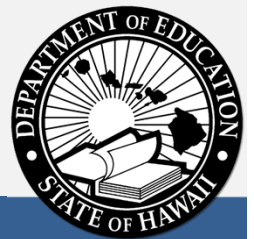


Department of Education Operating Budget 101

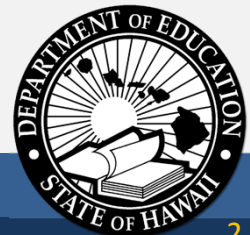
Presented by:
Amy Kunz
Assistant Superintendent and Chief Financial Officer

HE'E Coalition Quarterly Meeting
October 21 2013



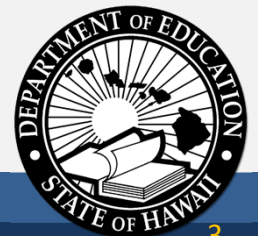
Hawaii Department of Education (DOE)

- For SY13-14
 - 255 DOE schools spread out over seven islands and an additional 33 charter schools
 - official enrollment count for K-12 students was 175,428 in DOE schools and an additional 9,797 in charter schools
- Only single State Education/Local Education agency (SEA/LEA) in the nation
- DOE does not have taxing authority or rely on the property tax base
- DOE is one of many State agencies



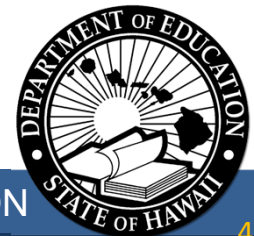
State Budget Overview

- Three Branches: Executive (has 20 State Departments), Judicial, and Legislative – plus the Office of Hawaiian Affairs
- Executive Budget is a Biennial (two-year) Budget passed by Legislature every even numbered year and amended with a Supplemental Budget passed every odd numbered year.
- Legislature establishes appropriation levels, authorizing expenditures by each branch of government up to those levels.
- Governor has the authority to releases all, a portion, or withholds in full appropriations passed by the Legislature.

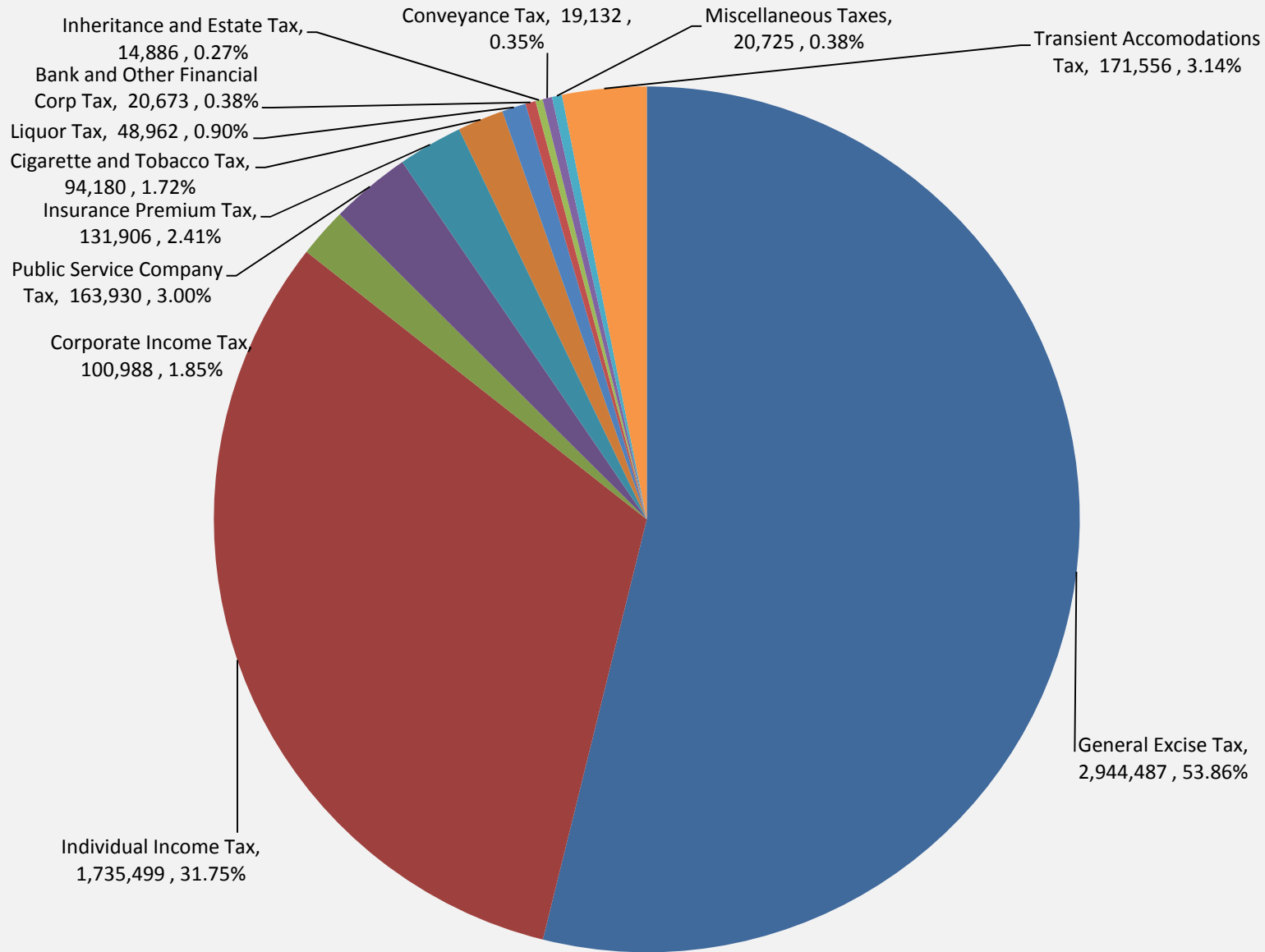


State Council on Revenues

- Established in the State Constitution
- Made up of individuals from the State and private sector
- Reports its latest revenue forecast to the governor and the legislature on June 1, September 10, January 10, and March 15 of each year.
- Estimates are considered by:
 - the Governor in preparing the state budget, recommending appropriations, and controlling expenditures
 - the Legislature in appropriating funds.



General Fund Revenue Sources for FY13 (in thousands)



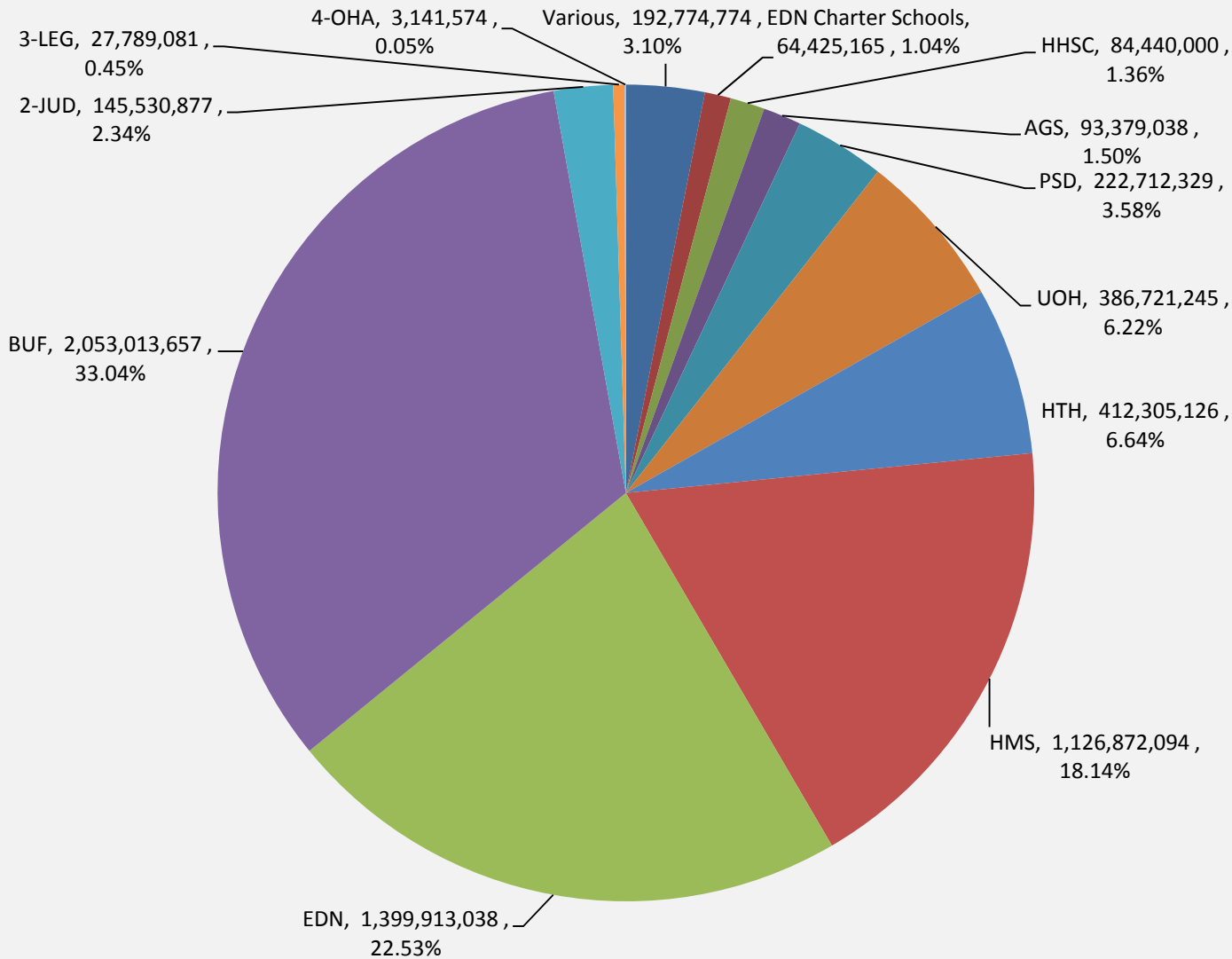
General Fund Revenue Sources for FY13 (in thousands)

General Fund Revenue From Taxes		
General Excise Tax	2,944,487	53.86%
Individual Income Tax	1,735,499	31.75%
Corporate Income Tax	100,988	1.85%
Public Service Company Tax	163,930	3.00%
Insurance Premium Tax	131,906	2.41%
Cigarette and Tobacco Tax	94,180	1.72%
Liquor Tax	48,962	0.90%
Bank and Other Financial Corp Tax	20,673	0.38%
Inheritance and Estate Tax	14,886	0.27%
Conveyance Tax	19,132	0.35%
Miscellaneous Taxes	20,725	0.38%
Transient Accommodations Tax	171,556	3.14%
Total GF Revenue from Taxes	5,466,924	100.00%

NOTE: non-tax General Fund revenue for FY2012-13 was an additional \$766.1 million



All State Agencies - General Fund FY 14 Appropriations

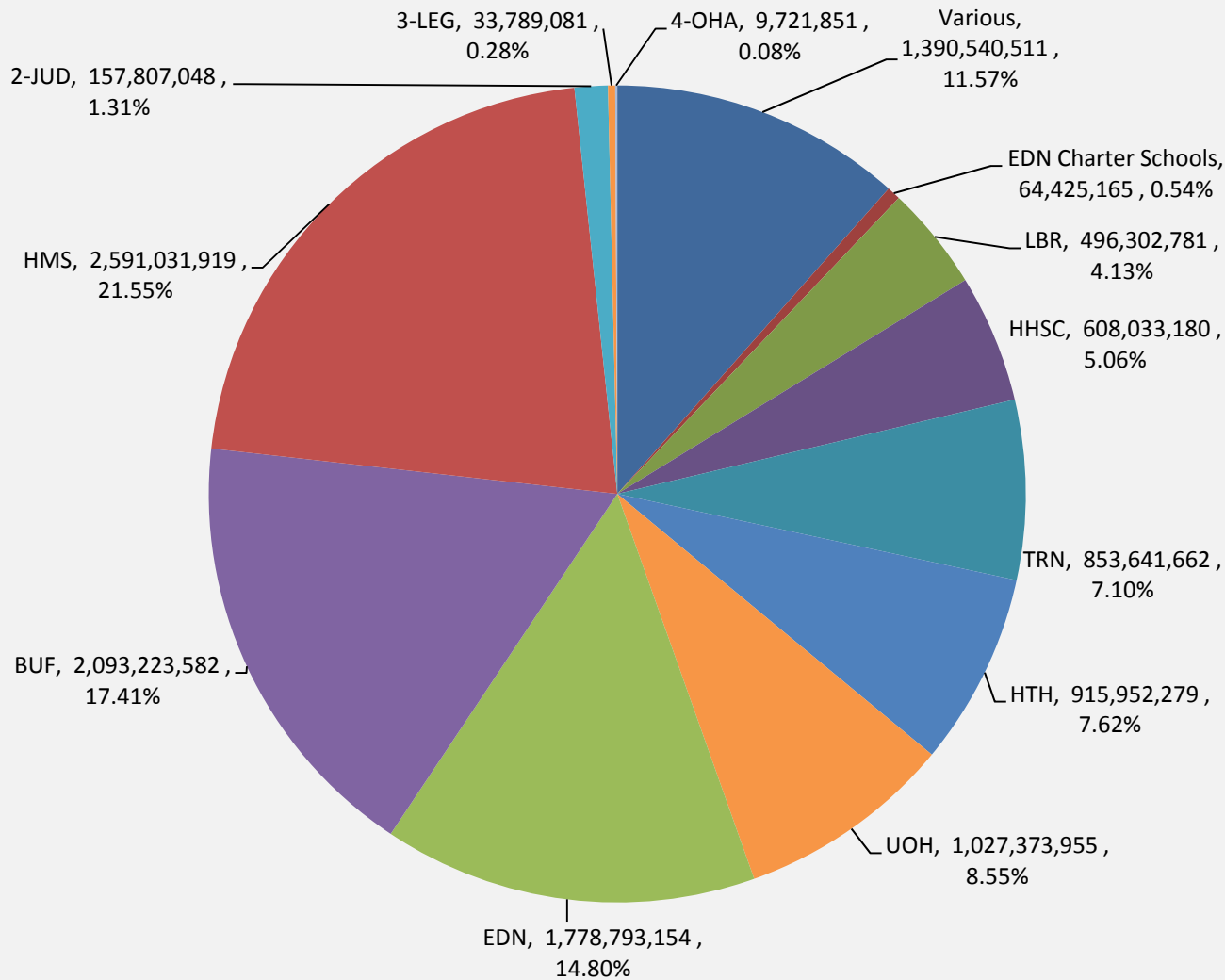


Department	General
AGR	14,392,759
AGS	93,379,038
ATG	25,381,893
BED	9,074,894
BUF	2,053,013,657
CCA	-
DEF	15,158,256
EDN	1,399,913,038
EDN - Early Learning	127,576
EDN Charter Schools	64,425,165
EDN Libraries	29,260,611
GOV	3,247,921
HHL	9,632,000
HHSC	84,440,000
HMS	1,126,872,094
HRD	14,986,147
HTH	412,305,126
LBR	15,064,472
LNR	31,250,400
LTG	1,695,503
PSD	222,712,329
TAX	23,502,342
TRN	-
UOH	386,721,245
2-JUD	145,530,877
3-LEG	27,789,081
4-OHA	3,141,574
Total	6,213,017,998

NOTE: Various includes: AGR, ATG, BED, DEF, EDN-Early Learning, EDN-Libraries, GOV, HHL, HRD, LBR, LNR, LTG, and TAX.

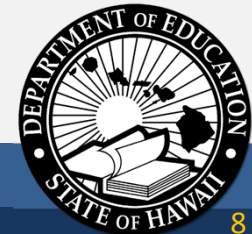


All State Agencies - All Funds FY 14 Appropriation



Department	Total
AGR	45,903,133
AGS	201,967,776
ATG	73,140,520
BED	244,111,695
BUF	2,093,223,582
CCA	53,980,835
DEF	115,558,293
EDN	1,778,793,154
EDN - Early Learning	127,576
EDN Charter Schools	64,425,165
EDN Libraries	33,750,855
GOV	4,334,171
HHL	202,996,040
HHSC	608,033,180
HMS	2,591,031,919
HRD	20,572,428
HTH	915,952,279
LBR	496,302,781
LNR	125,378,280
LTG	1,695,503
PSD	242,473,189
TAX	24,550,217
TRN	853,641,662
UOH	1,027,373,955
2-JUD	157,807,048
3-LEG	33,789,081
4-OHA	9,721,851
Total	12,020,636,168

NOTE: Various includes: AGR, AGS, ATG, BED, CCA, DEF, EDN-Early Learning, EDN-Libraries, GOV, HHL, HRD, LNR, LTG, PSD, and TAX.



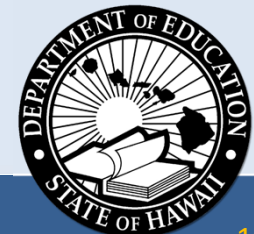
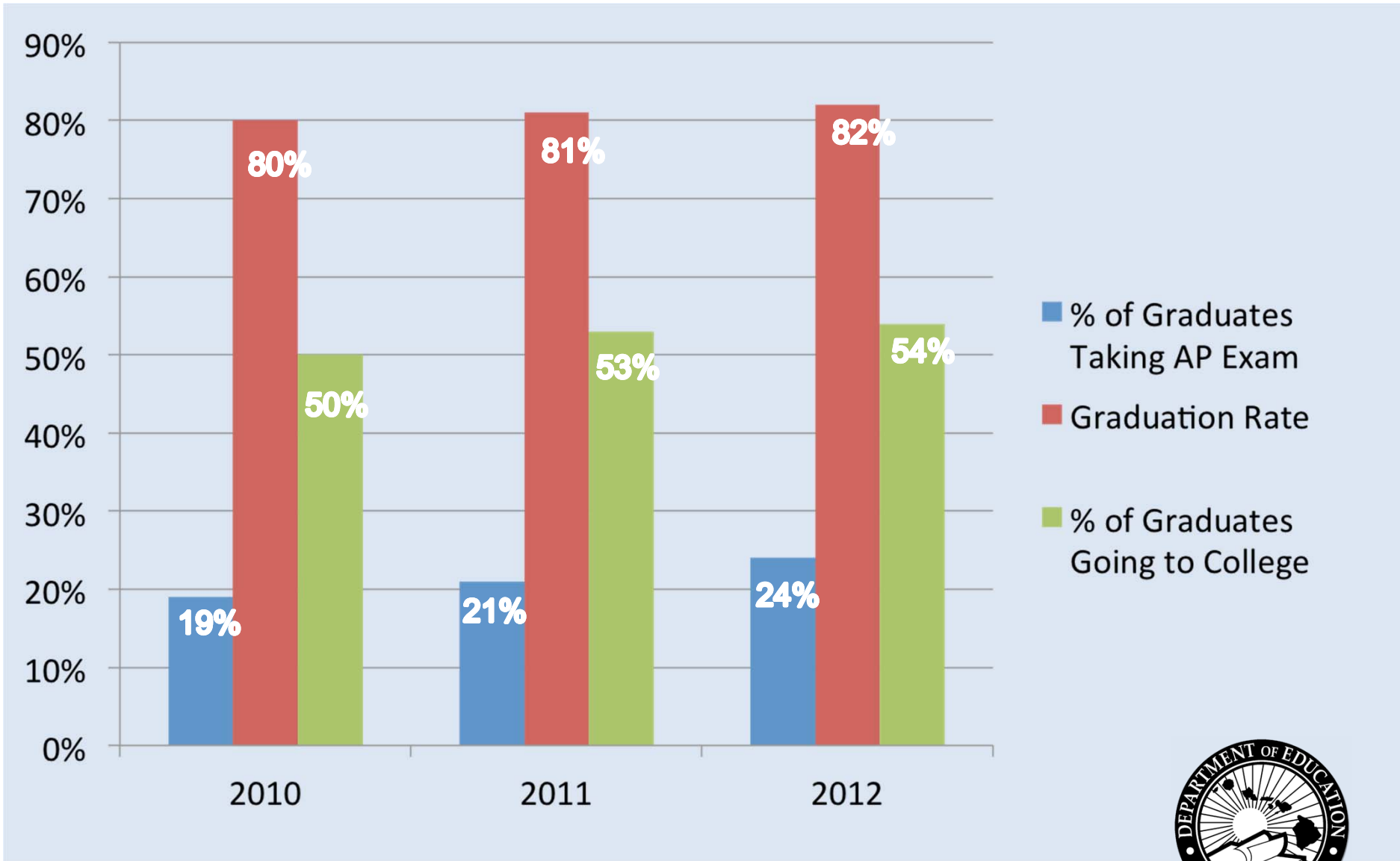
The Strategic Plan Goals

GOAL #1
Student
Success

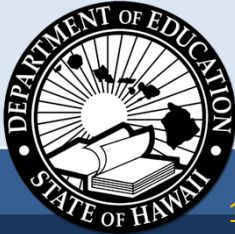
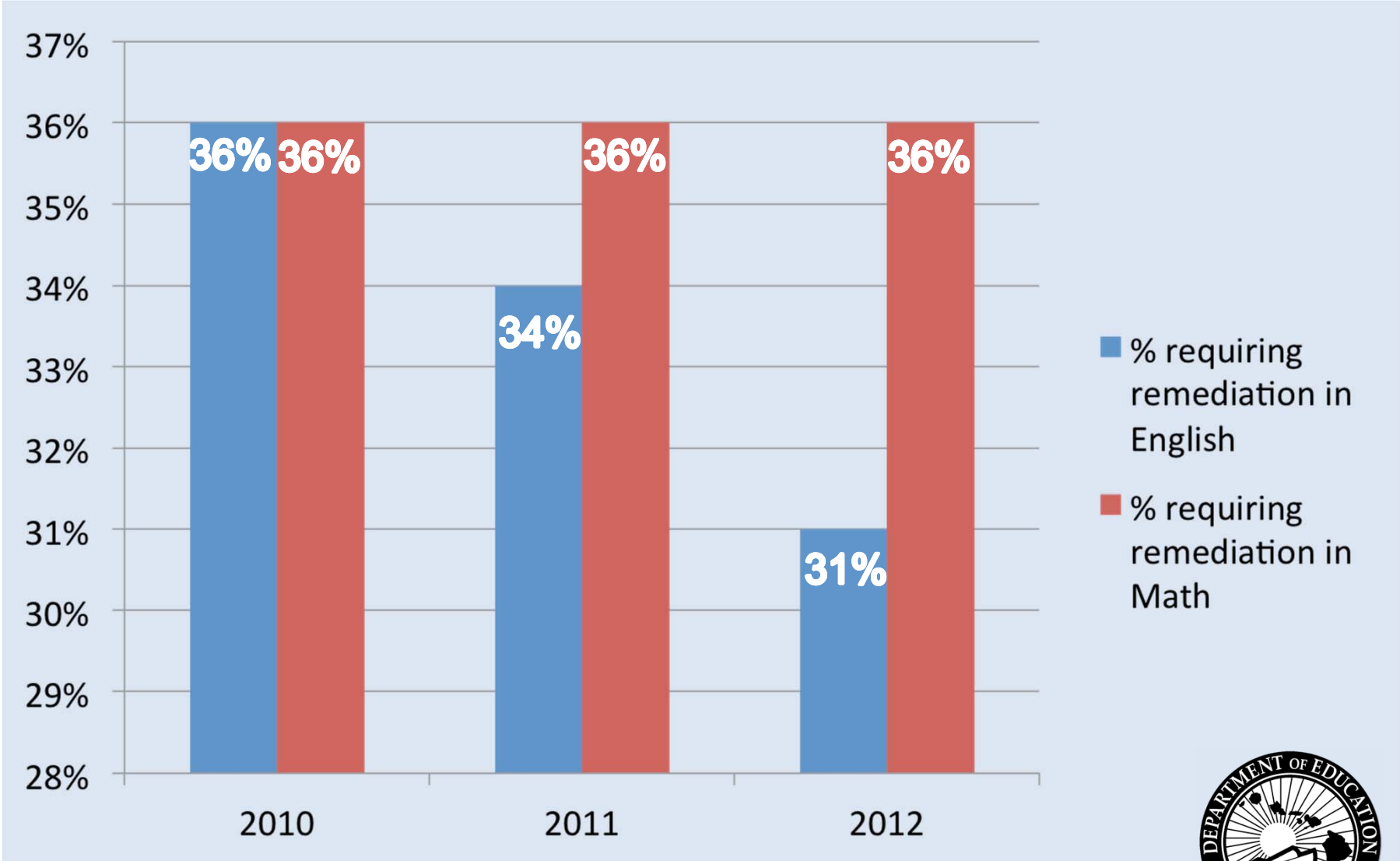
GOAL #2
Staff Success

GOAL #3
Successful Systems
of Support

STUDENTS ARE MORE COLLEGE & CAREER READY

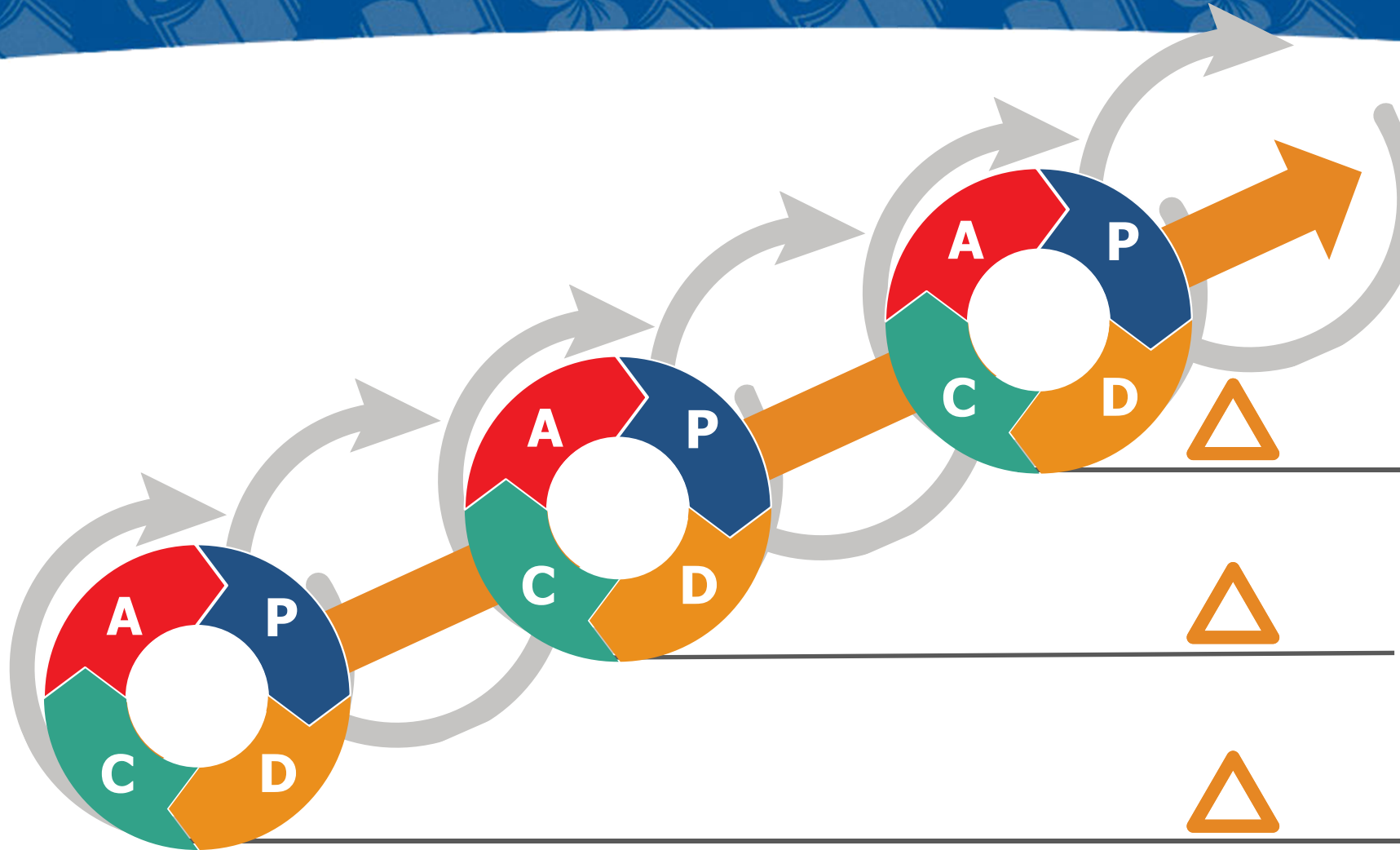


STUDENTS ARE MORE COLLEGE & CAREER READY



Plan Do Check Act

College and
Career-Ready

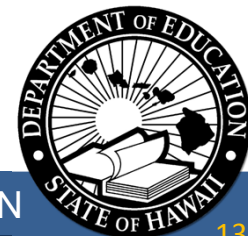


ATTAINMENT

TIME

DOE's State Budget Program IDs

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

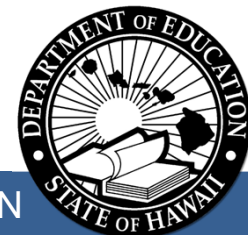


FY14 GENERAL FUND ALLOCATIONS

Percent of Allocation



- Schools: 73.02%
- Centralized Services to Schools: 20.24%
- State Offices: 5.4%
- Complex Area: 1.28%
- Private: .06%



DOE Centralized Services for Schools

- Autism, school based behavioral health, skilled nursing
- Special education provision and recordkeeping
- Diagnostic services for SPED services qualification
- Internal Audit
- School food services
- IT development, implementation, operations
- Network infrastructure support/development
- Student transportation
- Personnel hiring, recruitment, and recordkeeping
- Workers' compensation
- Unemployment benefits administration
- Financial accounting and reporting
- Litigation support
- Electricity bills and other utilities



DOE State-Level Responsibilities to Support Schools

- Strategic Planning
- Student Achievement Standards Development
- Budget Preparation and Execution
- Teacher Certification (Hawaii Teacher Standards Board)
- Hawaii State Assessments (includes Smarter Balanced Consortium and Hawaiian Language Assessment)
- Policy Development
- Compliance with US DOE and State Regulations
- Federal Reporting Requirements
- Inter-governmental Relationship Management



History of Executive Budget Bill General Fund Appropriations for Public Schools

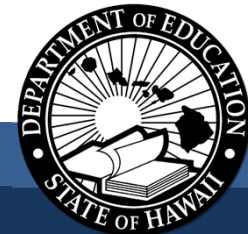
<u>Prog ID</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10 *</u>	<u>FY11 **</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14 ***</u>	<u>FY15</u>
EDN 100	774,244,048	772,086,697	753,950,947	705,214,266	778,080,508	772,510,601	817,507,508	794,398,920
EDN 150	361,156,533	355,373,685	368,188,673	306,635,452	321,550,609	313,456,272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

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

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

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

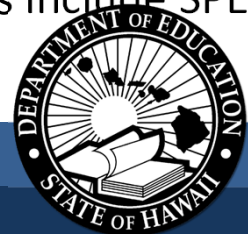
Source: Annual Executive Budget Bill Passed by State Legislature



DOE Official Enrollment for WSF Allocation (Includes K-12)

• FY 2007-08	172,071
• FY 2008-09	170,261
• FY 2009-10	170,613
• FY 2010-11	169,801
• FY 2011-12	171,914
• FY 2012-13	173,667
• FY 2013-14	175,323
• FY 2014-15 Projection (after -5,100 for K)	172,493

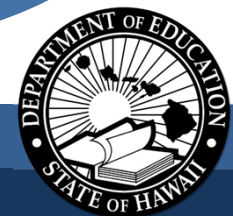
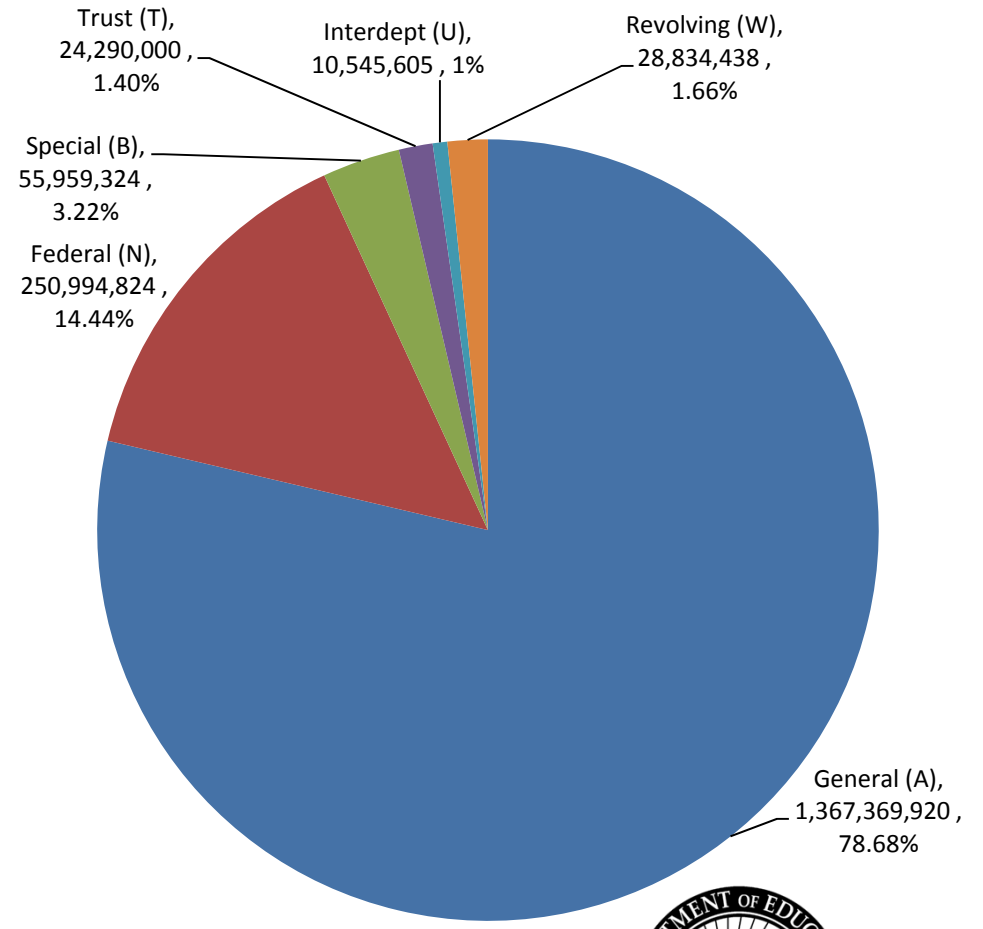
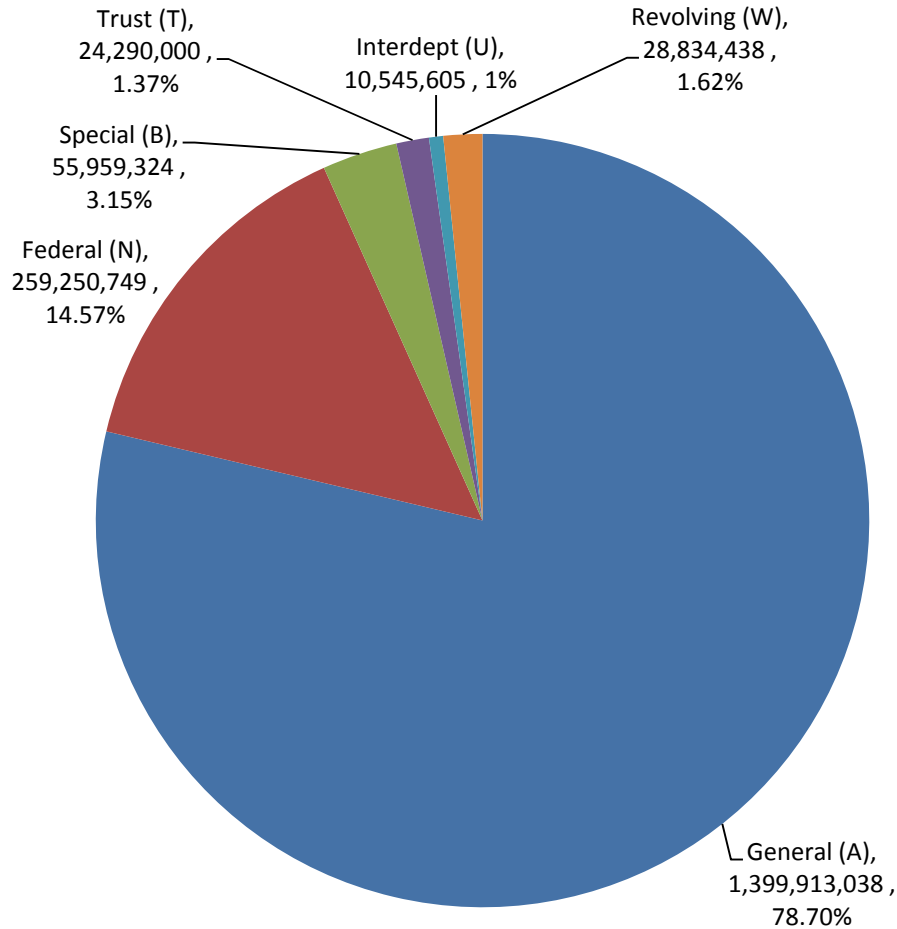
*Does not include charter school students; HSDB, Olomana, Niihau; does include SPED students



Act 134, Session Laws of Hawaii (SLH)

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

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



Operating vs. CIP Budget

Operating Budget

- State Level Process
 - ICAA (Complex Area Plans)
 - WSF (School Level Plans)

Capital Improvement Budget

- Condition
- Program Support
- Capacity
- Equity



WSF Goals/Objectives:

Support student achievement with:

Equality – schools with similar kinds of students receive similar resources

Transparency – allocations are based primarily on student characteristics where disproportionate resources are determined to be needed to achieve similar student outcomes

Empowerment – the principal, after review by the School Community Council, determines how to use the WSF funds

NOTE: The WSF does not address funding adequacy. The WSF is merely a method of dividing the existing budget among public schools.



Where can I find the latest information on WSF?

Detailed information is available on the
Department's website at:

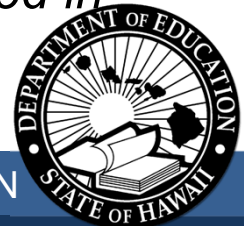
<http://www.hawaiipublicschools.org/VisionForSuccess/SchoolDataAndReports/StateReports/Pages/Weighted-Student-Formula.aspx>

(or search “weighted student formula” from the
DOE homepage)



State Budget Periods

- **Biennium Budget: FB 2013-2015**
 - *Includes FY 2013-2014 and FY2014-2015*
 - *37-71 The budget. (a) Not fewer than thirty days before the legislature convenes in every odd-numbered year, the governor shall submit to the legislature and to each member thereof a budget that shall contain the program and budget recommendations of the governor for the succeeding two fiscal years.*
- **Supplemental Budget: FY 2014-2015**
 - *Amends the second year of the biennium budget*
 - *37-72 Supplemental budget. (a) Not fewer than thirty days before the legislature convenes in regular session in an even-numbered year, the governor may submit to the legislature a supplemental budget to amend any appropriation for the current fiscal biennium. The supplemental budget shall reflect the changes being proposed in the State's program and financial plan and shall be submitted as applicable, in the manner provided in section 37-71.*



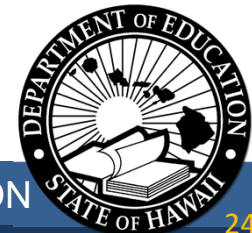
Department of Budget and Finance (B&F)

Budget Preparation Instructions

(Economic Outlook)

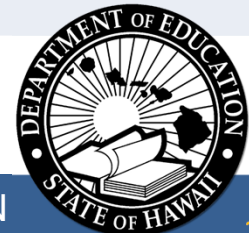
September 23, 2013 Finance Director Kalbert Young issues Finance Memorandum 13-08: Supplemental Budget Policies and Guidelines

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



FY2014-15 Supplemental Budget Development Process

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



FY2014-15 Supplemental Budget Development Process (continued)

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



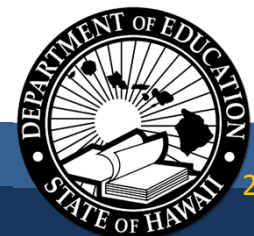
Examples of Priorities Included in Budget

- WSF capacity
- WASC Accreditation for all schools
- ACT Testing for all students grades 8-11
- Smarter Balanced Assessment
- Common Core
- Induction and Mentoring
- Support for Focus and Priority schools
- StriveHI rewards
- Educator Effectiveness System
- Communication Office



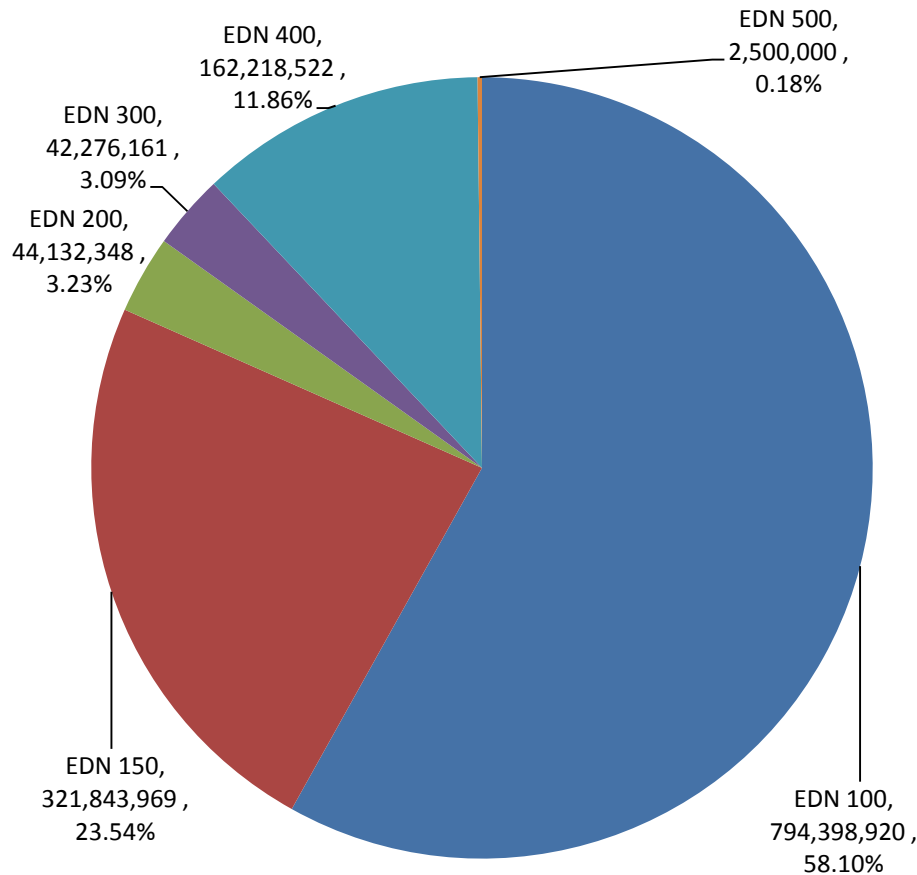
Supplemental Request Summary

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

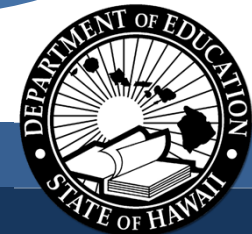
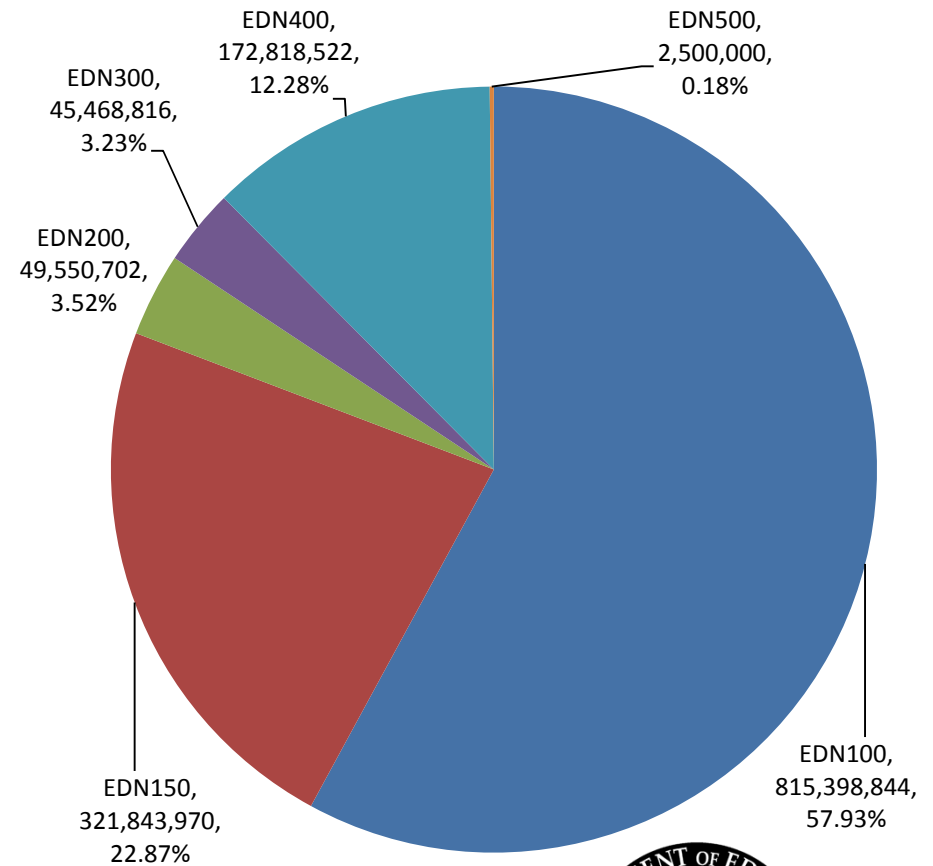


FY2014-15 General Funds Current Appropriation & Supplemental Request

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

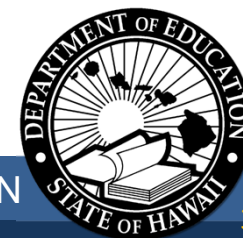


FY2014-15, Supplemental Request
\$1,407,580,854



Outstanding Areas of Risk

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





Vision for Success

Transforming Schools & Results

Teaching & Learning

Curriculum, Instruction & Testing

Beyond the Classroom

Student Programs & Services

Parents & Students

Resources & Tools

Connect with Us

About the Department



Strive HI Path to Graduation

What students need to do to earn a diploma from Hawaii's public high schools.



Free & Reduced Price Lunch program

Nutritionally balanced, low-cost or free lunches are available to qualifying children.



Educator Effectiveness Teacher training

Learn about our system of educator evaluations, mentoring and training.



Building champions Athletics

The Department offers 20 interscholastic sports each school year — and more.



Tomorrow's thinkers STEM education

Our Science, Technology, Engineering and Math education programs are spreading statewide.

The Strategic Plan

Our governing document driving the transformation of schools, grounded in three goals.

[Read it](#)

Strive HI System

Our school accountability and performance system, rewarding growth and achievement.

[Learn more](#)

Testing

Our series of student exams includes the State Assessment, ACT and End of Course exams.

[Learn more](#)

Featured Article



Working in Hawaii

Our benefits, human resources data and other need-to-knows about working in Hawaii.

Connect with Us



Visit our new website!

HawaiiPublicSchools.org

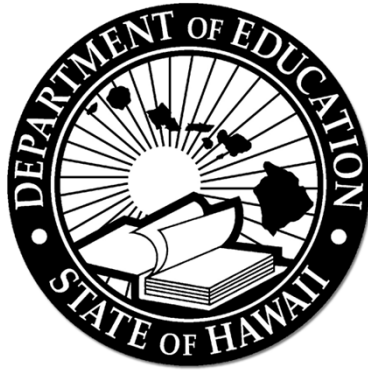
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/HIDepartmentofEducation



@HIDOE808



Any questions?