

Date of Hearing: April 3, 2009

Committee: House Education

Department: Education

Person Testifying: Patricia Hamamoto, Superintendent

Title: H.C.R. 76, H.D. 1, proposed. Requesting the Governor Not to Address the 2009 Fiscal Year Budget Shortfall by Reducing or Restricting the Department of Education's and University of Hawaii's Current Appropriations.

Purpose: Requests the Governor to work with the Legislature, Department of Education, and University of Hawaii to Plan the State Fiscal Stabilization Funds to Stabilize Funding for the 2009-2011 Fiscal Biennium.

Department's Position: The Department supports H.C.R 76, H.D. 1, proposed. While the current year budget shortfall requires serious and immediate attention, the present uncertainty regarding future revenue projections and a projected 2009-2011 Biennium Budget reduction necessitates the Department recommend a prudent approach to the use of State Fiscal Stabilization Funds, Title XIV of the American Recovery and Reinvestment Act of 2009 intended to restore state support for education. This House Concurrent Resolution requesting the Governor, Legislature, Department of Education, and University of Hawaii develop a plan to use

the SFSF funds to stabilize the 2009-2011 Biennium Budget is a prudent approach to the use of these supplemental funds. This is particularly true when the federal legislation and written and verbal guidance from the US Department of Education clearly indicates that the funds are to be used in a transparent way to drive educational reform in four (4) essential areas: (1) progress toward a rigorous college- and career-ready standards with high-quality assessments; (2) establishing pre-K to college and career data systems that track progress and foster continuous improvement at all levels; (3) making improvements in teacher effectiveness and in the equitable distribution of qualified teachers; and (4) providing intensive support and effective interventions for the lowest-performing schools.

While the Department has been making steady progress in meeting these goals, dedicated resources will be required to provide the US Department of Education and the public evidence of sustained commitment and progress.

The Department recommends that language be amended to include transmittal of this resolution to the Secretary of Education, U.S. Department of Education and the State of Hawaii Congressional Delegation.

Superintendent's Report:

Budget Update and American Recovery & Reinvestment Act of 2009 (ARRA)

April 2, 2009

Budget Reductions

FY 2009-10 and FY 2010-11

- Executive budget (December 2008) proposed \$56 M annual reductions compared to last fiscal year
 - \$10.3 M reduced effective 7/1/08
 - \$5.7 M “non-recurring costs”
 - \$40.0 M approved by BOE in response to Governor’s target

Budget Reductions

FY 2009-10 and FY 2010-11

- House budget proposes \$30.7M additional general fund reductions from DOE
- House budget was proposed prior to most recent 3/12/09 Council on Revenues report
- Further reductions in the State budget will be required

Governor's Emergency Appropriation Message FY 2008-09

- The Governor has submitted a message to the Legislature to reduce the DOE's current year general fund appropriation by \$90.9 M in order to address the State's budget shortfall
- The message also requests approval of DOE expenditure of \$90.9 M in State Fiscal Stabilization Funds (SFSF) this fiscal year
- If the Legislature does not act on the message request, the Governor still has the ability to restrict DOE's FY 2008-09 funding

Governor's Message

FY 2009-10 and FY 2010-11

- A second Governor's message requests WSF budget to be reduced by \$9.2M and \$13.1M in the 2 years of Fiscal Biennium 2009-2011
- Requests ceilings to be added for State Fiscal Stabilization Funds in the same amounts
- Message assumes the House's reductions to DOE budget will not be taken

Governor's Message

FY 2009-10 and FY 2010-11

- Requests \$35M ceiling SFSS in Governor's office in FY 2009-10
- Requests a proviso to allow Governor to transfer SFSS funds from Governor's budget to DOE and UH
- NO PROVISIO to offset fringe benefit costs of SFSS funds in WSF (i.e. proposed WSF offset would not be a \$-for-\$ swap)

Funds for Schools: Weighted Student Formula (WSF)

- WSF has not yet been reduced for FY 2008-09 (current year) or FY 2009-10 (next year)
- Because there is no reduction, there is no need to restore WSF
- Schools may have increases or decreases due to change in the number of students
- Decisions on how to use WSF remain with the school

Impact of the American Recovery & Reinvestment Act of 2009 (ARRA)

State Fiscal Stabilization Funds

- Application instructions and guidance published April 1, 2009 by US DOE
- Governor makes the application and commits to acting on the 4 essential reform areas (assurances)
- At the end of 2 years – are the students better off because the SFSF funds were received?
- At the end of 2 years - are the reforms in place?

4 Essential Reform Areas

States applying for SFSF must commit to:

1. Improving teacher effectiveness and ensuring that all schools have HQTs
2. Implementing college and career readiness standards and rigorous assessments

4 Essential Reform Areas

3. Establishing a longitudinal data system to improve student learning and teacher performance
4. Improving achievement in low performing schools via intensive support and effective interventions

Essential Reforms

- States must make assurances that they commit to taking action on these 4 areas
- States must make data on these 4 areas available and transparent, to show how schools are performing and to help schools improve
- Purposes of ARRA: to save and create jobs, advance education reform, invest in the future

ARRA Funds

- State Fiscal Stabilization Funds
 - \$192M total for Hawaii
- To be split between UH and DOE
 - Part A: 81.8% - to restore funding level and reform education (refer to the 4 assurances)
 - Part B: 18.2% - for CIP at UH/DOE, or for “Other Government Services”

State Fiscal Stabilization Funds

DOE's PLAN

- DOE's PLAN:
 - Use SFSF funds in FY 2009-10 and FY 2010-11 to invest in systems for the 4 essential areas of reform
 - DOE: Use SFSF funds to restore reductions to legally mandated programs; any balances, to restore other general fund budget reductions
 - Caution: Funds only available until FY 2010-11
 - “Cliff effect” after 2 years if funds are used for positions or ongoing programs

State Fiscal Stabilization Funds

- Can be used for any activities authorized under:
 - Elementary and Secondary Education Act of 1965 (ESEA)
 - Individuals with Disabilities Education Act (IDEA)
 - Adult Education and Family Literacy Act (AEFLA)
 - Carl D. Perkins Career and Technical Education Act of 2006 (Perkins Act)

State Fiscal Stabilization Funds Governor's Plan

- Governor's plan:
 - Use most of the SFSF funds to balance State's 2009 budget shortfalls
 - If SFSF funds not received in time, Governor can temporarily transfer other funds to DOE to cover cash shortfalls
 - Use the rest of the SFSF funds to reduce general fund budgets in the next 2 years

American Recovery & Reinvestment Act of 2009 (ARRA)

Other Program Funds

Other Funds from ARRA

- ESEA Title I, Education for the Disadvantaged
 - \$33.2M (beginning to arrive this month; can be spent over 3 years)
 - This is in addition to the previously expected Title I allocation
 - Expenditures must follow the same rules as other Title I funds
 - Plan to use funds for extended learning opportunities at struggling Title I schools

Other Funds from ARRA

- IDEA Title VI B, Special Education
 - \$29.9 M (beginning to arrive this month; can be spent over 3 years)
 - This is in addition to the previously expected IDEA allocation
 - Expenditures must follow the same rules as other IDEA funds
 - Plan to use funds for training on Response to Intervention (RTI) and for adaptive equipment, assistive technology

Other Funds from ARRA

- IDEA Title VI B, Special Education Preschool
 - \$1M (beginning to arrive this month; can be spent over 3 years)
 - This is in addition to the previously expected IDEA Preschool allocation
 - Expenditures must follow the same rules as other IDEA funds
 - Plan to use funds for training to increase inclusion of PreK students with disabilities into regular Prek programs

Other Funds from ARRA

- ESEA Title II D, Educational Technology
 - \$3.2 M
 - This is in addition to the previously expected Title II D allocation
 - Expenditures must follow the same rules as other Title II D funds
 - Plan to use for expanding online learning opportunities

Other Funds from ARRA

- McKinney-Vento Homeless Assistance
 - Approximately \$115,000
 - Funds begin to arrive next fiscal year, can be spent until September 2011
 - Expenditures must follow the same rules as other McKinney-Vento funds
- National School Lunch Equipment Assistance
 - \$348,600
 - Grant Award already received
 - To be allocated by the Office of Hawaii Child Nutrition Programs (administratively attached to DOE)

Competitive Grants Available to States

1. Title I Incentive Grants	\$5 billion
2. School Improvement Grants	\$3 billion
3. Impact Aid Construction	\$100 million
4. Educating Homeless (C&Y)	\$70 million
5. Teacher Incentive Funds	\$200 million
6. Teacher Quality Enhancement	\$100 million
7. Statewide Data Systems	\$250 million
8. Innovation Fund	\$650 million



COMMUNITY CHILDREN'S COUNCIL OF HAWAII
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April 2, 2009

The Honorable Roy Takumi, Chair
The Honorable Lyla Berg, Vice-Chair
House Committee on Education

Re: HCR 76:, HD1: Requiring the Governor not to address the 2009 fiscal year shortfall by reducing or restructuring the Department of Education and University of Hawaii's current appropriations

Representative Takumi, Berg and Members of the committee,

The 17 Community Children's Councils CCC's of Hawaii empathically support the passage of HCR 76, HD1.

The CCCs are acutely aware of the many challenges facing the Department of Education and the University of Hawaii which have already been made in light of today's fragile economy. However, we cannot overemphasize the need to address the shortfall in some other manner rather than taking additional funds form the bare bones budget. We are grateful to this committee for its ongoing concerns regarding Hawaii's educational system.

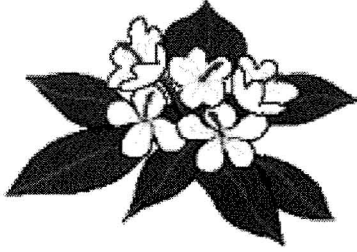
The CCCs are locally based community organizations situated state wide in both rural and urban communities focused on children with special needs broadly defined. Under the leadership of an elected parent and professional co-chairs, the CCCs local resources, workshops, participate in quality assurance activities and strive to provide a community voice.

Thank you for the opportunity to testify on this essential resolution.

Sincerely,

Tom Smith, CCC Legislative Committee Chair

Signatures on file with the CCCO



S E A C
Special Education Advisory Council

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April 3, 2009

**Special Education
Advisory Council**

Ms. Ivalee Sinclair, *Chair*
Mr. Steve Laracuente, *Vice
Chair*

Ms. Brendelyn Ancheta
Dr. Paul Ban, *Liaison
to the Superintendent*

Ms. Sue Brown
Ms. Deborah Cheeseman
Ms. Phyllis DeKok
Ms. Mary Ellis
Ms. Debra Farmer
Ms. Gabriele Finn
Ms. Martha Guinan
Mr. Henry Hashimoto
Mr. John Hinkle
Ms. Tami Ho
Ms. Barbara Ioli
Ms. Shanelle Lum
Ms. Rachel Matsunobu
Ms. June Motokawa
Ms. Kristy Nishimura
Ms. Connie Perry
Ms. Barbara Pretty
Ms. Kau'i Rezendes
Dr. Patricia Sheehy
Mr. August Suehiro
Ms. Judy Tonda
Ms. Cari White
Ms. Jasmine Williams
Mr. Duane Yee
Mr. Shawn Yoshimoto

Jan Tateishi, Staff
Susan Rocco, Staff

Roy Takumi, Chair
House Committee on Education
State Capitol
Honolulu, HI 96813

RE: HCR 76, HD1 – REQUESTING THE GOVERNOR NOT TO
ADDRESS THE 2009 FISCAL YEAR BUDGET SHORTFALL BY
REDUCING OR RESTRICTING THE DOE'S AND UNIVERSITY OF
HAWAII'S CURRENT APPROPRIATIONS

Dear Chair Takumi and Members of the Committee,

The Special Education Advisory Council (SEAC), Hawaii's State Advisory Panel under the Individuals with Disabilities Education Act (IDEA), is in **strong support** of HCR 76, HD1. We believe the Governor's stated plan to take \$90 million from this year's appropriation and \$22 million from next year's appropriation for the Department of Education and replace it with stimulus monies clearly targeted for school improvement will negate the positive effect these additional funds can have on student achievement. We are also concerned that the federal government may view this use of funds at worst as illegal, or at best, a misuse of their stated intent.

SEAC has already begun to identify areas where stimulus funds could have a clear benefit in helping students with disabilities experience greater school success. Included in our "wish list" are enhanced summer programs to help students with Individualized Education Programs (IEPs) make significant gains in reading and math, additional vocational training to prepare students for gainful employment and teacher training in the areas of evidence-based reading strategies and inclusive education. Without additional funds, however, the Department will be unable to fully implement these promising practices.

Thank you for the opportunity to provide testimony on this important issue.

Sincerely,

Ivalee Sinclair, Chair

berg1-Ana Maria

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, April 02, 2009 9:49 AM
To: EDNtestimony
Cc: scidiaz@gmail.com
Subject: Testimony for HCR76 on 4/3/2009 2:30:00 PM

Testimony for EDN 4/3/2009 2:30:00 PM HCR76

Conference room: 309
Testifier position: support
Testifier will be present: No
Submitted by: Lisa Diaz
Organization: Individual
Address: 76-223 haa st. kailua-Kona, HI 96740
Phone: 808-329-7928
E-mail: scidiaz@gmail.com
Submitted on: 4/2/2009

Comments:

Aloha Education Committee Members of the Legislature:

I wish to voice my strong support of HCR 76 HD1:

Gov. Lingle should not be cutting \$90 million from the Hawaii State Department of Education's budget and then using using \$90 million of the Federal Stimulus plan funds designated by congress to prevent cuts to public education budgets.

This is robbing Peter to pay Paul and is not the intention of the Federal stimulus package, which was to supplement state public education budgets, already cut by state governments, to avoid teacher lay-offs, and to improve public education for students.

U.S. Secretary of Education, Arne Duncan, and President Obama have warned states that not using the Stimulus package funds designated for public education properly, following the intent of the stimulus plan, will result in Mr. Duncan denying future federal education funds to states that do not follow the intent of the stimulus plan law. If Gov. Lingle decided to continue down this improper path of using the public education stimulus funds, she will be shooting both the Hawaii State Dept. of Education and UH in the foot, and will cause our state to lose critical funding for public education that is much needed to improve student achievement.

In the end, public education and UH students will suffer, along with state government agencies and private sector businesses, since a highly educated work force is key to the economic viability of Hawaii.

I strongly urge Gov. Lingle to reconsider her planned use of the Federal Stimulus plan education funds and not to behave insubordinately towards the U.S. Secretary of Education or the President. Gov. Lingle must follow the laws of the United States set forth in the Federal Stimulus plan, and avoid our state from being cut off from further public education funding that will help improve public education and our economy.

I also support the original HCR76 measure to provide electronic media based and printed text books for all public education students.

Mahalo for reviewing my testimony,

Lisa Diaz
Teacher- Kealakehe Intermediate School