOE IC recommendation
   2. Presentation of DOH and B&F IC recommendations

D. November 15, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
   1. Adoption of DOH and B&F IC recommendations
   2. Presentation of AG -DOE IC recommendation

E. December 14, 2005 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
   1. Adoption of AG - DOE IC recommendation
   2. Review of Draft Report

F. December 14 through December 31, 2006: Circulate edited draft report to finalize and schedule another meeting of the IWG only if a member requests a meeting.

G. **Early January 2006: Presentation of the IWG 2005 Report to the House Education and Senate Education and Military Affairs Committees.**
H. Early May: IWG meeting to review 2006 Legislative session and receive update reports from the ICs. Reports from B&F and AG regarding memos or MOUs, an update on the DOH transfer to DOE, and updates on DAGS and DHRD transfers.

I. Post July 1: IWG meeting updates on memos, MOUs, and transfers and presentation of the plan for transfer of DOH functions to DOE.

J. August through December: IWG meetings as necessary to monitor transfers, memos, MOUs, DOH transfer progress, and to prepare final report to the 2007 Legislature.

K. January 2007 through June 30 2007: Meet as necessary.

Interagency Working Group (IWG)

Monday, May 9, 2005
3:00 p.m. – 5:00 p.m.
State Capitol, Room 309

AGENDA

1. Approval of the minutes of December 17, 2004 3:00 – 3:10 p.m.

2. Department of Education (DOE) – Department of Accounting and General Services (DAGS) Transition Team Status Report 3:10 – 3:40 p.m.
   - Transfer of employees
   - Transfer of other assets
   - Service Level Agreements with Neighbor Islands (DAGS-DOE)
   - Status of Relevant Legislation
   - Questions and answers

3. Department of Education (DOE) – Department of Human Resources Development (DHRD) Transition Team Status Report 3:40 – 4:00 p.m.
   - Transfer of functions
   - Memorandums of Understanding
   - Status of Relevant Legislation
   - Questions and answers

4. Department of Education (DOE) – Department of Health (DOH) Transition Team Status Report 4:00 – 4:10 p.m.
   - Number of employees to transfer
   - Issues to be resolved
   - Transition timetable

5. Investigative committees to reconvene for: 4:10 – 4:25 p.m.
   - Department of Education - Department of Human Services
   - Department of Education - Department of the Attorney General
   - Department of Education - Department of Budget and Finance

   Discussion

6. Public comment 4:25 – 4:35 p.m.

7. Setting IWG meetings through December 2005 4:35 – 5:00 p.m.
   Agenda setting for next meeting

Persons requiring special assistance or services such as a language interpreter should call 586-3444 at least three business days before the meeting.
STATE OF HAWAII
INTERAGENCY WORKING GROUP

MINUTES
Friday, December 17, 2004
State Capitol, Room 309

ATTENDANCE

MEMBERS
Joshua Agsalud, Ed.D., Former Administrative Director of the State
Mark Bennett, Attorney General, Department of the Attorney General
David Carey, President & CEO, Outrigger Enterprises, Inc.
Lei Desha, Field Services Officer, for Russell Okata, Executive Director, Hawaii
   Government Employees Association
Chiyome Leinaala Fukino, M.D., Director, Department of Health
Patricia Hamamoto, Superintendent, Department of Education
Donald Horner, President & COO, First Hawaiian Bank
Georgina K. Kawamura, Director of Finance, Department of Budget and Finance
Henry Oliva for Lillian B. Koller, Director, Department of Human Services
Linda Smith, Senior Policy Advisor, Office of the Governor
Russ K. Saito, Comptroller, Department of Accounting and General Services
Dayton Nakanelua, State Director, United Public Workers
Alan Oshima, Oshima Chun Fong & Chung, Attorneys at Law
Kathleen N. A. Watanabe, Director, Department of Human Resources Development

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
Bruce Bennett, Public Works Division
David Chung, DPW
Phil del Rosario, Inspection Branch
Lauri Fu, Public Works Division
Shirley Infante, DPW
Don Inouye, Public Works Division
Cara Kimura, Public Works Division
Christine Kinimaka, Public Works Division
Clyde Kumabe, Public Works Division
Ernie Lau, Public Works Division
Patricia Lau, Public Works Division
Dianne Matsuura
Eunice Morisaki, Public Works Division
Ralph Morita, Public Works Division
Eric Nishimoto, Public Works Division
Nelson Okano, Public Works Division
King Peterson
Robert Purdie, Inspection Branch
Dalbert Sogawa, Public Works Division
Steve Tong, Inspection
Larry Uyehara, Quality Control
Kerry Yoneshige, ASO
Jere Yoshimoto
DEPARTMENT OF THE ATTORNEY GENERAL
Randall Nishiyama, Deputy Attorney General

DEPARTMENT OF EDUCATION
Sucuma Elliot, Office of Business Services
Rae Loui, Office of Business Services
Brenda Lowrey, Office of Business Services
Nick Nichols, Office of Business Services
Kate Stanley
Gary Yasui, Office of Business Services

OTHERS
Kathy Bryant
Peter Caderas, PAD
Don Clifford, Clifford Projects
Geri Ichimura
Nani Medeiros
Senator Clarence Nishihara
Chris Saunders, Clifford Projects
Art Tokin, Price Waterhouse Coopers
Ruth Tschumy, HEPC

1. Approval of the minutes of November 15 and continuation on November 22, 2004, IWG meeting

Mr. Dayton Nakanelua moved the minutes as circulated be approved. Mr. Henry Oliva seconded.

Mr. Alan Oshima asked that the minutes be corrected to indicate his attendance.

The minutes with the correction were approved.

2. Review and adopt the report of the IWG to the 2005 Legislature.

Chair David Carey thanked the Departments for their energy and effort in developing recommendations for the transfer of functions. He stated that progress has been made and that his goal for the report is to accurately reflect the areas of agreement and areas of disagreement. Chair Carey stated that he was ready to entertain a motion to accept the report as circulated.

Mr. Joshua Agsalud moved that the report be approved. Vice-Chair Don Horner seconded the motion.

Members made suggestions for corrections and rewording of the report and position statements as follows:

- Director Kathleen Watanabe asked that various points relating to the Department of Human Resources Development (DHRD) position be reworded.
• Vice-Chair Horner asked that the record reflect that his position regarding employees transferring to the Department of Education (DOE) is that the DOE employees should be able to transfer to other executive branch agencies and departments even if the DOE has its own personnel system.

• Ms. Lei Desha stated that the HGEA position is that DOE employees should continue to have the rights and benefits of executive branch employees in the DHRD civil service system.

• Attorney General Mark Bennett stated that the DOE employees would remain executive branch employees. Any legislation relating to the operation of a civil service system at the DOE will not change the fact that the DOE and its employees are part of the executive branch.

• Comptroller Russ Saito and Assistant Superintendent Rae Loui reviewed the recommendations relating to the transfer of functions from the Department of Accounting and General Services.

• Director Georgina Kawamura asked the Financial Reporting Systems and Baseline Measures sections be restated and that the report reflect that the members of IWG were concerned that the recommendations developed prior to November 15 might not fully comply with Act 51.

• Mr. Agsalud asked that the report reflect that he as a community member agreed with the United Publics Workers position regarding the transfer of functions from DAGS to DOE.

Members of the IWG agreed to the following review process:

• Incorporate the recommended changes agreed upon at this meeting and circulate the next draft by December 20, 2004.
• Receive additional recommended changes and edits by December 22, 2004.
• Circulate final draft by December 30, 2004.
• Any IWG member may request an additional meeting if they cannot support the edited report.

Comptroller Saito moved to amend the main motion to state that the report is approved with the corrections agreed to, subject to the review process. The motion as amended passed.

Ms. Linda Smith stated that she does not believe that Chapter III IWG Observations should be part of the report, as Act 51 did not ask for information or comment.

3. Discussion of future activities.

Director Watanabe and Superintendent Patricia Hamamoto reported that the DOE-DHRD transition team’s first meeting is set for December 20, 2004. Mr. Francis Keeno is the lead for DHRD and Mr. Randy Moore is the lead for the DOE.

Director Watanabe stated that DHRD is not being obstructionist in its work with the DOE, is concerned with the effect on its employees, does not believe that more work will require more personnel at the DOE, and remains committed to working with the DOE.

Comptroller Saito and Assistant Superintendent Loui reported that the first transition team meeting is set for December 21, 2004.
Chair Carey stated that as previously decided he will represent the IWG at the Legislature, and that the Departments are free to express their varying positions at the Legislature.

Chair Carey stated that the next IWG meeting would be called after the Legislature receives the report and the transition teams have met and have progress to report.

4. Public Comment

The Full Time Equivalent position analysis done by DARGS implies that positions can be given up, and leaves the Legislature with the impression that both the DOE and DARGS can function. This impression is incorrect and both Departments need the Legislature to fund additional positions so that both Departments can function.

Concern was expressed about personnel who leave DARGS and how their seniority and ability to transfer will be affected. These concerns are very important to DARGS personnel.

Concern was expressed about the required resources needed by the proposed DOE Service Bureau.

A viewpoint was expressed that the transfer of functions will not be a win-win for the DOE and DARGS. The distances that will need to be traveled for inspections will make inspections less efficient.

An IWG member commented that the committee has tried to comply with a law that will not work and have an adverse impact on services. The member suggested that members of the public speak to legislators, asking them to change the law, as it will not work.

Concern was expressed that more money and staff were needed and that without more resources both DOE and DARGS were going to suffer. The question should be asked if the transfer of functions was really going to improve services.

Concern was expressed that DARGS' mission is much broader than just meeting DOE needs and that the transfer of functions and personnel would be at the expense of the entire State.

5. Adjournment. The meeting was adjourned at 4:04 p.m.

Minutes reported by:

Kate Stanley
Interagency Working Group (IWG)

August 31, 2005
3:00 p.m. – 5:00 p.m.
State Capitol, Room 309

AGENDA

1. Approval of the minutes for May 9, 2005 3:00 – 3:05 p.m.

2. Department of Education (DOE) – Department of Accounting and General Services (DAGS) Report 3:05 – 3:20 p.m.
   Completing the transfer July 1, 2005
   Status of Service Level Agreements with Neighbor Islands (DAGS-DOE)
   DOE’s Next Steps in implementing the CIP and R&M Functions

   Completing the transfer July 1, 2005
   Status of Memorandums of Understanding
   DOE’s Next Steps in implementing the Human Resource Function

4. Department of Education (DOE) – Department of Human Services (DHS) Investigative Committee Report 3:35 – 4:00 p.m.
   Recommendation for Action (see attached)

5. Department of Education (DOE) - Department of Budget and Finance Investigative Committee Report 4:00 – 4:20 p.m.
   Status of the Investigative Committees schedule and discussion issues including a description of the allotment process.


8. Review of the Work Plan (see attached) 4:35 – 4:45 p.m.

9. Public Comment 4:45 – 4:55 p.m.

10. Agenda setting for October 18, 2005 4:55 - 5:00 p.m.

Persons requiring special assistance or services such as a language interpreter should call 586-3444 by Friday, August 26, 2005.
August 31, 2005

Recommendation of the Department of Education and Department of Human Services Investigative Committee to the Interagency Working Group.

Section 47 of Act 51, Session Laws of Hawaii 2004 ("Act 51") provides for the transfer of the function of "conducting employment background checks for the after-school plus program, private vendors, and other employees and trainees who work with public school students" from the Department of Human Services (DHS) to the Department of Education (DOE) effective July 1, 2006, subject to repeal by subsequent legislation.

The Investigative Committee reviewed the current practice and statutes covering criminal history checks. The DOE and DHS have also made certain agreements. Our findings and agreements are as follows:

1. The DOE is required by section 302A-601.5, Hawaii Revised Statutes, to have procedures for obtaining criminal history record checks for employees that are in close proximity to children. The DOE is to use the information to determine if a person is suitable for working in close proximity to children.

2. The DOE currently performs criminal history checks for all prospective employees of the DOE, and makes the determinations as to the suitability for employment except for the A+ employees.

3. Currently DHS conducts the criminal history record checks for the A+ after school program employees who are employees of the DOE. DHS has agreed to continue to provide this service to the DOE for the 2005-2006 school year. DHS is willing to provide this service to the DOE because the A+ program provides after school care to many of the DHS clients.

4. For school years, 2006-2007 and beyond DHS will not provide the criminal history check service for the DOE A+ employees. The DOE is in the process of securing additional resources in order to conduct the criminal history record checks and looking at other options such as contracting with a private provider or asking DHS to continue the service for a fee.

5. The DOE and DHS will continue to discuss if there are any future services that DHS will provide or if there are any other agreements that DOE and DHS want to enter into regarding the provision of criminal history record checks.

The Investigative Committee has concluded that there is no function that DHS is required to perform regarding criminal history record checks, and therefore, Act 51 should be amended to repeal the transfer of function from DHS to DOE.
The Investigative Committee recommends that the Interagency Working Group recommend to the 2006 Legislature that Act 51 sections 47, and 48 be amended to repeal the transfer from the DHS to the DOE the employment background criminal history record check function.
IWG WORK PLAN

I. Goal: Act 51, Section 41, Reduction of Bureaucracy: improving the efficiency of the State’s public education system

II. IWG Objectives:
A. Develop comprehensive plans for transferring certain rights, powers, functions, duties and resources including positions, from the department of accounting and general services, budget and finance, health, human resources development, the attorney general, and human services to the department of education.
B. Assure due consideration to minimize the impacts to personnel and overall costs to government.
C. The IWG shall cease to exist on June 30, 2007.

III. Investigative Committees to develop recommendations for transfer
A. Department of Human Services (DHS) – Department of Education (DOE) work product for 2005
   2. Present recommendation to IWG on August 31, 2005, to repeal the transfer of the criminal history record check function for A+ employees from DHS to the DOE by amending Act 51.

B. Department of Health (DOH) - DOE work product for 2005
   1. Continue the IC and transition team meetings regarding the transfer of health aides and public health nurse supervisors from DOH to the DOE.
   2. Resolve issues regarding the number of personnel to be transferred or develop other options for the transfer of functions.
   3. Draft recommendations that:
      a. Identifies the number and positions to be transferred
      b. Includes a transition plan that:
         • Describes how positions will be identified, transferred and filled
         • Identifies the amount of money to be transferred in support of each position
         • Sets forth a timeline for the transition
   4. Revise the DOE organizational chart and functional statement.

C. Department of Budget and Finance (B&F) - DOE work product for 2005
   1. Reconcile the IC and create working groups to consider the transfer of functions set forth in Act 51:
      a. funding of collective bargaining agreement increases;
      b. the securing, administering, use and expending of federal funds and other aid, including their custodial supervision;
      c. the capital improvement project allotment process; and
      d. the determination of retirement and other employee benefits.
2. Draft recommendations that:
   a. Recommend deletions or additions of functions that should transfer.
   b. Recommends other options such as Memorandum of Understanding (MOU), Service Level Agreements (SLA) or other agreements that address the issues related to the functions identified in Act 51.
   c. Recommend statutory changes.
   d. Identify issues not addressed in Act 51 that need to be addressed.
3. B&F – DOE IC schedule:
   7/28/05: Allotment Process for Capital Improvement Projects (CIP) and Repair and Maintenance (R&M)
   8/11/05: Allotment Process for CIP and R&M
   8/25/05: Discussion of recommendation to IWG
   8/31/05: Progress report to IWG
   9/8/05: Discussion of collective bargaining and employee benefits.
   9/14/05: Discussion of Federal Funds
   10/4/05: Discussion of recommendation regarding fiscal matters to IWG
   10/17/05: Discussion of other fiscal issues
   10/18/05: Presentation of recommendations to IWG

D. Department of the Attorney General (AG) - DOE work product for 2005
   1. Reconvene the IC and create working groups to consider the transfer of functions set forth in Act 51:
      a. negotiating workers’ compensation claims; and
      b. labor-management relations within the Department of Education.
   2. Draft recommendations that:
      a. Recommend deletion or additions of functions that should transfer.
      b. Recommend other options such as MOUs, SLAs or other agreements that address the issues related to the functions identified in Act 51.
      c. Recommend statutory changes.
      d. Identify issues not addressed in Act 51 that need to be addressed.
   3. AG - DOE IC schedule to be determined.

IV. IWG Work Product
   A. Review IC recommendations
   B. Discuss and take action on each recommendation
   C. Discuss and recommend any statutory changes
   D. Identify issues not addressed in Act 51 that need to be addressed
   E. Discuss and take action on any other issue not resolved by the ICs
   F. Prepare recommendations for DHS, DOH, B&F and AG regarding the transfer of function to be forwarded to the BOE, Governor and Legislature

V. IWG Organizational Process
   A. Governance
   B. Decision-making
      1. Use standard business meeting procedures for business items such as the approval of minutes, adopting timelines.
2. Work toward consensus when reviewing, adopting, or asking for revisions of the IC recommendations.
3. Where consensus cannot be reached, include each agency's, organization's, or person's position as part of the report.

VI. **Meeting schedule for IWG (meetings can be added if necessary)**
A. August 31, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
   - Progress reports from DAGS and DHRD July 1, 2005, transfer
   - Presentation of DHS/DOH/B&F/AG ICs
B. October 18, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
   - Adoption of DHS – DOE IC recommendation
   - Presentation of DOH and B&F IC recommendations
C. November 15, 2005, 3:00 p.m.- 5:00 p.m., State Capitol, Room 309
   - Adoption of DOH and B&F IC recommendations
   - Presentation of AG -DOE IC recommendation
D. December 15, 2005 3:00 p.m.- 5:00 p.m., State Capitol, Room 309
   - Adoption of AG - DOE IC recommendation
   - Review of Draft Report
E. Circulate edited draft report to finalize and only schedule another meeting of the IWG if a member requests a meeting.
STATE OF HAWAII
INTERAGENCY WORKING GROUP (IWG)

MINUTES
Monday, May 9, 2005
State Capitol, Room 309

ATTENDANCE

MEMBERS
David Carey, President & Chief Executive Officer, Outrigger Enterprises, Inc.
Lei Desha, Field Services Officer, for Russell Okata, Executive Director, Hawaii Government Employees Association
Patricia Hamamoto, Superintendent, Department of Education
Donald Horner, President & Chief Executive Officer, First Hawaiian Bank
Georgina K. Kawamura, Director of Finance, Department of Budget and Finance
Henry Oliva for Lillian B. Koller, Director, Department of Human Services
Ruth Ota for Chiyome Leinaala Fukino, M.D., Director, Department of Health
Russ K. Saño, Comptroller, Department of Accounting and General Services
Holly Shikada for Mark Bennett, Attorney General, Department of the Attorney General
Linda Smith, Senior Policy Advisor, Office of the Governor
Chip Uwaine for Dayton Nakanelua, State Director, United Public Workers
Kathleen N. A. Watanabe, Director, Department of Human Resources Development

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
Stanley Doi, Kauai
Ernie Lau, Public Works Division
Dianne Matsuura, Personnel Officer
Ralph Morita, Public Works Division
Eric Nishimoto, Public Works Division
Glenn Okada Hawaii District Office
David Victor
James Wataru, Trades
Kerry Yoneshige, Business Management Officer

DEPARTMENT OF THE ATTORNEY GENERAL
Randall Nishiyama, Deputy Attorney General

DEPARTMENT OF BUDGET AND FINANCE
Sharon Kotaka, Budget, Program Planning and Management Division

DEPARTMENT OF EDUCATION
Gilbert Chun, Office of Business Services
Dan Hamada, Kauai Complex Area Superintendent
Fay Ikei, Office of Human Resources
Rae Loui, Office of Business Services
Raynor Minami, Office of Business Services
Randy Moore, Act 51 Project Manager
Kate Stanley
1. Approval of the minutes of December 17, 2004, IWG meeting

Comptroller Russ Saito moved the minutes as circulated be approved. Director Kathleen Watanabe seconded. Motion carried.

Ms. Lei Desha moved that agenda item 3 be taken out of order and moved ahead of item 2. Deputy Attorney General Holly Shikada seconded. Motion carried.

2. Department of Education (DOE)--Department of Human Resources Development (DHRD) Transition Team Status Report

Director Watanabe and Assistant Superintendent Gerald Okamoto presented an update on the transition of functions from DHRD to DOE.

Assistant Superintendent Okamoto presented an update of the transitions activities (see Attachment 1). Assistant Superintendent Okamoto thanked DHRD for their support in providing training to the DOE staff during the transition and which will continue under the Memorandums of Understanding (MOUs) developed by the two departments.

Ms. Ruth Ota noted that the number of personnel that will transfer from the Department of Health (DOH): 20 Public Health Nurses and 55 part-time substitute health aides.

Director Watanabe presented an overview of the seven Memorandums of Understanding. Four have been completed and signed and the other three are close to completion. The seven include agreements relating to: staffing services, classification and compensation services, personnel transactions services, labor relations services, benefit administration services, workers’ compensation, medical placement, and safety services, and training services (see Attachment 2 as an example).

The MOUs will be sent to the unions for their information and review.

Director Watanabe thanked Mr. Randy Moore and Mr. Francis Keeno for their leadership of the transition team and the hard work of the DHRD staff.

Director Georgina Kawamura asked what the transition period would be for the various MOUs. Director Watanabe explained that the transition period for various services would range from a few months to one year.
Director Kawamura also asked what would be different on July 1.

Director Watanabe and Assistant Superintendent Okamoto replied that DOE would be working toward the level of service that DHRD has provided, planning orientation for employees transferred from the Department of Accounting and General Services, working within DOE to explain Office of Human Resources (OHR) services, and completing the reorganization of OHR.

Chair David Carey asked if there had been any conversations regarding performance standards.

Director Watanabe replied that the MOUs focused on transition, continuation of services and cooperation between the two departments. The next step would be to develop performance measures.

Superintendent Patricia Hamamoto thanked both the DOE and DHRD staff for their hard work and willingness to continue to cooperate in providing services for the employees. Superintendent Hamamoto stated that developing performance measures will be the next step and that the MOUs establish baseline information and who does what.

Ms. Kate Stanley reviewed HB 1614 that affects the civil service employees who will be in the DOE personnel system. The bill will require the DOE employees to have the same civil service benefits as those in other executive branch departments (see Attachment 3).

Vice-Chair Donald Horner asked about the DOE’s technology progress.

Assistant Superintendent Okamoto explained that OHR is making progress in implementing a management position and employee data system. The $1 million appropriated by the Legislature is for the development of the student information system in support of the implementation of Act 51.

3. Department of Education (DOE)—Department of Accounting and General Services (DAGS)
   Transition Team Status

Comptroller Saito and Assistant Superintendent Rae Loui presented an update regarding the transition of functions and employees from the DAGS to DOE.

Comptroller Saito reviewed the various dates for the transfer of the Capital Improvement Project (CIP) and Repair and Maintenance (R&M) functions and the number of employees that transferred from DAGS to DOE (see Attachment 4).

Assistant Superintendent Loui reviewed how DOE will operate after July 1, 2005, using a service bureau model with a one stop call center and a district support team (see Attachment 5).

Ms. Dianne Matsuura, Department Personnel Officer for DAGS, reviewed the delinking steps for transferring personnel from DAGS to DOE (see Attachment 6).

Mr. Kerry Yoneshige, Business Management Officer for DAGS, reviewed the status of the non-personnel resources (see Attachment 7).
Director Kawamura asked where the transferred employees would be located.

Comptroller Saito explained that for the short term (one to two years) the DOE employees would be located on the 5th floor of the Kalanimoku Building. Assistant Superintendent Loui explained that the DOE is planning to relocate Facilities staff to one location in the future. Assistant Superintendent Loui also explained that the DOE call center will not serve the neighbor islands for the 2005-2006 school year.

Mr. Dan Hamada, Complex Area Superintendent for Kauai, reviewed the development of the neighbor island Service Level Agreement (SLA). The SLA covers the following: roles and responsibilities, goals and objectives, and method and means of measuring progress. The SLA is almost in its final form. Mr. Eric Agena (DOE) and Mr. Stanley Doli (DAGS) have provided the leadership in working out the details of the SLA with the input from the neighbor island district engineers and the complex area superintendents. Those involved with the SLA have agreed to meet quarterly to maintain ongoing assessment of the SLA.

Vice-Chair Horner congratulated the neighbor island staff for working together and suggested that the experience with the SLA may point to the lack of resources to meet the repair and maintenance needs of the schools rather than the lack of effort on the part of either the DOE or DAGS.

Assistant Superintendent Loui explained that the call center will start for Oahu and will include the neighbor islands at a later date. Also, SLAs will be developed between the schools and the Service Bureau.

Ms. Stanley reviewed SB 1660 which moved the functions and special funds from DAGS to DOE (see Attachment 3).

Ms. Desha of the Hawaii Government Employees Association asked when will the principals have responsibility for R&M.

Assistant Superintendent Loui explained that the principals will continue to do as they have in the past except with the call center the principals will have only one number to call.

Chair Carey offered congratulations to both DAGS and DOE for their hard work and cooperation with the transition.

4. Department of Education (DOE)--Department of Health (DOH) Transition Team Status Report

Ms. Ruth Ota, Public Health Nursing Branch Chief, DOH, reviewed the progress of the transition team working on the transfer of the health aides and supervisory public health nurses (see Attachment 8).

Director Watanabe asked how the Public Health Nurses that would transfer be identified.

Ms. Ota replied that there might well be public health nurses that want to be school health nurses. Also, DOE and DOH will work with the unions to establish a procedure for seeking volunteers and then using seniority to select the balance of the number that will be transferred. The procedures will be agreed to with the unions and departments.
Ms. Ota also mentioned that in the future there may be discussions regarding transferring the medically fragile services to DOE along with the Licensed Practical Nurses that provide these services.

Mr. Chip Uwaine of the United Public Workers (UPW) asked that the UPW be informed if there is any discussion of transferring Licensed Practical Nurses as the union would like to be a part of those discussions.

Vice-Chair Horner asked how the Public Health Nurses fit into the DOE structure.

Ms. Ota and Superintendent Hamamoto explained that the Public Health Nurses would provide supervision for the school health aides that are located in each public school.

Vice-Chair Horner stated that it is important that the DOE organizational structure be known before the transfer.

5. Investigative Committees (ICs) to Reconvene for:

   Department of Education—Department of Human Services
   Department of Education—Department of Attorney General
   Department of Education—Department of Budget and Finance

Chair Carey asked the Investigative Committees for the departments affected by transfers scheduled for July 1, 2006, reconvene and work toward agreements by the middle of October. Chair Carey asked that the ICs focus on understanding how the systems work today and then consider how a transfer of function would improve responsibility and accountability for the DOE.

6. Public Comment

   None.

7. Other Comments

Chair Carey announced that the IWG will meet in August, October, November and December from 3 p.m. to 5 p.m. in Room 309 of the State Capitol. Ms. Stanley will circulate a proposed schedule by e-mail.

The August meeting agenda will include a post July 1, 2005 report from DAGS, DHRD and DOE and progress reports from the ICs.

Vice-Chair Horner recommended that the DOE develop facilities assessment tools and methods which will help to establish baselines for the condition of school facilities.

Mr. Eric Nishimoto of DAGS pointed out that DAGS does have a facilities assessment program.

Assistant Superintendent Loui stated that DOE would follow up on Vice-Chair Horner’s recommendation.

8. Adjournment The meeting was adjourned at 4:55 p.m.
Minutes reported by:

Kate Stanley

Kate Stanley

Attachments
Interagency Working Group (IWG)

May 9, 2005 Update

Objective
Act 51, Section VIII, Reduction of Bureaucracy
- Department of Education (DOE) responsible to make policy decisions without external agencies' influences
- Transition Department of Human Resources Development (DHRD) rights, powers, functions, duties and resources

Requirements
December 2004 Interagency Working Group (IWG) Report to Legislature
- DHRD functions will transfer July 1, 2005
- DHRD will provide consultation and training
- DOE will automate HRIS and reorganize OHR
- MOUs will be established to define transition requirements
Employees

- Support for 6,000 DHRD employees, 200 job classes, will transition to DOE on July 1, 2005
- An additional 207 DAGS employees, 43 job classes, will transition July 1, 2005
- An additional 256 School Health Aides, 22 Public Health Nurses, and 49 part-time substitutes from DOH, will transition on July 1, 2006

Human Resources Personnel

- IWG made no recommendation regarding the transfer of positions from DHRD to DOE
- Although legislative funding was not achieved, 12 temporary DOE positions were established to address DOE restructuring and delinking from DHRD
- School positions were not touched

DHRD/DOE Delinking

Between December 2004 and June 30, 2005, 7 transition teams are addressing:

- Classification: DOE Alvin Kutaka | DHRD Dawn Young
  Staffing: Lee Higa Hoffman | Renee Tarumoto
  Transactions: Glenn Kunitake | Ed Young
  Training: Douglas Rattley | Diane Sumida
  Benefits: Fay Ikei | Diane Sumida
  Labor Relations: Sue La Vine | Karen Tom
  Workers' Comp: Merlene Akau | Val Pacheco
Memoranda of Understanding have been finalized in 4 of the 7 transition teams and the remaining 3 are very close to completion.

Automation
DOE OHR has contracted the services of Century Computers and Business Systems Technology to:
- Scan all historical information and transposing current personnel files
- Developing recruitment system for all classes of employees
- Developing a management position and employee data system

Automation (continued)
Results to date:
- Scanning of Historical is 75% complete
- Recruitment system is being field-tested and School Support Personnel is live
- Auditing of DHRD data has been completed
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE DEPARTMENT OF EDUCATION
AND
THE DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
FOR
BENEFIT ADMINISTRATION SERVICES

THIS MEMORANDUM OF UNDERSTANDING (MOU) is entered into this
9 day of May, 2005, by and between the DEPARTMENT OF HUMAN
RESOURCES DEVELOPMENT, hereinafter referred to as "DHRD" and the
DEPARTMENT OF EDUCATION, hereinafter referred to as "DOE."

WHEREAS, Act 51, SLH 2004, provides that all the rights, powers, functions,
duties, and resources of DHRD, relating to (A) the operation of a centralized human
resources system that encompasses the classes of work performed by DOE employees
and that integrates payroll, records, transactions, leaves, and reports, and (B) the
recruitment, certification, examination, management, classification, and compensation
of DOE employees, including labor relations, shall be transferred to the DOE effective
July 1, 2005; and

WHEREAS, to implement Act 51, the DOE and DHRD have been working on
agreements to effectuate a smooth and seamless transition of personnel administration
functions and services for these DOE employees; and

WHEREAS, the Deferred Compensation Plan (Island Savings Plan) and the
Deferred Compensation Retirement Plan for Part-Time, Temporary, and Seasonal or
Casual Employees (PTS Plan) are governed by the Deferred Compensation Plan Board
of Trustees, rather than DHRD. Therefore, the administration of these two plans is not
covered under Act 51 and so the responsibility to administer these two plans will not be
transferred to DOE; and

WHEREAS, currently, DHRD’s Employee Assistance Office is responsible for the
overall statewide-level administration of the following benefit programs for eligible DOE
employees: (1) Premium Conversion Plan (PCP), (2) Flexible Spending Accounts/
Island Flex Plan (FSA), (3) Qualified Transportation Fringe Benefit Plan (Flex Park), (4)
Resource for Employee Assistance & Counseling Help (REACH), (5) Leave Sharing
Program and (6) Governor’s Awards Program; and

WHEREAS, currently, the DOE is responsible for the day-to-day department-
level administration for these benefit programs; and

WHEREAS, the DOE desires to remain covered under the benefit programs
listed above and to continue to have these benefit programs administered by DHRD’s
Employee Assistance Office for the covered DOE employees.
AGREEMENT

NOW, THEREFORE, it is agreed that DHRD will continue to provide overall statewide-level benefit administration services to DOE for the PCP, FSA, Flex Park, REACH, Leave Sharing Program, and the Governor’s Awards Program. It is further agreed that the DOE will continue to perform routine, day-to-day department-level benefit administration services for these programs. For example:

1. **Premium Conversion Plan:**
   DHRD will:
   - Develop, implement and administer PCP Administrative Rules.
   - Develop informational flyers and other communications, such as for the annual Open Enrollment Period.
   - Provide interpretations of the PCP Administrative Rules.
   - Respond to employees' PCP appeals regarding enrollment/change/cancellation actions taken.
   - Complete and file any PCP reports, as may be required by the IRS.
   - Address non-routine questions.

   DOE will:
   - Distribute PCP information to new employees. Distribute open enrollment communications, flyers, e-mails, and other program information to current employees.
   - Handle day-to-day questions from DOE employees regarding mid-plan year enrollments/changes/cancellations and other routine administrative matters.
   - Provide information to DHRD, as may be requested, for research-investigation of appeals and completion of IRS annual reports, or other purposes.

2. **Flexible Spending Accounts/Island Flex:**
   DHRD will:
   - Contract with a Third-Party Administrator (TPA) to oversee the Island Flex Plan. If unable to contract a TPA, DHRD reserves the right to terminate the program.
   - Oversee/Enforce TPA contract provisions.
   - Develop, implement and administer FSA Administrative Rules.
   - Develop informational flyers, posters, e-mails and other communications, such as for the annual Open Enrollment Period.
   - Provide interpretations of FSA Administrative Rules.
   - Respond to employees' FSA appeals regarding enrollment/change/cancellation actions taken.
   - Address non-routine questions.
Memorandum of Understanding  
Benefits Administration Services  

DOE will:  
- Distribute FSA information to new employees. Distribute open enrollment communications, flyers, e-mails and other program information to current employees.  
- Provide sites for open enrollment informational sessions.  
- Handle day-to-day questions from DOE employees regarding mid-plan year enrollments/changes/cancellations and other routine administrative matters.  
- Provide information to DHRD or the TPA, as may be requested, for the research-investigation of appeals and for administration of the plan, including for completion of IRS annual reports, or other purposes.

3. **Qualified Transportation Fringe Benefit Plan (Flex Park)**  
DHRD will:  
- Negotiate Memorandum of Understanding with the Unions.  
- Develop, implement and administer *Flex Park* Policy and Procedures.  
- Develop and provide informational materials.  
- Address non-routine questions.

DOE will:  
- Provide employee with application forms and routine information.  
- Handle day-to-day questions received from DOE employees.  
- Provide information to DHRD, as may be requested.

4. **REACH**  
DHRD will:  
- Contract with a service provider to provide REACH short-term counseling services, provided that funds are available. If funds are not available, DHRD reserves the right to terminate the program.  
- Oversee/Enforce service provider contract provisions.  
- Develop, implement and administer REACH Policy and Procedures.  
- Develop and provide informational materials.  
- Address non-routine questions.

DOE will:  
- Distribute REACH information to new employees.  
- Handle employee referrals for counseling services.  
- Handle day-to-day questions received from DOE employees.  
- Request approval from DHRD for special training or counseling services needed.  
- Provide information to DHRD, as may be requested.

5. **Leave Sharing Program**  
DHRD will:  
- Develop, implement and administer Leave Sharing Administrative Rules and general Guidelines.
Memorandum of Understanding
Benefits Administration Services

- Maintain statewide statistics on utilization of the program.

DOE will:
- Establish departmental Leave Sharing Guidelines/Procedures.
- Administer departmental program, e.g., handle questions and complaints received from DOE employees.
- Provide utilization or other program information to DHRD, as may be requested.

6. Governor’s Awards Program
DHRD will:
- Coordinate statewide program and activities.
- Issue standards and procedural guidelines governing the Program.
- Address non-routine questions.

DOE will:
- Coordinate the departmental nomination and selection process.
- Comply with the standards and procedures in accordance with the guidelines set forth in DHRD’s Incentive and Service Awards Program Policy and Procedures.
- Maintain accurate records of all awards given, including the reasons for the granting of each award.
- Handle questions and complaints received from DOE employees.
- Provide information to DHRD, as may be requested.

This MOU shall be effective from July 1, 2005 to June 30, 2006, unless either of the parties terminates this MOU by giving 180 days’ advance written notice. Where the benefit plan involves a contract with a third-party provider, at least 180 days’ notice must be given before expiration of the contract. This MOU may be extended by mutual written agreement of both parties.

This MOU may be amended, in writing, at any time by the mutual agreement of the parties.

Any dispute as to whether a particular DHRD service should or should not be provided to the DOE under this MOU shall be determined by the Director of Human Resources Development and the Assistant Superintendent of the Department of Education’s Office of Human Resources.

IN WITNESS WHEREOF, the parties hereto, by their authorized representatives, have executed this Memorandum of Understanding on the day and year first written above.
Memorandum of Understanding
Benefits Administration Services

Department of Human Resources Development:

[Signature]
Kathleen N. A. Watanabe, Director

Department of Education:

[Signature]
Patricia Hamamoto, Superintendent
1. S.B. 1660, C.D.1, Relating to Education

The purpose of this measure is to transfer statutory responsibility for capital improvement and repair and maintenance programs from the Department of Accounting and General Services to the Department of Education.

The bill creates an education design and construction project assessment fund within the Department of Education (DOE); broadens Department of Education’s authority over capital improvement (CIP) and repair and maintenance (R&M) projects; makes amendments to various statutes to provide for the orderly transfer of functions from the Department of Accounting and General Services (DAGS) to the DOE as required by Act 51, Session Laws of Hawaii (SLH) 2004.

2. H.B. 1614, C.D.1, Relating to Civil Service Personnel

The bill provides civil service benefits in the executive branch civil service system for those employees who are members of the Department of Education’s civil service system.

The bill has a sunset date of June 30, 2009.

3. S. B. 639, C.D. 1, Relating to Education

The bill transfers the teacher housing program from the Housing and Community Development Corporation of Hawaii (HCDCH) to the Department of Education.

A report detailing the feasibility of the transfer and the Department of Education’s capacity to assume the teacher housing program is due to the Legislature twenty days prior to the convening of the regular session of 2007.

The transfer of the teacher housing program will occur July 1, 2008.
Act 51 Comptroller’s Update

Interagency Working Group Meeting
May 9, 2005

Act 51 – Reduction of Bureaucracy

- Transfer certain rights, powers, functions, duties, resources and positions to the DOE
- Improve responsiveness and service delivery to the DOE
  - Dept. of Accounting and General Services
  - Dept. of Human Resources Development
  - Dept. Budget and Finance
  - Dept. of the Attorney General
  - Dept. of Health
  - Dept. of Human Services
DAGS Organization Chart

FTE Analysis
Department of Accounting and General Services
Staff Resources Performing Functions for the DOE
Department Consolidation Worksheet

Full Time Equivalent (FTE) Employee Analysis (08/18/04)

DEPARTMENTAL RECAP

<table>
<thead>
<tr>
<th>Division/Office</th>
<th>Total FTE on DOE Projects</th>
<th>Total Employees Div/Office</th>
<th>Percent of Staff on DOE Projects</th>
<th>No. of Affected Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works Division</td>
<td>58</td>
<td>111</td>
<td>52%</td>
<td>105</td>
</tr>
<tr>
<td>Central Services Division</td>
<td>151</td>
<td>439</td>
<td>45%</td>
<td>169</td>
</tr>
<tr>
<td>Kauai District Office</td>
<td>23</td>
<td>97</td>
<td>61%</td>
<td>27</td>
</tr>
<tr>
<td>Maui District Office</td>
<td>33</td>
<td>56</td>
<td>50%</td>
<td>36</td>
</tr>
<tr>
<td>Hawaii District Office</td>
<td>48</td>
<td>67</td>
<td>60%</td>
<td>53</td>
</tr>
<tr>
<td>Staff Office - Personnel</td>
<td>3</td>
<td>12</td>
<td>17%</td>
<td>11</td>
</tr>
<tr>
<td>Staff Office - Systems &amp; Procedures</td>
<td>3</td>
<td>8</td>
<td>40%</td>
<td>2</td>
</tr>
<tr>
<td>Staff Office - Admin, Services</td>
<td>4</td>
<td>15</td>
<td>27%</td>
<td>10</td>
</tr>
<tr>
<td>Total for all Divisions/offices</td>
<td>320</td>
<td>342</td>
<td>50%</td>
<td>414</td>
</tr>
</tbody>
</table>

Note: The FTE Analysis:
DAGS Public Works Division currently gets an annual appropriation of $7,500,000 for Lump Sum-CIP Staff Costs. Statewide, and $1,100,000 in general funds for a total annual appropriation of $8,600,000.

DAGS Central Services Division currently gets an annual appropriation of $16,800,000 for AGS807.
DAGS Responsibility Transfer Dates

- DAGS Repair & Maintenance (R&M) CIP – 7/1/04
  - Memorandum of agreement 7/1/04-7/1/05
- DAGS 3Rs Program – 7/1/04
  - Transferred coordinator position
- DAGS normal R&M functions – 7/1/05
- DAGS New School CIP 7/1/05
### Dags Act 51 Implementation - Personnel

<table>
<thead>
<tr>
<th>Division</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works Division</td>
<td>Transfer 45 Positions</td>
</tr>
<tr>
<td>Central Services Division</td>
<td>Transfer 157 Positions</td>
</tr>
<tr>
<td>Neighbor Island Districts</td>
<td>Keep Intact – Perform Work Under Contract</td>
</tr>
<tr>
<td>Staff Support</td>
<td>Transfer 5 Positions</td>
</tr>
</tbody>
</table>

### Dags Act 51 Implementation - Other Resources

<table>
<thead>
<tr>
<th>Resource Type</th>
<th>Shared</th>
<th>Dedicated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible (PPE)</td>
<td>Allocate</td>
<td>Transfer</td>
</tr>
<tr>
<td>Financial</td>
<td>Disaggregate</td>
<td>Transfer</td>
</tr>
<tr>
<td>Intellectual (programs, data)</td>
<td>Disaggregate or Retain</td>
<td>Transfer</td>
</tr>
<tr>
<td>Contractual</td>
<td>NA</td>
<td>Transfer</td>
</tr>
<tr>
<td>Operational Services</td>
<td>Allocate</td>
<td>Transfer</td>
</tr>
</tbody>
</table>
Mahalo!

Russ K. Saito
russ.k.saito@hawaii.gov
586-0400
Department of Education

Reinventing Education Act of 2004: Streamlining the Bureaucracy

Rae Loui – Assistant Superintendent
Office of Business Services

The Reinventing Education Act of 2004 (Act 51) enables the Transformation of Public Education

- Improved Student Achievement
- Empowerment
- Accountability
- Streamlining

WHAT DOES "DAGS DELINKING" MEAN TO SCHOOLS?

- Transferring functions and personnel from DAGS to DOE, enabling DOE to control resources and process
- Examining past practices and procedures with the goal of improving delivery of services
- In time, relieving principals of repair and maintenance tasks, allowing school administrators to focus on their core business... student learning

DAGS Delinking

<table>
<thead>
<tr>
<th>Central Services</th>
<th>CSD engineers and workcrews transferring to DOE. New DOE Facilities Maintenance Branch.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works</td>
<td>PWD engineers and architects transferring to DOE. New DOE Facilities Development Branch</td>
</tr>
<tr>
<td>Neighbor islands</td>
<td>Remains under DAGS with services provided to DOE via an MOU and SLA.</td>
</tr>
<tr>
<td>Restructuring of</td>
<td>Present Facilities Support Services Branch merged into new OBS Org.</td>
</tr>
<tr>
<td>FSSB</td>
<td></td>
</tr>
<tr>
<td>Accountability</td>
<td>New Branch to monitor services to schools and DAGS SLAs.</td>
</tr>
<tr>
<td>Branch</td>
<td></td>
</tr>
</tbody>
</table>

IWG Meeting 5/9/05
HOW WILL THINGS BE DIFFERENT FOR PRINCIPALS?

Streamlining system of services via...

DOE SERVICE BUREAU

- CALL CENTER
  - "One-Stop Shop"
- DISTRICT SUPPORT TEAM
  - "Three-legged Stool"

Department of Education
Office of Business Services

SERVICE BUREAU

<table>
<thead>
<tr>
<th>Facilities Development Branch</th>
<th>Facilities Maintenance Branch</th>
<th>Accountability Branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;M and CIP Project planning, design, and construction.</td>
<td>Emergency Repairs, Work Orders, Service Contracts.</td>
<td>Project procurement and financial tracking, SLA monitoring, OES and School Accountability</td>
</tr>
</tbody>
</table>

The DOE Service Bureau, a reorganized Office of Business Services, will provide comprehensive support and services from planning and designing new facilities to maintaining the present facilities.
DOE SERVICE BUREAU
ONE-STOP SHOP CONCEPT

SCHOOL

CALL CENTER
- EMERGENCY CALLS
- WORK ORDERS
- STATUS REPORTS
  - R&M PROJECTS
  - CIP PROJECTS

DOE SERVICE BUREAU

The Call Center will provide schools with a single point of contact to submit their facility needs. The R&M and CIP processes of the Service Bureau will be transparent to the schools.

DOE SERVICE BUREAU
District Support Team -- "Three-legged Stool"

CM Inspectors
- Construction Management
- Staff Contracts

District Managers
- Facilities Oversight
- Client Representation
- Facilities Maintenance

BIPS Inspectors
- Strategic Planning
- Facilities Assessments
- Minor Project Scoping
- Estimating/Scheduling

Each District will have 3 lead individuals, backed up by a team of support, responsible to support the School's facilities needs.
DOE SERVICE BUREAU
COMMITMENT

- Positively affect the educational outcome for the students of Hawaii by...
- Focusing on providing effective and efficient Facilities Services to the Schools statewide through...
- Re-structuring current processes to achieve this vision.

- There is only one reason why...
  to support student achievement.

Closing Thoughts

- Continual progress is being made.

- Reforming government is a painful process and change will take time.

- We are committed to success, making the process transparent, and keeping schools informed.
DAGS DELINK TO DOE
IWG REPORT
For Monday, May 9, 2005
By Dianne Matsuura, Department Personnel Officer, DAGS and
Assistant Superintendent Gerald Okamoto, DOE

1. Key Accomplishments to Date
   - January 14, 2005: DAGS initiates consultation with UPW and HGEA on the
     transfer of positions and employees on Oahu, and with HGEA on the
     procedure for transferring employees.
   - January 27, 2005: Superintendent Hamamoto addresses and responds to
     questions from DAGS employees at DAGS Kakoi Street facility
   - January 28, 2005: Superintendent Hamamoto responds to questions from
     DAGS employees at HGEA.
   - February 8, 2005: DAGS receives concurrence from HGEA to implement
     procedure for selecting and transferring positions and employees to DOE.
   - February 9, 2005: DAGS starts process to identify positions and employees to
     be transferred.
   - February 11, 1005: DOE sends written responses to DAGS to respond to
     DAGS’ employees’ questions.
   - March 1, 2005: DOE submits Organizational Charts to Unions
   - March 8, 2005: DAGS provides EUTF and DOE with lists identifying 207
     positions and employees to be transferred.
   - April 7, 2005: DAGS/UPW consultation process is completed.
   - April 22, 2005: DOE reconciles DAGS 3/8/05 list to 4/22/05 DHRD list.
   - April 22, 2005: DOE confirms employee payroll is set for disbursement on
     July 5, 2005.
   - May 2, 2005: DHRD completes mass electronic records transfer of positions
     from DAGS to DOE.
   - May 6, 2005: DOE establishes contact person and contingency plans for
     Payroll concerns for employees transferring from DAGS to DOE.

2. Significant Next Steps
   - May 13, 2005: Mass electronic transfer of employee records from DAGS to
     DOE by DHRD.
   - May 13, 2005: DOE to submit revised Organizational Charts to Unions.
   - On or about July 8, 2005: Transfer of all employee files and other personnel
     records to DOE. Determine access to DAGS leave records after July 1, 2005
     for those employees transferring to DOE.
   - Fill Vacancies
   - DOE to finalize orientation materials.
   - Address questions and concerns posed by Unions.

3. Other Significant or Outstanding Issues
   - Continue monitoring of timely payroll of transferred employees
   - Accomplish transition without interruption in operations and services.
1 Key accomplishments to date
  - Development of timetables to transfer assets to the DOE by all affected DAGS divisions and staff offices. Current timetables reflect physical movement of personnel to be completed by July 1\textsuperscript{st} and transferred CIP funds available for DOE disbursement by July 8\textsuperscript{th}.
  - Accounting and personnel issues have been resolved to ensure that the July 5\textsuperscript{th} payroll covering DAGS employees who transfer to the DOE can be funded by the DOE.
  - Currently 20 transition issues open, none show stoppers. Open issues primarily represent placeholders on activities to be accomplished. To date 40 issues have been documents, 20 are closed.
  - Budget impacts to transfer from DAGS to the DOE authorized positions and funding for personnel and current expenses have been included in the House Bill 100 (the biennium budget bill).
  - Training schedule for DAGS employees transferring to the DOE has been developed.

2. Significant next steps
  - Training of the DAGS employees transferring to the DOE
  - Execution of the financial transactions required to transfer available CIP funds to the DOE within established timeline.
  - Completion of physical moves and related logistical needs (phones, computer connections, files, etc.) of the DAGS employees transferred to the DOE by July 1\textsuperscript{st}.

3. Significant issues; None
Department of Education and Department of Health Transition Team Progress Report: Transfer of School Health Aides and public health nurses who supervise the school health aides as required by Act 51, SLH 2004: May 9, 2005

1. Determine the number of school health aides and public health nurse supervisors that will transfer:

School Health Aides:
- 256 permanent school health aide positions plus two (2) new positions for new schools opening in FY 2007 (Ocean Pointe and Maui Lani Elementary Schools) for a total of 258 positions
- School Health Aide substitute position counts will be transferred. Further discussion is needed by the DOE-DOH Transition committee to plan for a substitute system that would fit into the DOE system.

Public Health Nurse Positions:
- The DOH position is that twenty (20) public health nurse positions will be transferred. The rationale for this number is that these 20 positions were 100% full-time former school health nurses prior to the DOH reorganization of merger of school health services program under public health nursing branch. With the movement toward integrated, coordinated school health services, DOE may require more nurse positions. The final number of nurses to be transferred is still under discussion.
- The major function of these positions is the clinical/technical supervision of the school health aides. The administrative supervision of the health aides to be performed by the school administrator will be further delineated within the DOE.
- The nurse positions will be involved with the planning in developing an integrated, coordinated school health program that will meet the needs of students and schools.
- DOH will not transfer the school health services to the medically fragile students. These students require skilled nursing care and will remain with DOH-PHNB through a service level agreement.

2. Determining the number of support personnel that should transfer:

The number of support personnel that should transfer is under discussion and has not been determined to date.

3. Determining the physical assets that will transfer:
The following physical assets will be transferred from DOH to DOE on timely basis:

<table>
<thead>
<tr>
<th>Physical Assets to be Transferred</th>
<th>DOH Estimated Timeline</th>
</tr>
</thead>
</table>
| Budget A and B – (For health aides and nurse positions) Transfer to be reflected in executive supplemental budget for 2006 legislature. | • Budget developed by August, 2005  
• By October, 2005 for executive supplemental budget request |
| Official Personnel File (OPF), which will include audited leave records and current Performance Appraisal | • By July 28, 2006 |
| Shadow files of active cases of Worker’s Compensation | • By July 28, 2006 |
| Inventory of Health Room Supplies and Equipment, including refrigerators purchased by DOH. (Schools have purchased equipment and refrigerators) | • By July 1, 2006 DOH equipment transfer to DOE |
| All computers and printers used by the health aides belong to the DOE | None to be transferred- Refer to document “Assessment of Computer Skills of SHA” 4/4/05 to DOE |
| Furniture, computer, printer for nurse positions – being worked on by DOH | • List to DOE by 8/2005  
• Transfer 7/1/2006 |
4. The position descriptions for the School Health Aide and Public Health Nurses who will transfer:

The DOH-DOE Delinking Transition Committee has developed the position descriptions and is being reviewed by DOE Office of Human Resources (OHR).

5. Developing a volunteer/method process for the Public Health Nurses who will transfer:

The twenty (20) positions will be transferred as follows: Vacant positions at time of transfer; then by public health nurses volunteering to transfer, and third, by seniority.

6. Identifying the statutes that need to be amended:

DOH provided to the Delinking Transition committee at its first meeting on August 27, 2004, legal authority and the statutes that need to be amended by the 2006 legislature. DOH is willing to assist DOE in amending HRS 321-241-242 to codify legal authority under HRS 302A. In addition, DOE administrative policies will need to be developed.

7. Redoing the DOE organizational chart to reflect the transfer:

The DOE will develop the functional statements and organizational chart with the assistance of OHR.

8. Planning the paper work process for the transfer (involves Budget/Accounting, Office of Human Resources (OHR), and Office of Information Technology Services (OITS):

   **Budget/Accounting:**
   
   Transfer of A B and C funds and positions from the DOH to the DOE will be accomplished through executive supplemental budget request for the 2006 legislature by DOH.

   **DOH and DOE OHR:**

   DOH has a plan with specific timelines in place to assure a smooth transition of employees to DOE effective 7/1/2006. DOH will work with OHR so there will not be a lapse in payroll; paychecks will be available for school health aides and school health nurses on 7/5/06.

   **OITS:**

   Financial Management training will be provided for the support staff by OITS after they move to the DOE. Also, it is critical that the efforts between OHR and OBS-Payroll be coordinated to ensure that new DOE employees are paid on time.
August 11, 2005

Ms. Patricia Hamamoto, Superintendent of Education  
Mr. David Carey, Chairman of the Interagency Working Group  
Department of Education  
P.O. Box 2360  
Honolulu, Hawaii 96804

Dear Superintendent Hamamoto and Chairman Carey,

Please accept my resignation from the Interagency Working Group. For health reasons, I am not able to adhere to a set schedule on a day-to-day basis. This dilemma, which I will be enduring for the rest of this year, precludes me from being a reliable attendee at meetings and other activities of the IWG.

For the sake of keeping the IWG an efficient unit as it is, I should be replaced. The vital mission of the IWG demands a hundred per cent effort on the part of its members.

It has been a pleasure and an honor to serve on the IWG. The delinking of certain administrative powers from various state agencies to the DOE is one of many significant measures in Act 51 (SLH 2004) and requires thoughtful planning and bold action. With all the components of Act 51 sensibly positioned, we will certainly reinvent education in Hawaii.

I wish you the best in these endeavors.

Sincerely yours,

Joshua C. Agsalud

JOSHUA C. AGSALUD
Department of Education
Office of Business Services

Act 51 DAGS/DOE Delinking - Next Steps
August 31, 2005

OBS Framework and Foundation...

"How we created this new and evolving Office of Business Services"
Reorganizing For Change

Three new Branches within OBS...

<table>
<thead>
<tr>
<th>Facilities Maintenance Branch</th>
<th>Facilities Development Branch</th>
<th>OBS Accountability Branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Repairs</td>
<td>Master Plan Development</td>
<td>Project Control</td>
</tr>
<tr>
<td>Work Orders</td>
<td>Budget Preparation</td>
<td>Safety and Security</td>
</tr>
<tr>
<td>Service Contracts</td>
<td>Project Initiation</td>
<td>Facilities Assessment</td>
</tr>
<tr>
<td>Custodial Support</td>
<td>Major R&amp;M Projects</td>
<td>Energy Conservation</td>
</tr>
<tr>
<td>Ground Maintenance</td>
<td>CIP Projects</td>
<td>OBS Accountability</td>
</tr>
<tr>
<td></td>
<td>Staff Contracts</td>
<td>DAGS SLA w/ NI</td>
</tr>
</tbody>
</table>

OBS SERVICE BUREAU
District Support Team "Three-legged Stool"

Construction Management Inspectors
- Project Inspection
- Staff Contracts
- "Client Representative"

FMB District Managers
- Facilities Oversight
- Preventive Maintenance
- Facility Emergencies

BIPS Inspectors
- Strategic Planning
- Facilities Assessments
- Project Scheduling
- Estimating/Scheduling
Facilities Development Branch
Developing a transparent Project Request Procedure

- R&M and CIP planning under one Section
- Consolidated Database to track both types of projects
- Single POC for schools (BIPS) for scoping
- Single form for schools to request projects

Facilities Development Branch
Streamlining Project Processes

Planning Section
Reviews projects, determines fastest project delivery method

Design

Project Management Section
Selects consultant, manages design

Bid

Construction Management Section
Manages the construction

Staff Contract
Facilities Maintenance Branch
Refocusing To Meet A New Vision

☐ Share mission, goals and objectives, explain process and listen to suggestions.
☐ Train on what is expected.
☐ Go beyond what is asked.
☐ Anticipate future needs.
☐ Review processes and procedures to improve service delivery.

Accountability Through Technology
OBS Response Center

SCHOOL

RESPONSE CENTER

- EMERGENCY CALLS
- WORK ORDERS
- STATUS REPORTS
- R&M PROJECTS
- CIP PROJECTS

DOE SERVICE BUREAU

- FACILITIES DEVELOPMENT
- FACILITIES MAINTENANCE
- ACCOUNTABILITY
MAXIMO  On-line Work Orders For Improved Accountability

☐ Response Center work order tool
  ■ Emergency requests
  ■ Work orders
  ■ Request for information

☐ On-line status reports for schools
  ■ Web enabled

☐ Track work flow
  ■ Work order assignments
  ■ Status checking

☐ Track labor and material costs

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Key Maximo Rollout Dates

☐ 7/5/05 - Response Center begins using Maximo to log work orders. Manual inputting from paper forms.

☐ 7/5/05 - Facilities Maintenance Branch supervisors and foremen begin using Maximo to assign work.

☐ 7/5/05 - Schools receive status change updates via FAX.

☐ 7/5/05 to 8/5/05 - School clerical staff introduced to Maximo concept and consolidated paper form.

☐ 8/22/05 to 9/22/05 - Roll out of on-line Maximo to schools.
  ■ Schools submit electronically
  ■ Able to review list of submitted work orders on-line
  ■ Able to check status of individual work orders on-line
FACTRAK
Keeping The Client Informed

- Listing of backlog and initiated projects
- Additional project information
- More accurate status reports
- Repository for studies and reports

Neighbor Island Service Level Agreement

- Allows DAGS on Neighbor Islands to remain intact;
- Enables DOE to control funds for major R&M and CIP projects;
- Enables DOE to monitor the services provided to schools by DAGS;
- Creates a mechanism to work towards improved services by DAGS.
Interagency Working Group (IWG)
October 26, 2005
3:00 p.m. – 5:00 p.m.
State Capitol, Room 309

AGENDA

1. Approval of the minutes for August 31, 2005 3:00 – 3:05 p.m.

2. Department of Education (DOE) – Department of Accounting and General Services (DAGS) Report 3:05 – 3:20 p.m.
   Update on Service Level Agreements with Neighbor Islands (DAGS-DOE)
   Update on DOE’s progress in implementing the CIP and R&M Functions

   Update on Status of Memorandums of Understanding
   Update on DOE’s progress in implementing the Human Resource Function

   Adoption of the Recommendation (see attached)
   Recommendation was presented at the August 31, 2005 IWG meeting

5. Department of Education (DOE) - Department of Budget and Finance Investigative Committee Report 3:45 – 4:10 p.m.
   Recommendation for Action (see attached)

6. Department of Education (DOE) – Department of Health (DOH) 4:10 – 4:35 p.m.
   Recommendation for Action (see attached)

7. Department of Education (DOE) – Department of Attorney General (AG) 4:35 – 4:40 p.m.
   Status Report

8. Public Comment 4:40 – 4:50 p.m.


10. Agenda setting for November 15, 2005 4:55 – 5:00 p.m.
    Adoption of Recommendations
    Presentation of Recommendation for DOE-AG
    Review of the Outline of the Report to the Legislature

Persons requiring special assistance or services such as a language interpreter should call 586-3444 by Friday, October 21, 2005.
August 31, 2005

Recommendation of the Department of Education and Department of Human Services Investigative Committee to the Interagency Working Group.

Section 47 of Act 51, Session Laws of Hawaii 2004 ("Act 51") provides for the transfer of the function of "conducting employment background checks for the after-school plus program, private vendors, and other employees and trainees who work with public school students" from the Department of Human Services (DHS) to the Department of Education (DOE) effective July 1, 2006, subject to repeal by subsequent legislation.

The Investigative Committee reviewed the current practice and statutes covering criminal history checks. The DOE and DHS have also made certain agreements. Our findings and agreements are as follows:

1. The DOE is required by section 302A-601.5, Hawaii Revised Statutes, to have procedures for obtaining criminal history record checks for employees that are in close proximity to children. The DOE is to use the information to determine if a person is suitable for working in close proximity to children.

2. The DOE currently performs criminal history checks for all prospective employees of the DOE and makes the determinations as to the suitability for employment except for the A+ employees.

3. Currently DHS conducts the criminal history record checks for the A+ after school program employees who are employees of the DOE. DHS has agreed to continue to provide this service to the DOE for the 2005-2006 school year. DHS is willing to provide this service to the DOE because the A+ program provides after school care to many of the DHS clients.

4. For school years, 2006-2007 and beyond DHS will not provide the criminal history check service for the DOE A+ employees. The DOE is in the process of securing additional resources in order to conduct the criminal history record checks and looking at other options such as contracting with a private provider or asking DHS to continue the service for a fee.

5. The DOE and DHS will continue to discuss if there are any future services that DHS will provide or if there are any other agreements that DOE and DHS want to enter into regarding the provision of criminal history record checks.

The Investigative Committee has concluded that there is no function that DHS is required to perform regarding criminal history record checks, and therefore, Act 51 should be amended to repeal the transfer of function from DHS to DOE.
The Investigative Committee recommends that the Interagency Working Group recommend to the 2006 Legislature that Act 51 sections 47, and 48 be amended to repeal the transfer from the DHS to the DOE the employment background criminal history record check function.
October 19, 2005

Recommendation of the Department of Education (DOE) and Department of Finance (B&F) Investigative Committee (IC) to the Interagency Working Group (IWG)

Section 47 of Act 51, Session Laws of Hawaii 2004, ("Act 51") provides for the transfer of all rights, powers, functions, duties, and resources relating to funding of collective bargaining agreement increases; and securing, administering, use, and expending of federal funds and other aid, including their custodial supervision from the Department of Budget and Finance to the Department of Education effective July 1, 2006, subject to repeal by subsequent legislation.

In addition Section 42 of Act 51 requires the IWG to develop comprehensive plans for the transfer of the functions identified above and the functions relating to the capital improvement project allotment process and the determination of retirement and other employee benefits.

The IC has met and its findings and agreements are as follows:

Capital Improvement Project Allotment Process

1. Section 5, of Article VII of the State Constitution, Expenditure Controls, provides that the control of the rate of expenditures of appropriated state moneys, and for the reduction of such expenditures under prescribed conditions, shall be made by law.

2. Section 37-43, Hawaii Revised Statutes ("HRS"), provides that B&F shall carry out the capital improvement project allotment process. The capital improvement project allotment process consists of the review, prioritization, and evaluation of capital improvement projects to insure consistency with executive priorities.

3. Section 103-7, HRS, provides that all capital improvement projects require authorization by the Legislature and the Governor.

4. The DOE recognizes the Governor's fiscal responsibility for the entire State and that the Board of Education does not have a revenue source to support either cash expenditures or the authorization of general obligation bonds to finance capital improvement projects.

5. The DOE desires that the allotment process and those factors influencing the allotment process such as debt service be transparent, understandable, and explainable to the Board of Education and the public. The DOE is also desirous of
predictability and timeliness in the allotment process so that the DOE can manage an effective and efficient construction and repair and maintenance program.

6. The DOE and B&F agree that the allotment process function should not be transferred from B&F to the DOE. Further, B&F and the DOE agree to prepare a memo or a Memorandum of Understanding ("MOU") that will describe the allotment request process and specify the information that B&F will provide to the DOE with regard to the calculation of debt service. The memo or MOU will be completed by June 30, 2006.

7. Section 36-32, HRS, establishes the State Educational Facilities Improvement Special Fund ("SEFI"). Under section 237-31, HRS, the SEFI is funded through a portion of the general excise tax revenues and/or general obligation bonds. B&F has requested the repeal of the SEFI because, in recent years, the SEFI has been funded entirely by general obligation bonds. Consequently, capital improvement projects funded by SEFI are viewed by B&F as essentially being funded by general obligation bonds. The DOE would like to maintain SEFI. Both departments have agreed to revisit this issue in the future.

Fiscal Functions (funding of collective bargaining increases, determining retirement and other benefits, and securing, administering, use, and expending of federal funds and other aid, including their custodial supervision)

1. Collective bargaining

The DOE and B&F agree that the function of funding of collective bargaining agreement increases should not be transferred from B&F to DOE. The DOE is dependent on the State to fund its programs, including the collective bargaining increases for its employees. To improve fiscal transparency for the DOE's spending of State money for collective bargaining increases, B&F has agreed to modify the format of the collective bargaining appropriation bills to separately show the salary and benefit appropriations that are for DOE employees.

2. Determining retirement and other benefits

- The DOE does not want to determine retirement and other employee benefits and recommends that this function not transfer.

- The DOE will, in cooperation with B&F, make concurrent determinations of pension accumulation, health benefit, and social security and Medicare contributions.
3. Federal funds

- The DOE and B&F agree that the custodial supervision of federal funds, and the receiving and holding of federal funds, should not be transferred to the DOE.

- The DOE will change its current practice of requesting the Governor’s approval for federal grants that are not budgeted as long as the grants do not exceed the DOE’s total federal fund ceiling.

- B&F would like DOE to budget for federal impact aid an amount that is closer to what the DOE has historically received of the expected federal impact aid. DOE and B&F have different views as to the nature and use of the federal impact aid. Both departments have agreed to revisit this issue in the future.

4. A memo or an MOU regarding fiscal function procedures will be completed by June 30, 2006.

**Other Fiscal Functions not set forth in Act 51**

Among other fiscal functions not set forth in Act 51, the DOE and B&F have agreed to discuss position ceilings as they relate to the implementation of Weighted Student Formula, and carryover funds, in addition to revisiting the SEFI issue and federal impact aid issue.

The IC has concluded that the transfer of functions should not occur at this time, and that Act 51 should be amended to repeal the transfer of functions from B&F to DOE. Furthermore, the departments agree that the allotment process and fiscal functioning between the two departments can be improved and will cooperate to implement memos or MOU’s with specific procedures outlining the capital improvement project allotment process and fiscal matters, including those that are not mentioned in Act 51.

The IC recommends that the IWG recommend to the 2006 Legislature that Act 51, sections 47 and 48, be amended to repeal the transfer of functions from B&F to the DOE. The IC also recommends that the report to the Legislature contain the above agreements. Both departments are committed to improving transparency, increasing the understanding of the Board of Education and public regarding the purpose and nature of education expenditures, and to improving fiscal processes.
October 19, 2005

Recommendation of the Department of Education (DOE) and Department of Health (DOH) Investigative Committee (IC) to the Interagency Working Group (IWG)

Section 47 of Act 51, Session Laws of Hawaii 2004, ("Act 51") provides for the transfer of all rights, powers, functions, duties, and resources relating to school health aides and public health nurses who supervise school health aides from the Department of Health (DOH) to the Department of Education (DOE) on July 1, 2006, subject to repeal by subsequent legislation.

In addition Section 42 of Act 51 requires the IWG to develop comprehensive plans for the transfer of the school health aides from the DOH to the DOE.

The Investigative Committee has met and its findings and agreements are as follows:

1. The DOE has asked the DOH to delay the transfer of the school health aides and public health nurses who supervise school health aides from July 1, 2006, to July 1, 2007. The DOE has capacity constraints regarding managing the transfer of such employees due to the transfer of functions from the Departments of Accounting and General Services and Human Resources Development on July 1, 2005; the building of the human resource infrastructure to serve additional civil service employees; the Act 51 requirement to implement the Weighted Student Formula at every school; and the January 2006 implementation of the Medicaid reimbursement program for services provided by the DOE.

2. The DOH and DOE agree that the transfer of the school health aides and public health nurses who supervise school health aides should be delayed until July 1, 2007.

3. The DOH and DOE have not yet reached agreement on the best method of providing supervision and clinical oversight of the health aides. This could be accomplished either through a transfer of the public health nurses or a Memorandum of Understanding/Service Level Agreement between the two departments that provides for clinical oversight of the health aides by public health nurses who would remain with the DOH.

4. The DOH and DOE have not yet reached agreement on how many support personnel should transfer.

5. The DOH and DOE agree that the IC and transition team should continue to meet to plan for the transfer of the health aides, discuss the best option.
for their supervisory and clinical oversight, and determine the number of support personnel that should transfer.

The IC has concluded that the transfer of the school health aides and public health nurses who supervise the school health aides would be more effective if delayed until July 1, 2007.

The IC recommends that the IWG recommend to the 2006 Legislature that Section 47 of Act 51 be amended to change the date of the transfer of the school health aides and supervisory public health nurses from July 1, 2006, to July 1, 2007.
STATE OF HAWAII
INTERAGENCY WORKING GROUP (IWG)

MINUTES
Wednesday, August 31, 2005
State Capitol, Room 309

ATTENDANCE

MEMBERS
David Carey, President & Chief Executive Officer, Outrigger Enterprises, Inc.
Lei Desha, Field Services Officer, for Russell Okata, Executive Director, Hawaii
Government Employees Association
Patricia Hamamoto, Superintendent, Department of Education
Donald Horner, President & Chief Executive Officer, First Hawaiian Bank
Georgina K. Kawamura, Director of Finance, Department of Budget and Finance
Marie Laderta, Director, Department of Human Resources Development
Nani Medeiros for Linda Smith, Senior Policy Advisor, Office of the Governor
Henry Oliva for Lillian B. Koller, Director, Department of Human Services
Alan Oshima, Senior Vice President & General Counsel, Hawaiian Telcom
Linda Rosen for Chiyome Leinaala Fukino, M.D., Director, Department of Health
Russ K. Saito, Comptroller, Department of Accounting and General Services
Holly Shikada for Mark Bennett, Attorney General, Department of the Attorney General
Chip Uwaine for Dayton Nakanelua, State Director, United Public Workers

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
Don Inouye, Public Works Division
Clyde Kumabe, Public Works Division
Ernie Lau, Public Works Division
Dianne Matsuura, Personnel Officer
Ralph Morita, Public Works Division
Eric Nishimoto, Public Works Division
Roy Tanji
Mark Yamabe, Public Works Division
Kerry Yoneshige, Business Management Officer

DEPARTMENT OF THE ATTORNEY GENERAL
Randall Nishiyama, Deputy Attorney General

DEPARTMENT OF BUDGET AND FINANCE
Neal Miyahira, Budget, Program Planning and Management Division

DEPARTMENT OF EDUCATION
Sanford Beppu, Office of Business Services
Gilbert Chun, Office of Business Services
Fay Ikei, Office of Human Resources
Karen Kanda, Kalaeo High School
Duane Kashiwai, Office of Business Services
Katherine Kawaguchi, Office of Curriculum, Instruction and Student Support
Ed Koyama, Budget Branch
Rae Loui, Office of Business Services
Diane MacDonald, Office of Curriculum, Instruction and Student Support
Randy Moore, Act 51 Project Manager
Nick Nichols, Office of Business Services
Gerald Okamoto, Office of Human Resources
Bruce Shimomoto, Office of Human Resources
Kate Stanley
Vernon Young, Office of Human Resources

DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
Sue Zukeran
Renee Tarumoto

OTHERS
Nicki Garces, Representative Roy Takumi's Office

1. Approval of the minutes of May 9, 2005, IWG meeting

Vice-Chair Don Horner moved to approve the minutes as circulated. Comptroller Russ Saito seconded. Motion carried.

Superintendent Patricia Hamamoto moved to amend the agenda to consider the resignation from the IWG community member Mr. Joshua Agsalud. Vice-Chair Horner seconded. Motion carried.

Superintendent Hamamoto read Mr. Agsalud's letter of resignation (Attachment 1).

Superintendent Hamamoto moved to accept Mr. Agsalud's resignation. Director Kawamura seconded. Motion carried.

Superintendent Hamamoto read the letter prepared to Mr. Agsalud from both her and Chair David Carey that expresses the appreciation of the IWG for Mr. Agsalud's service (Attachment 2).

Under Act 51, Session Laws of Hawaii 2004, Chair Carey noted that the Superintendent is authorized to appoint the community members of the IWG. Superintendent Hamamoto asked that anyone who had recommendations for Mr. Agsalud's replacement to e-mail their recommendations to either Ms. Kate Stanley or herself.

2. Department of Education (DOE)–Department of Accounting and General Services (DAGS) Report

Chair Carey reported that he attended the July 1, 2005, transfer event held at McKinley High School. The event marked the formal transfer of functions and personnel from DAGS to DOE.

Comptroller Saito presented an update on the Neighbor Island Service Level Agreements (SLAs) (Attachment 3).
Comptroller Saito reported:

- The majority of the SLA terms are based on procedures in place before July 1, 2005, and that there would not be significant changes in how the neighbor islands function.
- The lack of funds for the service contracts is a major barrier for neighbor island operations.
- The Complex Area Superintendents (CAS) and District Engineers (DE) are working on policies and procedures based on SLA requirements.
- There is a need to organize information on work orders and emergency work orders.
- DAGS is using its existing computer system to capture data while the DOE is bringing up its own system.

Chair Carey expressed his appreciation for Comptroller Saito’s hard work in making the transfer from DAGS to DOE a success.

Assistant Superintendent Rae Loui presented an update on how DOE is operating post July 1, 2005 (Attachment 4).

Assistant Superintendent Loui reported:

- The Service Bureau is in place on Oahu.
- For work requests, there is now one point of contact and a single form.
- Work under $100,000 is being moved out by combining design and construction into a single function, and the efficiency and cost-effectiveness of this method is being evaluated.
- The Facilities Maintenance Branch is working to reduce the work order backlog and expects to have the response time down to one week by December 2005. In addition, it has plans to meet with each school principal and engage in preventative maintenance work.
- The Response Center, formally the Call Center, is using an on-line system which will eventually be in every school.
- The Maximo system (used for work orders) is web based so that every school will be able to use the system to track their work order requests. District Managers are currently using the system, and the system should be in all schools by the end of 2005.
- Factrak, which is in the process of being cleaned up, is used to track milestone events and projects that are larger and longer in nature.

Vice-Chair Horner asked what the DOE’s plans were in developing a baseline assessment of the condition of school facilities.

Assistant Superintendent Loui explained that DOE is about to begin the development of such an assessment program that would use professionals in assessing the current condition of the schools and that Mr. Duane Kashiwai, Facilities Development, will lead this effort.

Comptroller Saito stated that inspections are needed to determine what needs to be done over future years at each facility.
Vice-Chair Horner expressed his concern that attention be paid to the need for developing a baseline and assessment program for school facilities.

3. **Department of Education (DOE)--Department of Human Resources Development (DHRD) Report**

Mr. Francis Keeno, from DHRD, introduced the new DHRD Director Marie Laderta. Chair Carey welcomed Director Laderta to the IWG.

Assistant Superintendent Gerald Okamoto presented an update on DOE’s progress in implementing the transfer of functions from DHRD (Attachment 5).

Assistant Superintendent Okamoto reported:

- The DOE’s appreciation for the DHRD staff’s collaborative work in developing the seven Memorandums of Understanding that detail the relationships between the two departments as the operations of the various functions are moved to DOE.

- The DOE’s appreciation for DHRD’s continuing support and training that is being provided to DOE.

- The DOE’s use of temporary positions from within DOE to provide services in labor relations, worker’s compensation and recruitment, all which have increased due to the transfer of the DAGS employees and the transfer of functions from DHRD.

- The DOE’s progress in automating various parts of the human resource function, for example, people interested in applying for educational assistant positions can now apply on line. The DOE is automating first those parts of the human resource system that most directly affect the schools. The DOE anticipates an integrated personnel system will be in place by June 2006.

- The Office of Human Resources has reorganized and moved offices to reflect a more functional alignment, i.e. the recruitment section now will do recruitment for all employees at the DOE and not be divided by recruitment sections for teachers, classified, and support personnel.

Mr. Keeno expressed DHRD’s best wishes for DOE’s success and stated that DHRD would continue to provide training and consultation to DOE as DOE performs the transferred functions.

Superintendent Hamamoto stated that she was very pleased that the transfer of functions from both DAGS and DHRD went more smoothly than she had expected. Superintendent Hamamoto thanked both departments for their cooperation and hard work.

Chair Carey asked what further support DOE needed for the human resource operations of the department.

Assistant Superintendent Okamoto stated that funds are needed for additional personnel to perform recruitment, labor relations, and worker’s compensation functions for the increased
number of employees at DOE and funds are needed for additional improvements in automating the human resource function.

Vice-Chair Horner asked if the DOE has metrics for workload requirements for the various school level positions.

Assistant Superintendent Okamoto stated that the DOE is meeting with the unions to discuss how the application of Weighted Student Formula might affect allocation and reallocation of positions. Currently, there are no metrics for workload requirements for school level positions.

Vice-Chair Horner expressed his concern that the DOE should use metrics as a tool for the correct allocation of positions.

4. Department of Education (DOE)--Department of Human Services (DHS) Investigative Committee (IC) Report

Superintendent Hamamoto presented the recommendation from the DOE-DHS IC (Attachment 6).

Superintendent Hamamoto reported that the IC is recommending that the IWG recommends to the legislature that Act 51 be amended to repeal the transfer of the criminal history record check function for the after-school plus (A+) employees and others who work with public school students from DHS to the DOE. Superintendent Hamamoto noted that the DOE has the statutory duty to conduct criminal history record checks for all DOE employees and that DHS has been assisting the DOE by conducting the criminal history record checks for A+ employees. Since there is no function to transfer, Act 51 should be amended.

Superintendent Hamamoto and Mr. Henry Oliva, Deputy Director for DHS, both recommend that the IWG take action at the next IWG meeting to adopt the recommendation.

Comptroller Saito asked that a draft of the bill that would amend Act 51 be circulated prior to the next IWG meeting.

Chair Carey directed Ms. Kate Stanley working with Deputy Attorney General Randall Nishiya to circulate a draft prior to the next IWG meeting.

5. Department of Education (DOE)--Department of Budget and Finance (B&F) IC Report

Director Georgina Kawamura reported that the DOE-B&F IC is meeting and discussing each of the functions that are identified for transfer from B&F to DOE. The IC is using the same process that DOE and DAGS used, discussion or work groups that report findings to the IC which then reaches conclusions and agreements or identifies areas of disagreement. The IC plans to present a recommendation to the IWG at the October 18, 2005, meeting.

Chair Carey complimented both the DOE and B&F on the work the IC and the discussion groups are doing.

Director Kawamura presented the first function that DOE and B&F are discussing, the capital improvement project (CIP) allotment process (Attachment 7).
Director Kawamura reported:

- B&F has a fiduciary responsibility to the State, including all departments of the Executive Branch.

- The Legislature authorizes the amount of general obligation (GO) bonds that may be issued.

- The DOE is allocated its share of the debt service on the GO bonds used for DOE projects each year.

- The State Educational Facilities Improvement (SEFI) special fund was created to set aside state funds for school construction and repairs. Currently, the SEFI is funded from GO bonds sales. Consequently, in essence, projects funded by the SEFI are funded by GO bonds. Thus, the SEFI may no longer be needed.

- B&F’s responsibility is to manage the debt service and to manage the allotment request process.

Vice-Chair Horner asked if the chart in the presentation identifies the DOE’s share of fringe benefits.

Director Kawamura replied that the chart in the presentation for both fringe benefits and debt service includes the DOE’s share and that the appropriation for DOE from the Legislature is approximately $1.7 billion per year. The total DOE operating budget consists of the operating expenses, fringe benefits and debt service.

Chair Carey reported that DOE is concerned about the timeliness of the allotment actions.

Director Kawamura explained that B&F reviews all allotment requests from every department and asks each department including the DOE for a CIP implementation plan at the beginning of each fiscal year. Departments are also asked to provide an encumbrance plan.

Chair Carey described the IC and discussion group meetings as an effort to move to a more known process that does not change the fiduciary responsibility of B&F.

Vice-Chair Horner stated that the allocation process should be better understood by more of the public. He also stated that DOE should be able to plan three to five years ahead and that allocation amounts need to be planned.

Director Kawamura stated that B&F is often faced with appropriations for design only and that makes decision making more complicated if there is no certainty about construction appropriations for any given project.

Chair Carey stated that the two departments are going to work on the allotment process to improve certainty and timeliness for the DOE.

Comptroller Saito stated that there are many factors that affect the allotment process.
Vice-Chair Horner asked why the SEFI special fund continues if the funding for CIP projects is with GO bonds.

Assistant Superintendent Loui replied that DOE still sees value in maintaining SEFI and has a different point of view from B&F.

Vice-Chair Horner asked the IC to continue to look at the need for SEFI.

DOE Act 51 Project Manager Randy Moore stated that both departments are working toward change in the allotment process that works best for both departments.

6. Department of Education (DOE)--Department of Health (DOH) IC Status Report

Superintendent Hamamoto and Deputy Director Linda Rosen reported that both DOE and DOH are continuing to consider various alternatives for the transfer of the school health aides and the public health nurses who supervise school health aides.

The DOE-DOH IC will present a recommendation at the October 18, 2005, IWG meeting.

7. Department of Education (DOE)--Department of the Attorney General (AG) IC Status Report

Superintendent Hamamoto and Deputy Attorney General Holly Shikada reported that the DOE-AG IC would begin its discussion of the transfer of functions soon.

8. Review of the Work Plan

Chair Carey asked that IWG members review the work plan and forward any comments to Ms. Stanley (Attachment 8).

9. Public Comment

None.

Comptroller Saito asked that a draft of the bill that would repeal the transfer of functions from DHS to DOE be circulated prior to the next IWG meeting.

10. Agenda Setting for October 18, 2005

Chair Carey announced that the October 18, 2005, meeting agenda would include:

- Approval of the minutes.
- Updates regarding the DAGS and DHRD transfers.
- Adoption of the DOE-DHS IC recommendation.
- Presentation of recommendation from the B&F and DOH ICs.
- Progress report from the AG IC.

Chair Carey asked that any agenda recommendations be sent to Ms. Stanley.
11. **Adjournment**

Comptroller Saito moved that the meeting be adjourned. Motion was seconded by Vice-Chair Horner. Motion carried. Meeting adjourned at 4:40 p.m.

Minutes reported by:

Kate Stanley

Attachments
August 11, 2005

Ms. Patricia Hamamoto, Superintendent of Education  
Mr. David Carey, Chairman of the Interagency Working Group  
Department of Education  
P.O. Box 2360  
Honolulu, Hawaii 96804

Dear Superintendent Hamamoto and Chairman Carey,

Please accept my resignation from the Interagency Working Group. For health reasons, I am not able to adhere to a set schedule on a day-to-day basis. This dilemma, which I will be enduring for the rest of this year, precludes me from being a reliable attendee at meetings and other activities of the IWG.

For the sake of keeping the IWG an efficient unit as it is, I should be replaced. The vital mission of the IWG demands a hundred per cent effort on the part of its members.

It has been a pleasure and an honor to serve on the IWG. The delinking of certain administrative powers from various state agencies to the DOE is one of many significant measures in Act 51 (SLH 2004) and requires thoughtful planning and bold action. With all the components of Act 51 sensibly positioned, we will certainly reinvent education in Hawaii.

I wish you the best in these endeavors.

Sincerely yours,  

JOSHUA C. AGSALUD

1086 ALA LILIKOI ST. • HONOLULU, HAWAII • 96818  
PHONE: (808) 839-9492
August 29, 2005

Dr. Joshua C. Agsalud
1086 Ala Lilikoi St.
Honolulu, Hawaii 96819

Dear Dr. Agsalud:

Needless to say, both David and I read this letter with a heavy heart and reluctantly accept your resignation from the Interagency Working Group. I know we speak for the entire group when we say that you've been an asset to our group as we work to strengthen our support for student achievement.

Your voice made a difference in that you always called us back to the task at hand. Balance and objectivity combined with your past experiences was the value added to our accomplishments.

Mahalo for your time, commitment and willingness to support our work this past year. We understand your need to take care of your health and will keep you in our prayers.

Please take care of yourself and when you're ready, we have a seat for you on the IWG.

Very truly yours,

Patricia Hamamoto
Superintendent

David Carey
IWG Chair

c: IWG Members
Kate Stanley
Department of Accounting and General Services

Update on Neighbor Island Service Level Agreement
August 31, 2005
Service Level Agreement (SLA) 
Background

- Formalizes agreement between neighbor island Complex Area Superintendents (CAS) and District Engineers (DE)
- Based primarily on service levels provided to the CASs before July 1, 2005
Areas Covered by SLA

- Repair and Maintenance
- Service and Maintenance Contracts
- Construction Contract Administration
- Emergency Repairs
Repair and Maintenance

- Key is addressing work orders

- To address work orders, neighbor islands will implement cycle maintenance program

- Main components of cycle maintenance program are
  a. Scheduled visits to schools
  b. School-prioritized work orders
Repair and Maintenance (cont.)

- Cycle maintenance implementation schedule
  - A. Kauai; October 2005
  - B. Maui; January 2006
  - C. Hawaii; November 2005

- Cycle maintenance implementation steps
  - A. School visitations
  - B. Distribution of outstanding work order lists
Repair and Maintenance (cont.)

- Challenge
  Addressing district office work scheduling and logistical needs
Service and Maintenance Contracts

- Service and maintenance contracts to be standardized on all islands relative to:
  a. Types of services contracted
  b. Scope of services contracted
- Current contracts to remain intact
Service and Maintenance Contracts (cont.)

- Current budget inadequate to standardize service and maintenance contracts
- New service and maintenance contracts to be executed when funding available
Construction Contract Administration

- Majority of SLA terms are based on procedures in place before July 1, 2005
- Joint CAS/DE development of policies and procedures based on SLA requirements underway and almost done
- Policies and procedures to be disseminated to internal units in the DOE and DAGS when completed
Reporting

- Current system and procedures being modified to report on SLA requirements
  - Work Orders
    - Reviewing input fields to ensure performance data is captured and reportable
  - Emergency work orders
    - Separating abatement and completion objectives
Reporting (cont.)

- Processing procedures being developed to ensure timely data capture
- New and backlog project data being captured in DAGS AS 400 system
  - To be transferred to DOE system when operational
Summary

- DOE and DAGS working toward successful attainment of SLA requirements

- All outstanding items should be resolved by January 2006
Department of Education
Office of Business Services
Act 51 DAGS/DOE Delinking - Next Steps
August 31, 2005

OBS Framework and Foundation...
"How we created this new and evolving Office of Business Services"
Reorganizing For Change

Three new Branches within OBS...

<table>
<thead>
<tr>
<th>Facilities Maintenance Branch</th>
<th>Facilities Development Branch</th>
<th>OBS Accountability Branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Repairs</td>
<td>Master Plan Development</td>
<td>Project Control</td>
</tr>
<tr>
<td>Work Orders</td>
<td>Budget Preparation</td>
<td>Safety and Security</td>
</tr>
<tr>
<td>Service Contracts</td>
<td>Project Initiation</td>
<td>Facilities Assessment</td>
</tr>
<tr>
<td>Custodial Support</td>
<td>Major R&amp;M Projects</td>
<td>Energy Conservation</td>
</tr>
<tr>
<td>Ground Maintenance</td>
<td>CIP Projects</td>
<td>OBS Accountability</td>
</tr>
<tr>
<td></td>
<td>Staff Contracts</td>
<td>DABS SLA w/ NI</td>
</tr>
</tbody>
</table>

OBS SERVICE BUREAU
District Support Team "Three-legged Stool"
Facilities Development Branch
Developing a transparent Project Request Procedure

- R&M and CIP planning under one Section
- Consolidated Database to track both types of projects
- Single POC for schools (BIPS) for scoping
- Single form for schools to request projects

Facilities Development Branch
Streamlining Project Processes

Planning Section
Reviews projects, determines fastest project delivery method

Design

Project Management Section
Selects consultant, manages design

Bid

Construction Management Section
Manages the construction

Staff
Contract
Facilities Maintenance Branch
Refocusing To Meet A New Vision

- Share mission, goals and objectives, explain process and listen to suggestions.
- Train on what is expected.
- Go beyond what is asked.
- Anticipate future needs.
- Review processes and procedures to improve service delivery.

Accountability Through Technology
OBS Response Center

SCHOOL

RESPONSE CENTER
  - EMERGENCY CALLS
  - WORK ORDERS
  - STATUS REPORTS
    - R&M PROJECTS
    - CIP PROJECTS

DOE SERVICE BUREAU
  - FACILITIES DEVELOPMENT
  - FACILITIES MAINTENANCE
  - ACCOUNTABILITY
MAXIMO On-line Work Orders For Improved Accountability

- Response Center work order tool
  - Emergency requests
  - Work orders
  - Request for information
- On-line status reports for schools
  - Web enabled
- Track work flow
  - Work order assignments
  - Status checking
- Track labor and material costs

Key Maximo Rollout Dates

- 7/5/05 - Response Center begins using Maximo to log work orders. Manual inputting from paper forms.
- 7/5/05 - Facilities Maintenance Branch supervisors and foremen begin using Maximo to assign work.
- 7/5/05 - Schools receive status change updates via FAX.
- 7/5/05 to 8/5/05 - School clerical staff introduced to Maximo concept and consolidated paper form.
- 8/22/05 to 9/22/05 - Roll out of on-line Maximo to schools:
  - Schools submit electronically
  - Able to review list of submitted work orders on-line
  - Able to check status of individual work orders on-line
FACTRAK
Keeping The Client Informed

- Listing of backlog and initiated projects
- Additional project information
- More accurate status reports
- Repository for studies and reports

Neighbor Island Service Level Agreement

- Allows DAGS on Neighbor Islands to remain intact;
- Enables DOE to control funds for major R&M and CIP projects;
- Enables DOE to monitor the services provided to schools by DAGS;
- Creates a mechanism to work towards improved services by DAGS.
Interagency Working Group (IWG)

August 31, 2005 Update

Objective
Act 51, Section VIII, Reduction of Bureaucracy
- Department of Education (DOE) responsible to make policy decisions without external agencies' influences
- Transition Department of Human Resources Development (DHRD) rights, powers, functions, duties and resources

Requirements
December 2004 Interagency Working Group (IWG) Report to Legislature
- DHRD functions will transfer July 1, 2005
- DHRD will provide consultation and training
- DOE will automate HRIS and reorganize OHR
- MQUs will be established to define transition requirements
Employees

- Support for 6,000 DHDRD employees, 200 job classes, transitioned to DOE on July 1, 2005
- An additional 207 DAGS employees, 43 job classes, transitioned July 1, 2005

Human Resources Personnel

- No transfer of positions from DHDRD to DOE
- Although legislative funding was not achieved, 15 temporary DOE positions established to address restructuring and delinking
- School positions were not touched

DHRD/DOE Delinking

Between December 2004 and June 30, 2005, 7 transition teams successfully addressed:

<table>
<thead>
<tr>
<th>Classification</th>
<th>DOE</th>
<th>DHRD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staffing</td>
<td>Lee Higa Hoffman</td>
<td>Renee Tarumoto</td>
</tr>
<tr>
<td>Transactions</td>
<td>Glenn Kunitake</td>
<td>Ed Young</td>
</tr>
<tr>
<td>Training</td>
<td>Douglas Rattley</td>
<td>Diane Sumida</td>
</tr>
<tr>
<td>Benefits</td>
<td>Fay Ieki</td>
<td>Diane Sumida</td>
</tr>
<tr>
<td>Labor Relations</td>
<td>Sue La Vine</td>
<td>Karen Tom</td>
</tr>
<tr>
<td>Workers' Comp</td>
<td>Merlene Akau</td>
<td>Val Pacheco</td>
</tr>
</tbody>
</table>
Automation
DOE OHR has contracted the services of Century Computers and Business Systems Technology to:
- Completed scanning all historical records for teachers
- Retrieval of scanned records has improved productivity for employees
- Scanning of Classified records will begin in September

Automation (continued)
- Completed migration to new transaction processing system for Classified
- New Recruitment system
  a) EA Recruitment system on line
  b) Electronic referral list completed
- Work in progress
  a) Recruitment system for all classes
  b) Develop a comprehensive position management system
  c) Integrated personnel system by June 2006
August 31, 2005

Recommendation of the Department of Education and Department of Human Services Investigative Committee to the Interagency Working Group.

Section 47 of Act 51, Session Laws of Hawaii 2004 ("Act 51") provides for the transfer of the function of "conducting employment background checks for the after-school plus program, private vendors, and other employees and trainees who work with public school students" from the Department of Human Services (DHS) to the Department of Education (DOE) effective July 1, 2006, subject to repeal by subsequent legislation.

The Investigative Committee reviewed the current practice and statutes covering criminal history checks. The DOE and DHS have also made certain agreements. Our findings and agreements are as follows:

1. The DOE is required by section 302A-601.5, Hawaii Revised Statutes, to have procedures for obtaining criminal history record checks for employees that are in close proximity to children. The DOE is to use the information to determine if a person is suitable for working in close proximity to children.

2. The DOE currently performs criminal history checks for all prospective employees of the DOE, and makes the determinations as to the suitability for employment except for the A+ employees.

3. Currently DHS conducts the criminal history record checks for the A+ after school program employees who are employees of the DOE. DHS has agreed to continue to provide this service to the DOE for the 2005-2006 school year. DHS is willing to provide this service to the DOE because the A+ program provides after school care to many of the DHS clients.

4. For school years, 2006-2007 and beyond DHS will not provide the criminal history check service for the DOE A+ employees. The DOE is in the process of securing additional resources in order to conduct the criminal history record checks and looking at other options such as contracting with a private provider or asking DHS to continue the service for a fee.

5. The DOE and DHS will continue to discuss if there are any future services that DHS will provide or if there are any other agreements that DOE and DHS want to enter into regarding the provision of criminal history record checks.

The Investigative Committee has concluded that there is no function that DHS is required to perform regarding criminal history record checks, and therefore, Act 51 should be amended to repeal the transfer of function from DHS to DOE.
The Investigative Committee recommends that the Interagency Working Group recommend to the 2006 Legislature that Act 51 sections 47, and 48 be amended to repeal the transfer from the DHS to the DOE the employment background criminal history record check function.
State of Hawaii Department of Budget and Finance

CAPITAL IMPROVEMENT PROJECT ALLOTMENT PROCESS

PRESENTATION TO INTERAGENCY WORKING GROUP

AUGUST 31, 2005
G.O. BOND DEBT CONSIDERATIONS

(DB&F 08/30/05)

• State pledges its "full faith & credit" behind G.O. bonds -- debt service payments are first charges against state revenues.

• Constitutional debt limit is "legal" limit on amount of G.O. debt -- annual debt service cannot exceed 18.5% of avg of 3 yrs revenues preceding bond issue.

• However, **practical limit** on amount of G.O. debt is determined by how much State can afford in annual debt service payments.
OUTSTANDING G.O. BOND DEBT

(DB&F 08/30/05)

$ Billions

- Projected, New Issues
- Existing

FY 02 03 04 05 06 07 08 09 10 11
3.6 3.6 4.0 4.3 4.5 4.1 3.7 3.2 2.9 2.6
3.6 3.6 4.0 4.3 4.0 3.7 3.3 3.0 2.7 2.4
BOND RATING AGENCIES' REVIEW OF STATE'S G.O. BOND DEBT

Factors considered in review of State’s G.O. credit:

- Debt burden
- Economy & tax base.
- Financial performance and flexibility.
- Fiscal management & administrative/legal structure.

Concerns with State’s G.O. credit expressed by bond rating agencies:

- Debt burden among highest in nation – For FY 06, 12.8% of revenues, going to 18.5% of revenues would amount to $227 M in add’l debt service & $3.8 B in additional debt
- Concentration of economy on tourism & vulnerability to demand swings.
- Challenges in containing rising Medicaid costs, low pension fund funded ratio, & large unfunded retiree health benefits costs.
EXECUTIVE BRANCH "GENERAL FUND" OPERATING BREAKDOWN

(DB&F 08/30/05)

FY 06

- Other Disc, 447.7 M, 10%
- Other Non-Discr, 176.1 M, 4%
- DOE, 1,195.2 M, 28%
- Hth/Hmn Svcs Asst Pmts, 859.3 M, 19%
- UOH, 372.8 M, 8%
- Debt Svc, 511.7 M, 12%
- Fringe Benefits, 860.2 M, 19%

Total $4.41 B

Note: Non-discretionary includes debt service, fringe benefits, Felix, children and adult mental health, public welfare.
### G.O. BOND APPROPRIATIONS

(DB&F 08/30/05)

$ Millions

<table>
<thead>
<tr>
<th>Appropriation</th>
<th>Existing Appropriations (as of June 30, 2005)</th>
<th>G.O. Bond Rest of State</th>
<th>DOE</th>
<th>SEFI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriation Balances</td>
<td>167.8</td>
<td>-</td>
<td>80.7</td>
<td>248.5</td>
<td></td>
</tr>
<tr>
<td>Allotment Balances</td>
<td>123.4</td>
<td>-</td>
<td>94.8</td>
<td>218.2</td>
<td></td>
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<tr>
<td>Encumbrances</td>
<td>293.8</td>
<td>22.3</td>
<td>146.9</td>
<td>463.0</td>
<td></td>
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<tr>
<td>Subtotal Allotment Balances &amp; Encumbrances</td>
<td>417.2</td>
<td>22.3</td>
<td>241.7</td>
<td>681.2</td>
<td></td>
</tr>
<tr>
<td><strong>Total Existing Appropriations</strong></td>
<td>585.0</td>
<td>22.3</td>
<td>322.4</td>
<td>929.7</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Appropriations (as of July 1, 2005)</th>
<th>G.O. Bond Rest of State</th>
<th>DOE</th>
<th>SEFI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Act 178, SLH 2005 (Executive Budget)</td>
<td>437.5</td>
<td>-</td>
<td>274.5</td>
<td>712.0</td>
</tr>
<tr>
<td>Act 110, SLH 2005 (Judiciary Budget)</td>
<td>95.5</td>
<td>-</td>
<td>-</td>
<td>95.5</td>
</tr>
<tr>
<td><strong>Total New Appropriations</strong></td>
<td>533.0</td>
<td>-</td>
<td>274.5</td>
<td>807.5</td>
</tr>
</tbody>
</table>

| Lapses (Act 178) | (25.2) | | | (25.2) |

| Grand Total Existing & New Appropriations | 1,092.8 | 22.3 | 596.9 | 1,712.0 |
STATE EDUCATIONAL FACILITIES IMPROVEMENT (SEFI) SPECIAL FUND

(DB&F 08/30/05)

- Statutorily created special fund established in 1989 to set aside state funds for school construction & repairs.

- Originally, $90M of G.E. tax revenues was to be deposited into SEFI for period from FY89 to FY95.

- During 1992 legislative session:
  - Law was amended to suspend G.E. tax deposits into SEFI for FY92.
  - Also $90M in G.O. bond funds was appropriated in FY93 for deposit into SEFI in lieu of G.E. taxes.

- During 1993 legislative session:
  - Law was further amended to permanently provide for deposits into SEFI difference between $90M and G.O. appropriations into SEFI.
  - Also $90M in G.O. bond funds appropriated in FY94 & FY95 for deposit into SEFI.

- During 1999 legislative session, law was again amended to reduce amount of deposits into SEFI from $90M to $45M.

- Since FY93, SEFI has been funded exclusively by G.O. bond funds.

- Transfers are made from G.O. bond fund into SEFI on monthly basis based on projected SEFI cash requirements.
# G.O. Bond Cash & G.O. Bond Issuances

(DB&F 08/30/05)

<table>
<thead>
<tr>
<th>Cash Balance as of June 30, 2005</th>
<th>$311,195,425</th>
</tr>
</thead>
</table>

**Bond Issuance Plan**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 06</td>
<td>500,000,000</td>
</tr>
<tr>
<td>FY 07</td>
<td>400,000,000</td>
</tr>
<tr>
<td>FY 08</td>
<td>350,000,000</td>
</tr>
<tr>
<td>FY 09</td>
<td>240,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Issuances</th>
<th>$1,490,000,000</th>
</tr>
</thead>
</table>

| Total Cash Balance & Planned Issuances | $1,801,195,425 |
IWG WORK PLAN

I. Goal: Act 51, Section 41, Reduction of Bureaucracy: improving the efficiency of the State's public education system

II. IWG Objectives:
A. Develop comprehensive plans for transferring certain rights, powers, functions, duties and resources including positions, from the department of accounting and general services, budget and finance, health, human resources development, the attorney general, and human services to the department of education.
B. Assure due consideration to minimize the impacts to personnel and overall costs to government.
C. The IWG shall cease to exist on June 30, 2007.

III. Investigative Committees to develop recommendations for transfer
A. Department of Human Services (DHS) – Department of Education (DOE) work product for 2005
   1. Reconvene the Investigative Committee (IC) June 28, 2005.
   2. Present recommendation to IWG on August 31, 2005 to repeal the transfer of the criminal history record check function for A+ employees from DHS to the DOE by amending Act 51.

B. Department of Health (DOH) - DOE work product for 2005
   1. Continue the IC and transition team meetings regarding the transfer of health aides and public health nurse supervisors from DOH to the DOE.
   2. Resolve issues regarding the number of personnel to be transferred or develop other options for the transfer of functions.
   3. Draft recommendations that:
      a) Identifies the number and positions to be transferred
      b) Includes a transition plan that:
         • Describes how positions will be identified, transferred and filled
         • Identifies the amount of money to be transferred in support of each position
         • Sets forth a timeline for the transition
   4. Revise the DOE organizational chart and functional statement.

C. Department of Budget and Finance (B&F) - DOE work product for 2005
   1. Reconvene the IC and create working groups to consider the transfer of functions set forth in Act 51: funding of collective bargaining agreement increases; the securing, administering, use and expending of federal funds and other aid, including their custodial supervision; the capital improvement
project allotment process; and the determination of retirement and other employee benefits.

2. Draft recommendations that:
   a. Recommend deletions or additions of functions that should transfer.
   b. Recommends other options such as Memorandum of Understanding (MOU), Service Level Agreements (SLA) or other agreements that address the issues related to the functions identified in Act 51.
   c. Recommend statutory changes.
   d. Identify issues not addressed in Act 51 that need to be addressed

3. B&F – DOE IC schedule:
   7/28/05: Allotment Process for Capitol Improvement Projects (CIP) and Repair and Maintenance (R&M)
   8/11/05: Allotment Process for CIP and R&M
   8/25/05: Discussion of recommendation to IWG
   8/31/05: Progress report to IWG
   9/8/05: Discussion of collective bargaining and employee benefits.
   9/14/05: Discussion of Federal Funds
   10/4/05: Discussion of recommendation regarding fiscal matters to IWG
   10/17/05: Discussion of other fiscal issues
   10/18/05: Presentation of recommendations to IWG

D. Department of the Attorney General (AG) - DOE work product for 2005
   1. Reconvene the IC and create working groups to consider the transfer of functions set forth in Act 51: negotiating workers’ compensation claims; labor-management relations within the Department of Education.
   2. Draft recommendations that:
      a. Recommend deletion or additions of functions that should transfer
      b. Recommend other options such as MOUs, SLAs or other agreements that address the issues related to the functions identified in Act 51.
      c. Recommend statutory changes.
      d. Identify issues not addressed in Act 51 that need to be addressed.
   3. AG - DOE IC schedule to be determined.

IV. IWG Work Product
A. Review IC recommendations
B. Discuss and take action on each recommendation
C. Discuss and recommend any statutory changes
D. Identify issues not addressed in Act 51 that need to be addressed
E. Discuss and take action on any other issue not resolved by the ICs
F. Prepare recommendations for DHS, DOH, B&F and AG regarding the transfer of function to be forwarded to the BOE, Governor and Legislature

V. IWG Organizational Process
A. Governance
B. Decision-making
1. Use standard business meeting procedures for business items such as the approval of minutes, adopting timelines.
2. Work toward consensus when reviewing, adopting, or asking for revisions of the IC recommendations.
3. Where consensus cannot be reached, include each agency’s, organization’s, or person’s position as part of the report.

VI. Meeting schedule for IWG (meetings can be added if necessary)
   A. August 31, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
      • Progress reports from DAGS and DHRD July 1, 2005 transfer
      • Presentation of DHS/DOH/B&F/AG ICs
   B. October 18, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
      • Adoption of DHS – DOE IC recommendation
      • Presentation of DOH and B&F IC recommendations
   C. November 15, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
      • Adoption of DOH and B&F IC recommendations
      • Presentation of AG-DOE IC recommendation
   D. December 15, 2005 3:00 p.m.- 5:00 p.m., State Capitol, Room 309
      • Adoption of AG - DOE IC recommendation
      • Review of Draft Report
   E. Circulate edited draft report to finalize and only schedule another meeting of the IWG if a member requests a meeting.
AGENDA

1. Approval of the minutes for October 26, 2005  3:00 – 3:05 p.m.

   Update on DOE's progress in implementing the CIP and R&M Functions
   Update on Service Level Agreements with Neighbor Islands (DAGS-DOE)

   Update on Status of Memorandums of Understanding
   Update on DOE’s progress in implementing the Human Resource Function

4. Department of Education (DOE) – Department of Budget and Finance (B&F) Investigative Committee Report  3:35 – 3:45 p.m.
   Adoption of the Recommendation (see attached)
   Recommendation was presented at the October 26, 2005 IWG meeting

5. Department of Education (DOE) - Department of Health Investigative Committee Report  3:45 – 3:55 p.m.
   Adoption of the Recommendation (see attached)
   Recommendation was presented at the October 26, 2005 IWG meeting

   Recommendation for Action (see attached)

7. Review of the Outline of the IWG Report to the 2006 Legislature (see attached)  4:15 – 4:30 p.m.

8. Public Comment  4:30 – 4:40 p.m.


10. Agenda setting for December 14, 2005 IWG meeting
    Adoption of Recommendation DOE-AG IC
    Review of the first Draft of the Report to the 2006 Legislature  4:45 – 5:00 p.m.

Persons requiring special assistance or services such as a language interpreter should call 586-3444 by Thursday, November 10, 2005.
October 19, 2005

Recommendation of the Department of Education (DOE) and Department of Budget and Finance (B&F) Investigative Committee (IC) to the Interagency Working Group (IWG)

Section 47 of Act 51, Session Laws of Hawaii 2004, ("Act 51") provides for the transfer of all rights, powers, functions, duties, and resources relating to funding of collective bargaining agreement increases; and securing, administering, use, and expending of federal funds and other aid, including their custodial supervision from the Department of Budget and Finance to the Department of Education effective July 1, 2006, subject to repeal by subsequent legislation.

In addition Section 42 of Act 51 requires the IWG to develop comprehensive plans for the transfer of the functions identified above and the functions relating to the capital improvement project allotment process and the determination of retirement and other employee benefits.

The IC has met and its findings and agreements are as follows:

Capital Improvement Project Allotment Process

1. Section 5, of Article VII of the State Constitution, Expenditure Controls, provides that the control of the rate of expenditures of appropriated state moneys, and for the reduction of such expenditures under prescribed conditions, shall be made by law.

2. Section 37-43, Hawaii Revised Statutes ("HRS"), provides that B&F shall carry out the capital improvement project allotment process. The capital improvement project allotment process consists of the review, prioritization, and evaluation of capital improvement projects to insure consistency with executive priorities.

3. Section 103-7, HRS, provides that all capital improvement projects require authorization by the Legislature and the Governor.

4. The DOE recognizes the Governor's fiscal responsibility for the entire State and that the Board of Education does not have a revenue source to support either cash expenditures or the authorization of general obligation bonds to finance capital improvement projects.

5. The DOE desires that the allotment process and those factors influencing the allotment process such as debt service be transparent, understandable, and explainable to the Board of Education and the public. The DOE is also desirous of
predictability and timeliness in the allotment process so that the DOE can manage an effective and efficient construction and repair and maintenance program.

6. The DOE and B&F agree that the allotment process function should not be transferred from B&F to the DOE. Further, B&F and the DOE agree to prepare a memo or a Memorandum of Understanding (“MOU”) that will describe the allotment request process and specify the information that B&F will provide to the DOE with regard to the calculation of debt service. The memo or MOU will be completed by June 30, 2006.

7. Section 36-32, HRS, establishes the State Educational Facilities Improvement Special Fund (“SEFI”). Under section 237-31, HRS, the SEFI is funded through a portion of the general excise tax revenues and/or general obligation bonds. B&F has requested the repeal of the SEFI because, in recent years, the SEFI has been funded entirely by general obligation bonds. Consequently, capital improvement projects funded by SEFI are viewed by B&F as essentially being funded by general obligation bonds. The DOE would like to maintain SEFI. Both departments have agreed to revisit this issue in the future.

Fiscal Functions (funding of collective bargaining increases, determining retirement and other benefits, and securing, administering, use, and expending of federal funds and other aid, including their custodial supervision)

1. Collective bargaining

The DOE and B&F agree that the function of funding of collective bargaining agreement increases should not be transferred from B&F to DOE. The DOE is dependent on the State to fund its programs, including the collective bargaining increases for its employees. To improve fiscal transparency for the DOE’s spending of State money for collective bargaining increases, B&F has agreed to modify the format of the collective bargaining appropriation bills to separately show the salary and benefit appropriations that are for DOE employees.

2. Determining retirement and other benefits

• The DOE does not want to determine retirement and other employee benefits and recommends that this function not transfer.

• The DOE will, in cooperation with B&F, make concurrent determinations of pension accumulation, health benefit, and social security and Medicare contributions.
3. Federal funds

- The DOE and B&F agree that the custodial supervision of federal funds, and the receiving and holding of federal funds, should not be transferred to the DOE.

- The DOE will change its current practice of requesting the Governor’s approval for federal grants that are not budgeted as long as the grants do not exceed the DOE’s total federal fund ceiling.

- B&F would like DOE to budget for federal impact aid an amount that is closer to what the DOE has historically received of the expected federal impact aid. DOE and B&F have different views as to the nature and use of the federal impact aid. Both departments have agreed to revisit this issue in the future.

4. A memo or an MOU regarding fiscal function procedures will be completed by June 30, 2006.

Other Fiscal Functions not set forth in Act 51

Among other fiscal functions not set forth in Act 51, the DOE and B&F have agreed to discuss position ceilings as they relate to the implementation of Weighted Student Formula, and carryover funds, in addition to revisiting the SEFI issue and federal impact aid issue.

The IC has concluded that the transfer of functions should not occur at this time, and that Act 51 should be amended to repeal the transfer of functions from B&F to DOE. Furthermore, the departments agree that the allotment process and fiscal functioning between the two departments can be improved and will cooperate to implement memos or MOU’s with specific procedures outlining the capital improvement project allotment process and fiscal matters, including those that are not mentioned in Act 51.

The IC recommends that the IWG recommend to the 2006 Legislature that Act 51, sections 47 and 48, be amended to repeal the transfer of functions from B&F to the DOE. The IC also recommends that the report to the Legislature contain the above agreements. Both departments are committed to improving transparency, increasing the understanding of the Board of Education and public regarding the purpose and nature of education expenditures, and to improving fiscal processes.
October 19, 2005

Recommendation of the Department of Education (DOE) and Department of Health (DOH) Investigative Committee (IC) to the Interagency Working Group (IWG)

Section 47 of Act 51, Session Laws of Hawaii 2004, ("Act 51") provides for the transfer of all rights, powers, functions, duties, and resources relating to school health aides and public health nurses who supervise school health aides from the Department of Health (DOH) to the Department of Education (DOE) on July 1, 2006, subject to repeal by subsequent legislation.

In addition Section 42 of Act 51 requires the IWG to develop comprehensive plans for the transfer of the school health aides from the DOH to the DOE.

The Investigative Committee has met and its findings and agreements are as follows:

1. The DOE has asked the DOH to delay the transfer of the school health aides and public health nurses who supervise school health aides from July 1, 2006, to July 1, 2007. The DOE has capacity constraints regarding managing the transfer of such employees due to the transfer of functions from the Departments of Accounting and General Services and Human Resources Development on July 1, 2005; the building of the human resource infrastructure to serve additional civil service employees; the Act 51 requirement to implement the Weighted Student Formula at every school; and the January 2006 implementation of the Medicaid reimbursement program for services provided by the DOE.

2. The DOH and DOE agree that the transfer of the school health aides and public health nurses who supervise school health aides should be delayed until July 1, 2007.

3. The DOH and DOE have not yet reached agreement on the best method of providing supervision and clinical oversight of the health aides. This could be accomplished either through a transfer of the public health nurses or a Memorandum of Understanding/Service Level Agreement between the two departments that provides for clinical oversight of the health aides by public health nurses who would remain with the DOH.

4. The DOH and DOE have not yet reached agreement on how many support personnel should transfer.

5. The DOH and DOE agree that the IC and transition team should continue to meet to plan for the transfer of the health aides, discuss the best option
for their supervisory and clinical oversight, and determine the number of support personnel that should transfer.

The IC has concluded that the transfer of the school health aides and public health nurses who supervise the school health aides would be more effective if delayed until July 1, 2007.

The IC recommends that the IWG recommend to the 2006 Legislature that Section 47 of Act 51 be amended to change the date of the transfer of the school health aides and supervisory public health nurses from July 1, 2006, to July 1, 2007.
Recommendation of the Department of Education and the Department of the Attorney General Investigative Committee (IC) to the Interagency Working Group (IWG).

Section 47 of Act 51, Session Laws of Hawaii 2004, ("Act 51") provides for the transfer of rights, powers, functions, duties, and resources relating to the negotiation of workers' compensation claims and labor-management relations from the Department of the Attorney General (AG) to the Department of Education (DOE) on July 1, 2006, subject to repeal by subsequent legislation.

The Investigative Committee has met and its findings and agreements are as follows:

1. The DOE currently handles all workers' compensation claims through the initial decision on the claim. The AG currently provides legal services in any appeals from the initial determination by the DOE. The AG also currently provides legal advice and counsel when needed, reviews and assists with finalizing settlement documents, assists in pursuing fraud violations, assists with obtaining subpoenaed documents, pursues third party liability claims (benefit recovery), and conducts depositions when necessary.

2. The AG also provides legal services for workers' compensation claims from other State departments and agencies.

3. The DOE and AG agree that transferring personnel from the AG to the DOE to handle the DOE's workers' compensation claims will not lead to significant cost savings or increases in efficiency.

4. The DOE and AG agree that improvements in service can be accomplished through a Memorandum of Understanding and/or Service Level Agreements, including clarification on the scope of responsibility for each department, clarification of processes, improving communication and coordination, and improving overall monitoring and development of cases.

5. With respect to labor-management relations, the DOE currently handles all Step 1 grievances and handles all Step 2 grievances for HGEA Units 5 and 6.

6. With the addition of the personnel from the Department of Accounting and General Services, and future addition of personnel from the Department of Health, the DOE will handle any future grievances for the new employees. This includes grievances in other HGEA units not previously in the DOE (such as Unit 9), and also potentially an increase in the overall volume of work because of the increased number of personnel in the DOE.

7. The AG generally handles all arbitrations upon request for all unions.
8. The DOE believes the responsiveness and level of service from their deputies attorney general in the Labor Relations Division has generally been excellent. The DOE and AG agree that transferring personnel from the AG to the DOE to handle the DOE's labor relations work will not lead to significant cost savings or increases in efficiency.

9. The DOE and AG agree that there are ways to improve the services in the workers' compensation and labor relations areas, including improving communication and coordination (including options such as earlier coordination and advice on legal positions and issues), and clarifying procedures and protocols. The departments agree that this can be accomplished through Memorandum of Understanding/Service Level Agreements between the DOE and AG that will provide the mechanism and process for improved relationships and service.

10. A memo, Memorandum of Understanding or Service Level Agreement regarding ways to improve the services in the workers' compensation and labor relations areas will be completed by June 30, 2006.

The IC has concluded that the transfer of the functions relating to labor relations and workers' compensation from the AG to the DOE should not occur at this time, and that Act 51 should be amended to repeal the transfer of functions from the AG to DOE. Furthermore, the departments agree that the provision of services between the two departments can be improved and will cooperate to implement Memoranda of Understanding (MOUs) with specific procedures outlining, among other things, methods for communication and coordination of services, including those not mentioned in Act 51.

The IC recommends that the IWG recommend to the 2006 Legislature that Act 51, section 47 be amended to repeal the transfer of functions from AG to the DOE. The IC also recommends that the report to the Legislature contain the above agreements. Both departments are committed to improving the legal outcomes for the DOE, and improving communication, coordination and provision of legal services.
Recommendation of the Department of Education and the Department of the
Attorney General Investigative Committee (IC) to the Interagency Working Group
(IWG).

Section 47 of Act 51, Session Laws of Hawaii 2004 ("Act 51") provides for the transfer
of rights, powers, functions, and duties and resources relating to the negotiating of
workers' compensation claims, and labor-management relations from the Department of
the Attorney General (AG) to the Department of Education (DOE) on July 1, 2006,
subject to repeal by subsequent legislation.

The Investigative Committee has met and its findings and agreements are as follows:

1. The DOE currently handles all workers' compensation claims through the
   initial decision on the claim. The AG currently provides legal services in any
   appeals from the initial determination by the DOE. The AG also currently
   provides legal advice and counsel when needed, reviews and assists with
   finalizing settlement documents, assists in pursuing fraud violations, assists
   with obtaining subpoenaed documents, pursues third party liability claims
   (benefit recovery), and conducts depositions when necessary.

2. The AG also provides legal services for workers' compensation claims from
   other State departments and agencies.

3. The DOE and AG agree that transferring personnel from the AG to the DOE
   to handle the DOE's workers' compensation claims will not lead to significant
   cost savings or increases in efficiency.

4. The DOE and AG agree that improvements in service can be accomplished
   through a Memorandum of Understanding and/or Service Level Agreements,
   including clarification on the scope of responsibility for each department,
   clarification of processes, improving communication and coordination, and
   improving overall monitoring and development of cases.

5. With respect to labor-management relations, the DOE currently handles all
   Step 1 grievances and handles all Step 2 grievances for HGEA Units 5 and 6.

6. With the addition of the personnel from the Department of Accounting and
   General Services, and possible future addition of personnel from the
   Department of Health, the DOE will handle any future grievances for the new
   employees. This includes grievances in other HGEA units not previously in
   the DOE (such as Unit 9), and also potentially an increase in the overall
   volume of work because of the increased number of personnel in the DOE.

7. The AG generally handles all arbitrations upon request for all unions.
8. The DOE believes the responsiveness and level of service from their deputies attorney general in the Labor Relations Division has generally been excellent. The DOE and AG agree that transferring personnel from the AG to the DOE to handle the DOE's labor relations work will not lead to significant cost savings or increases in efficiency.

9. The DOE and AG agree that there are ways to improve the services in the workers' compensation and labor relations areas, including improving communication and coordination (including options such as earlier coordination and advice on legal positions and issues), and clarifying procedures and protocols. The departments agree that this can be accomplished through Memorandum of Understanding/Service Level Agreements between the DOE and AG that will provide the mechanism and process for improved relationships and service.

10. A memo, Memorandum of Understanding or Service Level Agreement regarding ways to improve the services the conduct of operations in the workers' compensation and labor relations areas will be completed by the DOE and the AG by June 30, 2006.

The IC has concluded that the transfer of the functions relating to labor relations and workers' compensation from the AG to the DOE should not occur at this time, and that Act 51 should be amended to repeal the transfer of functions from the AG to DOE. Furthermore, the departments agree that the provision of services between the two departments can be improved and will cooperate to implement Memoranda of Understanding (MOUs) with specific procedures outlining, among other things, methods for communication and coordination of services, including those not mentioned in Act 51.

The IC recommends that the IWG recommend to the 2006 Legislature that Act 51, section 47 be amended to repeal the transfer of functions from AG to the DOE. The IC also recommends that the report to the Legislature contain the above agreements. Both departments are committed to improving the legal outcomes for the DOE, and improving communication, coordination and provision of legal services.
INTERAGENCY WORKING GROUP REPORT TO THE 2006 LEGISLATURE

❖ INTRODUCTION

❖ EXECUTIVE SUMMARY

❖ CHAPTER I  OVERVIEW OF THE INTERAGENCY WORKING GROUP

   A. Purpose and Mandate of Act 51
   B. IWG Membership
   C. Process and Procedures

❖ CHAPTER II  REVIEW OF THE 2005 TRANSFER OF FUNCTIONS TO THE DEPARTMENT OF EDUCATION

   A. Department of Accounting and General Services
   B. Department of Human Resources Development

❖ CHAPTER III  FINDINGS AND RECOMMENDATIONS FOR THE 2006 TRANSFER OF FUNCTIONS TO THE DEPARTMENT OF EDUCATION

   A. Department of Budget and Finance
   B. Department of the Attorney General
   C. Department of Human Services
   D. Department of Health

❖ APPENDICES

   A. Proposed Legislation
   B. Interagency Working Group Agenda and Minutes
   C. Department Contacts for Additional Information
STATE OF HAWAII
INTERAGENCY WORKING GROUP (IWG)

MINUTES
Wednesday, October 26, 2005
State Capitol, Room 309

ATTENDANCE

MEMBERS
Robert Alm, Senior Vice President, Public Affairs, Hawaiian Electric Company, Inc.
David Carey, President & Chief Executive Officer, Outrigger Enterprises, Inc.
Lei Desha, Field Services Officer, for Russell Okata, Executive Director, Hawaii Government Employees Association
Randy Moore, Program Manager, Act 51, for Patricia Hamamoto, Superintendent, Department of Education
Georgina K. Kawamura, Director of Finance, Department of Budget and Finance
Francis Keeno, Special Assistant for Marie Laderta, Director, Department of Human Resources Development
Nani Medeiros, Policy Analyst, for Linda Smith, Senior Policy Advisor, Office of the Governor
Gary Kemp, Assistant Administrator, Benefit, Employment, and Support Services Division, for Lillian B. Koller, Director, Department of Human Services
Alan Oshima, Senior Vice President & General Counsel, Hawaiian Telcom
Linda Rosen, Deputy Director, Health Resources Administration, for Chiyome Leinaala Fukino, M.D., Director, Department of Health
Russ K. Saito, Comptroller, Department of Accounting and General Services
Holly Shikada, Deputy Attorney, General for Mark Bennett, Attorney General, Department of the Attorney General
Chip Uwaine for Dayton Nakanelua, State Director, United Public Workers

DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
Clyde Kumabe, Public Works Division
Ralph Morita, Public Works Division
Eric Nishimoto, Public Works Division
Glenn Segawa, Systems and Procedures Office
Kerry Yoneshige, Business Management Officer

DEPARTMENT OF THE ATTORNEY GENERAL
Randall Nishiyama, Deputy Attorney General

DEPARTMENT OF BUDGET AND FINANCE
Neal Miyahira, Budget, Program Planning and Management Division

DEPARTMENT OF EDUCATION
Sanford Beppu, Office of Business Services
Gilbert Chun, Office of Business Services
Katherine Kawaguchi, Office of Curriculum, Instruction and Student Support
Ed Koyama, Budget Branch
Rae Loui, Office of Business Services
Kathy Matayoshi, Consultant  
Gerald Okamoto, Office of Human Resources  
Kate Stanley, Consultant  
Vernon Young, Office of Human Resources  

OTHERS  
Representative Roy Takumi, Hawaii State Legislature  
Art Tokin, Consultant  
Ruth Tschumy, HEPC  

1. Approval of the minutes of August 31, 2005, IWG meeting

Chair David Carey called the meeting to order at 3:00 p.m.

Chair Carey welcomed Robert Alm, Senior Vice-President, Public Affairs, Hawaiian Electric Company, Inc., as a member of the IWG replacing Mr. Joshua Agsalud as a community member (Attachment 1).

Mr. Randy Moore moved to approve the minutes as circulated. Ms. Lei Desha seconded. Motion carried.

Mr. Francis Keeno moved to amend the agenda to take items 3 and 4 out of order. Mr. Moore seconded. Motion carried.

2. Item 3. Department of Education (DOE)--Department of Human Resources Development (DHRD) Report

Assistant Superintendent Gerald Okamoto presented an update on DOE's progress in implementing the transfer of functions from DHRD.

Assistant Superintendent Okamoto reported:

- The DOE and DHRD are following the seven Memorandums of Understanding (MOUs).
- The DOE is filling temporary positions to provide the functions transferred from DHRD.
- The DOE and DHRD have met regarding the MOU relating to staffing services (recruitment, examination, certification and placement).
- The DHRD continues to provide excellent support and cooperation with the DOE.

3. Item 4. Department of Education (DOE)--Department of Human Services (DHS) Investigative Committee (IC) Report

Mr. Moore moved for the adoption of the recommendation (Attachment 2). The recommendation is to amend Act 51, Session Laws of Hawaii, 2004, to repeal the transfer of the criminal history record check function from the DHS to the DOE. Mr. Gary Kemp seconded.
Ms. Nani Medeiros pointed out that the language regarding criminal history record checks in Act 51 is different from the language in Section 302A-601.5, Hawaii Revised Statutes.

Chair Carey asked the DOE to check this and provide information to the IWG.

Deputy Attorney General Randall Nishiyama explained the draft of the bill to amend Act 51 to repeal the transfer of function from the DHS to the DOE (Attachment 3). Mr. Nishiyama also explained that a bill to amend Act 51 containing all the recommendations adopted by the IWG would be part of the IWG report to the 2006 Legislature.

The recommendation was adopted.

4. Item 2. Department of Education (DOE)–Department of Accounting and General Services (DAGS) Report

Comptroller Russ Saito presented an update on the Neighbor Island Service Level Agreements (SLAs) (Attachment 4).

Comptroller Saito reported:

- All parties continue to work toward successful attainment of SLA requirements.
- All outstanding items targeted for resolution by January 2006.

Chair Carey asked about service levels after the transfer of functions on July 1, 2005.

Comptroller Saito stated that post-July 1, 2005 service levels continue to be at the same level as prior to July 1, 2005.

Chair Carey stated that while on the neighbor Islands business was as usual, both the DOE and DAGS needed to collect information on services provided in order to develop metrics for the current and subsequent SLAs.

Assistant Superintendent Rae Loui presented an update regarding DOE operations post-July 1, 2005.

Ms. Loui reported:

- The DOE has made significant progress on reducing the work order backlog for schools on Oahu (Attachment 5). The goal is to reduce outstanding work orders to two weeks, which will make the response to work orders an efficient operation. On Oahu, about 500 work orders are received each week. At this time, there is a backlog of 1,187 work orders. The DOE expects to reach its goal of reducing the number of outstanding work orders to 1,000 before the December 1, 2005, target date. Mr. Francis Cheung, head of Facilities Maintenance Branch leads this operation. Schools have thanked the Facilities Maintenance Branch for their work.
- Maximo, the system that tracks work orders, has been rolled out to all 160 schools on Oahu. Over 100 schools are accessing Maximo through the Internet. Maximo tracks work orders, and collects information on materials used, labor and time.

- The Office of Business Services (OBS) has started to improve the current facilities assessment program. Currently, the school inspection program is underway. OBS plans to improve the school inspections by adding additional technical expertise to the inspection teams, developing a computer based data system to collect data on the condition of facilities, forecast future costs for repairs and maintenance and replacement, and plans to develop a pilot program for a school on Oahu by the end of December 2005.

Chair Carey asked for the best experiences since the transfer of functions from DARGS to DOE.

Ms. Loui replied that DOE now is able to directly help schools. For instance, schools have federal funds available to address American Disabilities Act requirements, which the Facilities Development Branch has been able to assist them in spending by doing the contracting for the schools.

Another example is the Mililani High School experience where the DOE was able to work with professional organizations to provide assistance to a classroom project of designing a sanding room addition to the current shop facilities.

Mr. Allen Oshima asked for the number of positions transferred from DARGS to the DOE.

Ms. Loui replied that approximately 150 positions that make up the work crews, 45 architects, engineers, and public works positions, and additional support staff for a total of 207 positions were transferred from DARGS to the DOE on July 1, 2005.

Mr. Oshima asked how access to the work order system is controlled at the school level.

Ms. Loui and Mr. Gilbert Chun replied that the work orders usually originate from the school's Vice-Principal or head custodian. The DOE's Response Center then directs the work order to the appropriate District Manager who then directs the work crew to respond. The staff at each school can check the status of its work orders and can review its submittals on the Maximo system.

Director Georgina Kawamura asked what performance measures exist for work orders such as the number of days that it takes to respond.

Ms. Loui replied that Oahu schools are on a cycle maintenance schedule such that every school is visited once every six weeks. Work orders for emergencies are responded to within 2 hours, and response time for trouble call work orders within 48 hours.

Director Kawamura asked if emergency work orders are expected to go down.

Ms. Loui replied that specific goals would be set as the data from the Maximo system is analyzed. Emergency work orders should go down as the non-emergency work orders and cycle maintenance work is performed on a regular schedule.
Chair Carey stated that it is important to measure if the work request was completed when promised.

Comptroller Saito stated that there are different cycle maintenance work; abatement (responding to emergencies and other repair work orders) and completion (completing routine repair and maintenance work orders).

Chair Carey asked if there are other issues regarding repair and maintenance such as are there sufficient funds and skilled workers to meet the repair and maintenance needs of the schools.

Comptroller Saito responded that DAGS and DOE intend to establish benchmarks for neighbor island work in order to assess whether there are adequate funds and skills available for the neighbor island work.

As an example of unavailable skills on neighbor islands, Ms. Loui noted the lack of plumbers on Maui. Ms. Loui also stated that the Governor’s executive operating budget for fiscal years 2005-2006 and 2006-2007 contain an additional $8 million for repair and maintenance work, which would enable the Facilities Maintenance Branch to address the emergency and routine repair and maintenance work at the schools.

5. **Department of Education (DOE)--Department of Budget and Finance (B&F) Investigative Committee (IC) Report**

Mr. Moore and Director Kawamura presented the IC recommendation (Attachment 6). Mr. Moore stated the DOE-B&F IC meetings have provided DOE with a great deal of information.

Mr. Moore reported:

- After discussion group and IC meetings the DOE has concluded that the financial functions identified in Act 51 should remain centralized at the Department of Budget and Finance.

- Both Departments agree that the financial functions such as the allotment process, fringe benefit determinations, and debt service calculations should not transfer to the DOE.

- The information that the B&F provided and has agreed to continue to provide will ensure greater clarity for the DOE, BOE and the schools.

Director Kawamura provided a summary of the issues and agreements that DOE and B&F have discussed (Attachment 7). Kawamura thanked the DOE for their cooperation and participation in finding agreements that both departments support.

Director Kawamura reported:

- The DOE and B&F jointly recommend that the functions relating to the capital improvement project process (CIP), funding of collective bargaining agreement
increases, determination of retirement and other employee benefits, and the securing, administering, use, and expending of federal funds and other aid, including their custodial supervision should not transfer to the DOE.

• With regards to the CIP allotment process the DOE and B&F have reached agreement regarding modifications to the present process. The change in process will provide the DOE with predictability and timeliness. In addition B&F will provide the DOE with information regarding the determination of the debt service allocated to the DOE.

• With regards to funding collective bargaining agreements, the DOE is interested in knowing the amounts appropriated per employee per unit. For future collective bargaining appropriations, B&F will itemize the amounts for salaries and fringe benefits for each collective bargaining unit.

• With regards to determining retirement and other employee benefits, the DOE will learn the process from B&F.

• With regards to federal funds, the DOE does not wish to hold federal funds and will change the DOE practice of requesting the Governor’s approval for each new federal grant as long as the grant amount is within the DOE’s federal fund ceiling. The DOE and B&F have agreed to continue their discussions regarding the nature and purpose of federal impact aid.

• The DOE and B&F will develop memos or MOUs describing the allotment and fiscal process modifications agreeable to both departments to be completed by June 30, 2006.

Chair Carey noted that the IC meetings he attended were informative and that both parties worked to find agreements and have committed to continue discussions on other issues as noted in the recommendation.

Chair Carey asked if the CIP allotment process would continue to be on a project-by-project basis.

Director Kawamura stated that many of the CIP projects are lump sum items that will be requested by a lump sum amount for such items as cesspool removals and school building repairs. There will be requests for specific individual projects such as a new school construction. The DOE will also provide a quarterly draw down schedule along with quarterly project allotment requests. B&F will generally honor the DOE requests and is currently awaiting a list from the DOE.

Mr. Moore stated that the DOE uses a matrix to develop a list of priorities from all the projects appropriated by the Legislature. Then the Board of Education (BOE) reviews and approves the list. Once the BOE has taken action, the list of project allotment requests will be sent to B&F.

Chair Carey commended both departments for working together and developing modifications to current practices that will provide transparency and information to the DOE. BOE and the public.
6. Department of Education (DOE)--Department of Health (DOH) Investigative Committee (IC) Report

Mr. Moore and Deputy Director Linda Rosen presented the IC recommendation (Attachment 8).

Mr. Moore reported:

- The DOE has asked the DOH to delay the transfer of the school health aides and public health nurses who supervise school health aides from July 1, 2006 to July 1, 2007. The DOE has made this request due to the impact on the DOE of the functions transferred from DAGS and DHRD, the implementation of the Weighted Student Formula in school year 2006-2007, and the implementation of the Medicaid reimbursement program in January 2006.

- The DOE and the DOH recommend that Act 51 be amended to delay the transfer of function.

Deputy Director Rosen stated that the DOH has agreed with DOE and supports the IC recommendation.

Chair Carey asked the Governor's Office to review the IC recommendation.

7. Department of Education (DOE)--Department of the Attorney General (AG) IC Status Report

Deputy Attorney General Holly Shikada reported that the DOE-AG IC would meet November 1, 2005 and have a recommendation to present to the IWG at the November 15, 2005 meeting.

8. Review of the Work Plan

Ms. Kate Stanley reported that the IWG was on schedule in completing the work plan presented at the August 31, 2005 meeting. While a number of meeting dates for the IC's have changed the work is being completed in time for IWG action.

9. Public Comment

None.

10. Agenda Setting for November 15, 2005

Chair Carey announced that the November 15, 2005, meeting agenda would include:

- Approval of the minutes.
- Update regarding the DAGS and DHRD transfers.
- Adoption of the DOE-B&F and DOE-DOH IC recommendations.
- Presentation of recommendation from the DOE-AG IC.
- Review of the outline of the IWG Report to the 2006 Legislature.
11. **Adjournment**

Chair Carey adjourned the meeting at 4:00 p.m.

Minutes reported by:

Kate Stanley

Kate Stanley

Attachments
October 20, 2005

Mr. Robert Alm
Senior Vice President, Public Affairs
Hawaiian Electric Company, Inc.
P.O. Box 2750
Honolulu, HI 96840-0001

Dear Mr. Alm:

Thank you very much for agreeing to serve on the Interagency Working Group (IWG).

The purpose of the Interagency Working Group created by Act 51, Session Laws of Hawaii 2004, is to develop comprehensive plans for transferring certain rights, powers, functions, duties, resources and positions from various departments to the Department of Education.

The next IWG meeting is scheduled for Wednesday October 26, 2005, from 3 p.m. to 5 p.m. at the State Capitol in Room 309.

We welcome your experience in government and the private sector and look forward to your participation in the IWG deliberations.

Enclosed for your information is the December 2004 Interagency Working Group’s report to the Legislature. You can also access information on the Reinventing Education Act for the Children of Hawaii (Act 51) at our website (http://reach.k12.hi.us/).

Very truly yours,

Patricia Hamamoto
Superintendent

PH/mj
Enclosure
c: The Honorable Breene Harimoto, Chairperson, BOE
The Honorable Linda Lingle, Governor
The Honorable Norman Sakamoto
The Honorable Roy Takumi
David Carey, Chair, Interagency Working Group
Clayton Fujie, Deputy Superintendent
Stafford Nagatani, Executive Assistant
Assistant Superintendents
Budget Branch
Office of Business Services
✓Kate Stanley
August 31, 2005

Recommendation of the Department of Education and Department of Human Services Investigative Committee to the Interagency Working Group.

Section 47 of Act 51, Session Laws of Hawaii 2004 ("Act 51") provides for the transfer of the function of "conducting employment background checks for the after-school plus program, private vendors, and other employees and trainees who work with public school students" from the Department of Human Services (DHS) to the Department of Education (DOE) effective July 1, 2006, subject to repeal by subsequent legislation.

The Investigative Committee reviewed the current practice and statutes covering criminal history checks. The DOE and DHS have also made certain agreements. Our findings and agreements are as follows:

1. The DOE is required by section 302A-601.5, Hawaii Revised Statutes, to have procedures for obtaining criminal history record checks for employees that are in close proximity to children. The DOE is to use the information to determine if a person is suitable for working in close proximity to children.

2. The DOE currently performs criminal history checks for all prospective employees of the DOE. and makes the determinations as to the suitability for employment except for the A+ employees.

3. Currently DHS conducts the criminal history record checks for the A+ after school program employees who are employees of the DOE. DHS has agreed to continue to provide this service to the DOE for the 2005-2006 school year. DHS is willing to provide this service to the DOE because the A+ program provides after school care to many of the DHS clients.

4. For school years, 2006-2007 and beyond DHS will not provide the criminal history check service for the DOE A+ employees. The DOE is in the process of securing additional resources in order to conduct the criminal history record checks and looking at other options such as contracting with a private provider or asking DHS to continue the service for a fee.

5. The DOE and DHS will continue to discuss if there are any future services that DHS will provide or if there are any other agreements that DOE and DHS want to enter into regarding the provision of criminal history record checks.

The Investigative Committee has concluded that there is no function that DHS is required to perform regarding criminal history record checks, and therefore, Act 51 should be amended to repeal the transfer of function from DHS to DOE.
The Investigative Committee recommends that the Interagency Working Group recommend to the 2006 Legislature that Act 51 sections 47, and 48 be amended to repeal the transfer from the DHS to the DOE the employment background criminal history record check function.
DRAFT

A BILL FOR AN ACT

RELATING TO EDUCATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. After extensive deliberations, the Interagency
Working Group established pursuant part VIII of Act 51, Session
Laws of Hawaii 2004, the "Reinventing Education Act of 2004,"
has recommended to the Legislature that the transfer of
functions from the Department of Human Services to the
Department of Education specified in Act 51 be repealed.

Section 2. Act 51, Session Laws of Hawaii 2004, is amended
by amending section 47 (a) to read as follows:

"SECTION 47. (a) All the rights, powers, functions,

duties, and resources of:

(1) The department of budget and finance relating to the:

(A) Funding of collective bargaining agreement

increases; and

(B) Securing, administering, use, and expending of

federal funds and other aid, including their
(2) The department of the attorney general relating to:

(A) The negotiating of workers' compensation claims;

and

(B) Labor-management relations with the department of education;

[(3) The department of human services relating to the conducting of employment background checks for the after school plus program, private vendors, and other employees and trainees who work with public school students] and

[4] (3) The department of health relating to school health aides and public health nurses who supervise school health aides;

are transferred to the department of education effective July 1, 2006, subject to repeal by subsequent legislation."

Section 3. Act 51, Session Laws of Hawaii 2004, is amended by amending section 48 to read as follows:

"SECTION 48. All resources, appropriations, records, equipment, databases, software, programming, machines, files, supplies, contracts, books, papers, documents, maps, and other personal property heretofore made, used, acquired, or held by
the department of accounting and general services, department of
budget and finance, [department of human services], and
department of health relating to the functions transferred to
the department of education shall be transferred with the
functions to which they relate."

Section 4. Statutory material to be repealed is bracketed
and stricken. New statutory material is underscored.

Section 5. This Act shall take effect June 29, 2006.

INTRODUCED BY:__________________________

BY REQUEST
Department of Accounting and General Services

Update on Service Level Agreement With the Neighbor Island District Offices

October 26, 2005
Scope

- Repair and Maintenance
- Service and Maintenance Contracts
- Construction Contract Administration
- Emergency Repairs
Repair and Maintenance (cont.)

- Cycle maintenance program implementation status
  - Kauai: Completed
  - Maui: January 2006
  - Hawaii: January 2006
Construction Contract Administration

- Procedures based on SLA requirements
- Policies and procedures developed jointly between DOE CASs and DARGS DEs
- Policies and procedures disseminated to internal units in the DOE and DARGS upon completion
Reporting

• Automated monthly performance reporting for work orders being piloted by DAGS
• Procedures to ensure timely data capture under development
• Data field being created to accurately capture emergency repair completion times
Summary

- All parties continue to work toward successful attainment of SLA requirements
- All outstanding items targeted for resolution by January 2006
DOE Facilities Maintenance Branch
Work Orders Received and Outstanding
July 18 through October 17, 2005

# of Work Orders Received
# of Work Orders Outstanding

1,187 work orders Optimal Level 1000

DATE:
7/18  7/25  8/1  8/8  8/15  8/22  8/29  9/5  9/12  9/19  9/26  10/3  10/10  10/17
October 19, 2005

Recommendation of the Department of Education (DOE) and Department of Budget and Finance (B&F) Investigative Committee (IC) to the Interagency Working Group (IWG)

Section 47 of Act 51, Session Laws of Hawaii 2004, ("Act 51") provides for the transfer of all rights, powers, functions, duties, and resources relating to funding of collective bargaining agreement increases; and securing, administering, use, and expending of federal funds and other aid, including their custodial supervision from the Department of Budget and Finance to the Department of Education effective July 1, 2006, subject to repeal by subsequent legislation.

In addition Section 42 of Act 51 requires the IWG to develop comprehensive plans for the transfer of the functions identified above and the functions relating to the capital improvement project allotment process and the determination of retirement and other employee benefits.

The IC has met and its findings and agreements are as follows:

Capital Improvement Project Allotment Process

1. Section 5, of Article VII of the State Constitution, Expenditure Controls, provides that the control of the rate of expenditures of appropriated state moneys, and for the reduction of such expenditures under prescribed conditions, shall be made by law.

2. Section 37-43, Hawaii Revised Statutes ("HRS"), provides that B&F shall carry out the capital improvement project allotment process. The capital improvement project allotment process consists of the review, prioritization, and evaluation of capital improvement projects to insure consistency with executive priorities.

3. Section 103-7, HRS, provides that all capital improvement projects require authorization by the Legislature and the Governor.

4. The DOE recognizes the Governor's fiscal responsibility for the entire State and that the Board of Education does not have a revenue source to support either cash expenditures or the authorization of general obligation bonds to finance capital improvement projects.

5. The DOE desires that the allotment process and those factors influencing the allotment process such as debt service be transparent, understandable, and explainable to the Board of Education and the public. The DOE is also desirous of
predictability and timeliness in the allotment process so that the DOE can manage an effective and efficient construction and repair and maintenance program.

6. The DOE and B&F agree that the allotment process function should not be transferred from B&F to the DOE. Further, B&F and the DOE agree to prepare a memo or a Memorandum of Understanding ("MOU") that will describe the allotment request process and specify the information that B&F will provide to the DOE with regard to the calculation of debt service. The memo or MOU will be completed by June 30, 2006.

7. Section 36-32, HRS, establishes the State Educational Facilities Improvement Special Fund ("SEFI"). Under section 237-31, HRS, the SEFI is funded through a portion of the general excise tax revenues and/or general obligation bonds. B&F has requested the repeal of the SEFI because, in recent years, the SEFI has been funded entirely by general obligation bonds. Consequently, capital improvement projects funded by SEFI are viewed by B&F as essentially being funded by general obligation bonds. The DOE would like to maintain SEFI. Both departments have agreed to revisit this issue in the future.

**Fiscal Functions (funding of collective bargaining increases, determining retirement and other benefits, and securing, administering, use, and expending of federal funds and other aid, including their custodial supervision)**

1. Collective bargaining

The DOE and B&F agree that the function of funding of collective bargaining agreement increases should not be transferred from B&F to DOE. The DOE is dependent on the State to fund its programs, including the collective bargaining increases for its employees. To improve fiscal transparency for the DOE's spending of State money for collective bargaining increases, B&F has agreed to modify the format of the collective bargaining appropriation bills to separately show the salary and benefit appropriations that are for DOE employees.

2. Determining retirement and other benefits

- The DOE does not want to determine retirement and other employee benefits and recommends that this function not transfer.

- The DOE will, in cooperation with B&F, make concurrent determinations of pension accumulation, health benefit, and social security and Medicare contributions.
3. Federal funds

- The DOE and B&F agree that the custodial supervision of federal funds, and the receiving and holding of federal funds, should not be transferred to the DOE.

- The DOE will change its current practice of requesting the Governor’s approval for federal grants that are not budgeted as long as the grants do not exceed the DOE’s total federal fund ceiling.

- B&F would like DOE to budget for federal impact aid an amount that is closer to what the DOE has historically received of the expected federal impact aid. DOE and B&F have different views as to the nature and use of the federal impact aid. Both departments have agreed to revisit this issue in the future.

4. A memo or an MOU regarding fiscal function procedures will be completed by June 30, 2006.

Other Fiscal Functions not set forth in Act 51

Among other fiscal functions not set forth in Act 51, the DOE and B&F have agreed to discuss position ceilings as they relate to the implementation of Weighted Student Formula, and carryover funds, in addition to revisiting the SEFI issue and federal impact aid issue.

The IC has concluded that the transfer of functions should not occur at this time, and that Act 51 should be amended to repeal the transfer of functions from B&F to DOE. Furthermore, the departments agree that the allotment process and fiscal functioning between the two departments can be improved and will cooperate to implement memos or MOU’s with specific procedures outlining the capital improvement project allotment process and fiscal matters, including those that are not mentioned in Act 51.

The IC recommends that the IWG recommend to the 2006 Legislature that Act 51, sections 47 and 48, be amended to repeal the transfer of functions from B&F to the DOE. The IC also recommends that the report to the Legislature contain the above agreements. Both departments are committed to improving transparency, increasing the understanding of the Board of Education and public regarding the purpose and nature of education expenditures, and to improving fiscal processes.
DOE & B&F
IC RECOMMENDATIONS
TO IWG
REGARDING TRANSFER OF
FUNCTIONS FROM B&F TO DOE
ACT 51, SLH 2004

OCTOBER 26, 2005
ACT 51, SECTION 42

IWG to develop plans for transfer of functions and resources, including positions related to the:

- Capital improvement project allotment process;
- Funding of collective bargaining agreement increases;
- Determination of retirement and other employee benefits; and
- Securing, administering, use, and expending of federal funds and other aid, including their custodial supervision;

from B&F to DOE and submit a report to Legislature prior to 2006 session.
ACT 51, SECTION 47

All the rights, powers, functions, duties, and resources of B&F relating to the:

- Funding of collective bargaining agreement increases; and
- Securing, administering, use, and expending of federal funds and other aid, including their custodial supervision

are transferred to DOE effective July 1, 2006, subject to repeal by subsequent legislation.
CAPITAL IMPROVEMENT PROJECT
ALLOTMENT PROCESS

- B&F responsible for the capital improvement project allotment process – cash management.

- DOE interested in predictability and timeliness in the allotment of capital improvement funds.

- DOE & B&F Will work on improved process.

- B&F will provide debt service information.

- **Recommendation**: Function should not transfer.
FUNDING OF COLLECTIVE BARGAINING AGREEMENT INCREASES

- What are the specific amounts per bargaining unit for DOE?
- DOE has no means of funding collective bargaining increases.
- Future appropriations bills will itemize amounts for salaries and fringe benefits.

Recommendation: Function should not transfer.
DETERMINATION OF RETIREMENT & OTHER EMPLOYEE BENEFITS

• Retirement and other employee benefits are determined by law.

• How are fringe benefits calculated for budgeting?

• DOE will learn process from B&F.

• **Recommendation**: Function should not transfer.
SECURING, ADMINISTERING, USE & EXPENDING OF FEDERAL FUNDS & OTHER AID, INCLUDING THEIR CUSTODIAL SUPERVISION

• Custodial supervision = holding of funds in state treasury.

• DOE and B&F clarified issues related to DOE ability to expend federal funds.

• Current DOE practice will be revised.

• Recommendation: Function should not transfer.
FOLLOW-UP ACTIONS

- DOE & B&F will develop memos or memorandums of understanding that will describe allotment and fiscal process modifications agreeable to both departments.
October 19, 2005

Recommendation of the Department of Education (DOE) and Department of Health (DOH) Investigative Committee (IC) to the Interagency Working Group (IWG)

Section 47 of Act 51, Session Laws of Hawaii 2004 ("Act 51") provides for the transfer of all rights, powers, functions, duties, and resources relating to school health aides and public health nurses who supervise school health aides from the Department of Health (DOH) to the Department of Education (DOE) on July 1, 2006, subject to repeal by subsequent legislation.

In addition Section 42 of Act 51 requires the IWG to develop comprehensive plans for the transfer of the school health aides from the DOH to the DOE.

The Investigative Committee has met and its findings and agreements are as follows:

1. The DOE has asked the DOH to delay the transfer of the school health aides and public health nurses who supervise school health aides from July 1, 2006 to July 1, 2007. The DOE has capacity constraints regarding managing the transfer of such employees due to the transfer of functions from the Departments of Accounting and General Services and Human Resources Development on July 1, 2005; the building of the human resource infrastructure to serve additional civil service employees; the Act 51 requirement to implement the Weighted Student Formula at every school; and the January 2006 implementation of the Medicaid reimbursement program for services provided by the DOE.

2. The DOH and DOE agree that the transfer of the school health aides and public health nurses who supervise school health aides should be delayed until July 1, 2007.

3. The DOH and DOE have not yet reached agreement on the best method of providing supervision and clinical oversight of the health aides. This could be accomplished either through a transfer of the public health nurses or a Memorandum of Understanding/Service Level Agreement between the two departments that provides for clinical oversight of the health aides by public health nurses who would remain with the DOH.

4. The DOH and DOE have not yet reached agreement on how many support personnel should transfer.

5. The DOH and DOE agree that the IC and transition team should continue to meet to plan for the transfer of the health aides, discuss the best option...
for their supervisory and clinical oversight, and determine the number of support personnel that should transfer.

The IC has concluded that the transfer of the school health aides and public health nurses who supervise the school health aides would be more effective if delayed until July 1, 2007.

The IC recommends that the IWG recommend to the 2006 Legislature that Section 47 of Act 51 be amended to change the date of the transfer of the school health aides and supervisory public health nurses from July 1, 2006 to July 1, 2007.
Interagency Working Group (IWG)
December 14, 2005
3:00 p.m. – 5:00 p.m.
State Capitol, Room 309
AGENDA

1. Approval of the minutes for November 15, 2005 3:00 – 3:05 p.m.

2. Department of Education (DOE) – Department of Accounting and General Services (DAGS) Report 3:05 – 3:20 p.m.
   Update on DOE’s progress in implementing the CIP and R&M Functions.
   Update on Service Level Agreements with Neighbor Islands (DAGS-DOE).

   Update on Status of Memorandums of Understanding.
   Update on DOE’s progress in implementing the Human Resource Function.

   Adoption of the Recommendation (see attached).
   Recommendation was presented at the November 15, 2005 IWG meeting.

5. Review and adoption of the IWG report to the 2006 Legislature 3:45 – 4:30 p.m.
   After review and adoption, the report will be circulated with the edits adopted at the meeting. The report will continue to be circulated until a final draft is reached. If any member of the IWG has concerns that are not resolved in subsequent drafts they may request that the chair schedule another IWG meeting.
   Final report to IWG by December 30, 2005.

6. Review and adoption for procedures regarding communication with the 2006 Legislature 4:30 – 4:35 p.m.
   Chair or Vice-Chair to represent the IWG at the 2006 Legislature including presentations of the report or testimony.
   If neither is available, the chair will ask another community member to speak for the IWG.

7. Review of the updated IWG work plan (see attached) 4:35 – 4:45 p.m.

8. Public Comment 4:45 – 4:55 p.m.

9. Agenda setting for next IWG meeting 4:55 – 5:00 p.m.
   Updates on 2006 Legislative action.
   Updates on DOE implementation of 2005 transfers.
   Status report on DOE-DOH transfer.
   Status reports on the development of memos or Memorandums of Understanding or Service Level Agreements from DOE, B&F and AG.

Persons requiring special assistance or services such as a language interpreter should call 586-3444 by Friday, December 9, 2005.
Recommendation of the Department of Education and the Department of the Attorney General Investigative Committee (IC) to the Interagency Working Group (IWG).

Section 47 of Act 51, Session Laws of Hawaii 2004, ("Act 51") provides for the transfer of rights, powers, functions, duties, and resources relating to the negotiation of workers' compensation claims and labor-management relations from the Department of the Attorney General (AG) to the Department of Education (DOE) on July 1, 2006, subject to repeal by subsequent legislation.

The Investigative Committee has met and its findings and agreements are as follows:

1. The DOE currently handles all workers' compensation claims through the initial decision on the claim. The AG currently provides legal services in any appeals from the initial determination by the DOE. The AG also currently provides legal advice and counsel when needed, reviews and assists with finalizing settlement documents, assists in pursuing fraud violations, assists with obtaining subpoenaed documents, pursues third party liability claims (benefit recovery), and conducts depositions when necessary.

2. The AG also provides legal services for workers' compensation claims from other State departments and agencies.

3. The DOE and AG agree that transferring personnel from the AG to the DOE to handle the DOE's workers' compensation claims will not lead to significant cost savings or increases in efficiency.

4. The DOE and AG agree that improvements in service can be accomplished through a Memorandum of Understanding and/or Service Level Agreements, including clarification on the scope of responsibility for each department, clarification of processes, improving communication and coordination, and improving overall monitoring and development of cases.

5. With respect to labor-management relations, the DOE currently handles all Step 1 grievances and handles all Step 2 grievances for HGEA Units 5 and 6.

6. With the addition of the personnel from the Department of Accounting and General Services, and future addition of personnel from the Department of Health, the DOE will handle any future grievances for the new employees. This includes grievances in other HGEA units not previously in the DOE (such as Unit 9), and also potentially an increase in the overall volume of work because of the increased number of personnel in the DOE.

7. The AG generally handles all arbitrations upon request for all unions.
8. The DOE believes the responsiveness and level of service from their deputies attorney general in the Labor Relations Division has generally been excellent. The DOE and AG agree that transferring personnel from the AG to the DOE to handle the DOE's labor relations work will not lead to significant cost savings or increases in efficiency.

9. The DOE and AG agree that there are ways to improve the services in the workers' compensation and labor relations areas, including improving communication and coordination (including options such as earlier coordination and advice on legal positions and issues), and clarifying procedures and protocols. The departments agree that this can be accomplished through Memorandum of Understanding/Service Level Agreements between the DOE and AG that will provide the mechanism and process for improved relationships and service.

10. A Memorandum of Understanding or Service Level Agreement regarding the conduct of operations in the workers' compensation and labor relations areas will be completed by the DOE and AG by June 30, 2006.

The IC has concluded that the transfer of the functions relating to labor relations and workers' compensation from the AG to the DOE should not occur at this time, and that Act 51 should be amended to repeal the transfer of functions from the AG to DOE. Furthermore, the departments agree that the provision of services between the two departments can be improved and will cooperate to implement Memoranda of Understanding (MOUs) with specific procedures outlining, among other things, methods for communication and coordination of services, including those not mentioned in Act 51.

The IC recommends that the IWG recommend to the 2006 Legislature that Act 51, section 47 be amended to repeal the transfer of functions from AG to the DOE. The IC also recommends that the report to the Legislature contain the above agreements. Both departments are committed to improving the legal outcomes for the DOE, and improving communication, coordination and provision of legal services.
IWG WORK PLAN
As of December 14, 2005

Goal: Act 51, Section 41, Reduction of Bureaucracy: improving the efficiency of the State’s public education system.

This work plan identifies work accomplished during this past year as well as future IWG and Investigative Committee work (identified in bold).

I. IWG Objectives:
   A. Develop comprehensive plans for transferring certain rights, powers, functions, duties and resources including positions, from the departments of accounting and general services, human resources development, budget and finance, the attorney general, human services, and health to the department of education.
   B. Assure due consideration to minimize the impacts to personnel and overall costs to government.
   C. The IWG shall cease to exist on June 30, 2007.

II. Investigative Committees to Develop Recommendations for Transfer

   A. Department of Budget and Finance (B&F) - Department of Education (DOE) Work Product and Schedule
      1. Reconvene the IC and create working groups to consider the transfer of functions set forth in Act 51:
         a. Funding of collective bargaining agreement increases;
         b. Securing, administering, use and expending of federal funds and other aid, including their custodial supervision;
         c. Capital improvement project allotment process;
         d. Determination of retirement and other employee benefits.
      2. Draft proposal that:
         a. Recommends deletions or additions of functions that should transfer;
         b. Recommends other options such as Memorandum of Understanding (MOU), Service Level Agreements (SLA) or other agreements that address the issues related to the functions identified in Act 51;
         c. Recommends statutory changes;
         d. Identifies issues not addressed in Act 51 that need to be addressed.
      3. The DOE and B&F held discussion group meetings regarding the items mentioned in Act 51 and identified other issues. B&F – DOE IC schedule:
         a. 7/28/05: Allotment Process for Capital Improvement Projects (CIP) and Repair and Maintenance (R&M)
         b. 8/25/05: Discussion of recommendation regarding allotment process
         c. 8/31/05: Progress report to IWG
         d. 9/8/05: Discussion of collective bargaining and employee benefits.
         e. 10/4/05: Discussion of recommendation regarding fiscal matters to IWG
         f. 10/17/05: Discussion of recommendation to IWG
         g. 10/26/05: Presentation of recommendations to IWG
h. 11/14/05: IWG adopts recommendation to repeal transfer of the allotment process and other fiscal functions from B&F to the DOE. B&F and DOE agree to complete memos or MOUs to specify the change in procedures regarding the allotment process and other fiscal functions by June 30, 2006.

i. December 2005 through March 2006: B&F and DOE draft memos or MOUs

j. April 2006: IC meets to review and accept memos or MOUs

k. May 2006: IC reports to IWG

l. May 2006 through June 30, 2007: DOE and B&F meet as needed regarding memos or MOUs and other issues of interest to both departments such as federal impact aid. DOE and B&F continue to provide updates to IWG.

B. Department of the Attorney General (AG) - DOE Work Product and Schedule

1. Working groups composed of DOE and AG personnel considered the transfer of functions set forth in Act 51:
   a. Workers' compensation claims;
   b. Labor-management relations within the DOE

2. The IC met November 1, 2005 to consider the following:
   a. Deletion or additions of functions that should transfer;
   b. Consideration of other options such as MOUs, SLAs or other agreements that address the issues related to the functions identified in Act 51;
   c. Any statutory changes;
   d. Issues not addressed in Act 51 that need to be addressed.

3. November 14, 2005 IWG meeting: The IC recommended that the transfer of the functions from AG to the DOE should be repealed and that the AG and DOE will develop MOUs and or Service Level Agreements.

4. December 2005 through March 2006: AG and DOE draft MOUs

5. April 2006: IC meets to review and accept MOUs

6. May 2006: IC reports to IWG

7. May 2006 through June 30, 2007: DOE and AG meet as needed regarding MOUs and other issues of interest to both departments. DOE and AG continue to provide updates to IWG.

C. Department of Human Services (DHS) – DOE Work Product and Schedule

1. Reconvene the Investigative Committee (IC) June 28, 2005.

2. Present recommendation to IWG on August 31, 2005, to repeal the transfer of the criminal history record check function for A+ employees from DHS to the DOE by amending Act 51.


D. Department of Health (DOH) - DOE Work Product and Schedule

1. Continue the IC and transition team meetings regarding the transfer of health aides and public health nurse supervisors from DOH to the DOE.

2. Resolve issues regarding the number of personnel to be transferred or develop other options for the transfer of functions.
3. Draft recommendations that:
   a. Identifies the number and positions to be transferred
   b. Includes a transition plan that:
      i. Describes how positions will be identified, transferred and filled
      ii. Identifies the amount of money to be transferred in support of each position
      iii. Sets forth a timeline for the transition
   c. Propose amendments to Hawaii Revised Statutes that are necessary because of the transfer of functions.
4. Revise the DOE organizational chart and functional statement.
5. Design and create a substitute health aide system for the DOE
6. DOH – DOE IC and Transition Team schedule:
   a. June 17, 2005: Transition Team meeting to develop position descriptions for school health aide and public health nurse supervisor for the DOE and to identify the infrastructure needed for the transfer; support resources that should transfer from DOH to DOE.
   b. August 2005: DOH and DOE exchanged proposals for different options, transfer strategies including the number of support positions that should transfer.
   c. October 11, 2005: IC meets and agrees to recommend to the IWG that the transfer of functions be delayed from July 1, 2006 to July 1, 2007. Due to the number of other Act 51 requirements and in order to provide enough time to complete the tasks above, both departments agreed that a delay would ensure that the transfer would be successful.
   d. October 26, 2005: Recommendation presented to the IWG.
   e. November 14, 2005: IWG adopted the recommendation.
   f. December 2005 through February 2006: DOH and DOE to reach agreement on the transfer strategy and number of personnel to transfer including support personnel.
   g. February 2006 through April 2006: Transition Team prepares time line for the completion of the items # 2, 3, 4, and 5 above. IC meets to prepare progress report to IWG.
   h. May 2006 through August 2006: DOH and DOE meet with personnel affected by the transfer and reach agreement with unions on transfer procedure.
   i. September 2006 through October 2006: The process of identification of positions begins, budget to be transferred determined, and required legislation drafted. Updates reported to IWG.
   j. November 2006 through June 2007: Continue transition meetings as needed, monitor budget and legislation during the 2007 legislative session, and work with DOE Principals and employees that transfer.
   k. July 1, 2007: Transfer function and employees to the DOE.

III. IWG Role and Work Product
A. Oversight of the work of the ICs:
   1. Review of progress and focus of work
2. Discuss and take action on any other issue not resolved by the ICs
3. Review, modification and approval of all IC recommendations, including any recommendations on statutory changes.

B. Identification of issues not addressed in Act 51 that need to be addressed in order to achieve the goals of Act 51.
C. Make recommendations regarding the transfer of functions in DHS, DOH, B&F, and AG to be forwarded to the BOE, the Governor, and the Legislature

IV. IWG Organizational Process
A. Governance
B. Decision-making
   1. Use standard business meeting procedures for business items such as the approval of minutes, adopting timelines.
   2. Work toward consensus when reviewing, adopting, or asking for revisions of the IC recommendations.
   3. Where consensus cannot be reached, include each agency’s, organization’s, or person’s position as part of the report.

V. Meeting schedule for IWG
A. May 9, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
   1. Progress reports from DHRD, DARGS and DOH on Transition Team status
   2. Report on legislative actions relating to delinking.
B. August 31, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
   1. Progress reports from DARGS and DHRD on July 1, 2005, transfer
   2. Presentation of DHS/DOH/B&F/AG ICs
C. October 26, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
   1. Adoption of DHS – DOE IC recommendation
   2. Presentation of DOH and B&F IC recommendations
D. November 15, 2005, 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
   1. Adoption of DOH and B&F IC recommendations
   2. Presentation of AG -DOE IC recommendation
E. December 14, 2005 3:00 p.m. - 5:00 p.m., State Capitol, Room 309
   1. Adoption of AG - DOE IC recommendation
   2. Review of Draft Report
F. December 14 through December 31, 2006: Circulate edited draft report to finalize and only schedule another meeting of the IWG only if a member requests a meeting.
H. Early May: IWG meeting to review 2006 Legislative session and receive update reports from the ICs. Reports from B&F and AG regarding memos or MOUs, an update on the DOH transfer to DOE, and updates on DARGS and DHRD transfers.
I. Post July 1: IWG meeting updates on memos, MOUs, and transfers and presentation of the plan for transfer of DOH functions to DOE.
J. August through December: IWG meetings as necessary to monitor transfers, memos, MOUs, DOH transfer progress, and to prepare final report to the 2007 Legislature.

K. January 2007 through June 30 2007: Meet as necessary.

APPENDIX D

DEPARTMENT CONTACTS FOR ADDITIONAL INFORMATION

Working papers for all the IC's may be obtained from Mr. Clayton Fujie, Deputy Superintendent, Department of Education.

Additional information regarding the functions transferred from the Department of Human Resource Development and the Department of Accounting and General Services to the Department of Education ("DOE") can be obtained by contacting the individuals noted below.

Department of Accounting and General Services:
Russ K. Saito
Comptroller
P.O. Box 119
Honolulu, Hawaii 96810
(808) 586-0400

Department of Education:
Clayton Fujie
Deputy Superintendent
For Office of Business Services
P.O. Box 2360
Honolulu, Hawaii 96804
(808) 586-3444

Department of Human Resource Development:
Marie Laderta
Director
Leiopapa a Kamehameha Building
235 South Beretania Street
Honolulu, Hawaii 96813
(808) 587-1100

Department of Education
Gerald Okamoto
Assistant Superintendent
Office of Human Resources
P.O. Box 2360
Honolulu, Hawaii 96804
(808) 586-3400

Additional information regarding the transfer of functions from the Department of the Attorney General to the DOE, Department of Budget and Finance to the DOE, the Department Health to the DOE and the Department of Human Services to the DOE can be obtained from the following individuals:

Department of the Attorney General:
Mark Bennett
Attorney General
425 Queen Street
Honolulu, Hawaii 96813
(808) 586-1500

Department of Education:
Gerald Okamoto
Assistant Superintendent
Office of Human Resources
P.O. Box 2360
Honolulu, Hawaii 96804
(808) 586-3400
Department of Budget and Finance:
Georgina Kawamura
P. O. Box 150
Honolulu, Hawaii 96810
(808) 586-1518

Department of Education:
Clayton Fujie
Deputy Superintendent
For Office of Business Services
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(808) 586-3444

Edwin Koyama
Director
Budget Branch
P. O. Box 2360
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(808) 586-3350

Department of Health:
Chiyome Fukino, M.D.
Director
1250 Punchbowl St.
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Department of Education:
Katherine Kawaguchi
Assistant Superintendent
Office of Curriculum, Instruction and
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P. O. Box 2360
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Department of Human Services:
Lillian Koller
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