
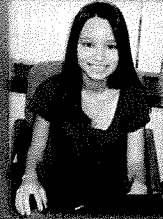


House Committee on Finance

Executive Summary of Budget Briefing Documents Department of Education



Patricia Hamamoto
Superintendent of Education
January 9, 2009




*As Department of Education
Shareholders*

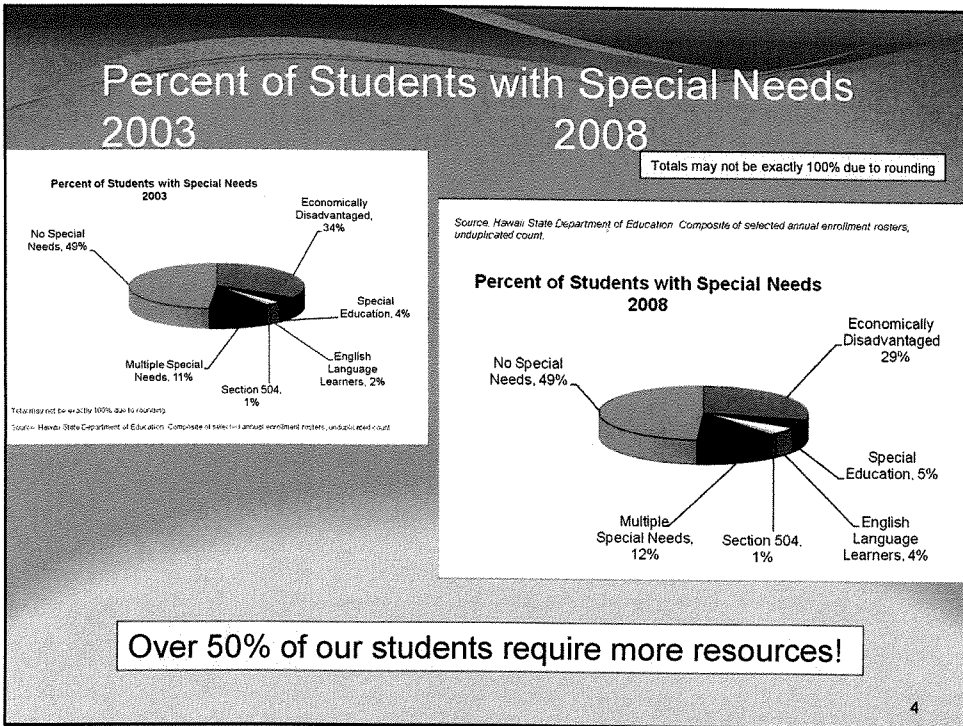
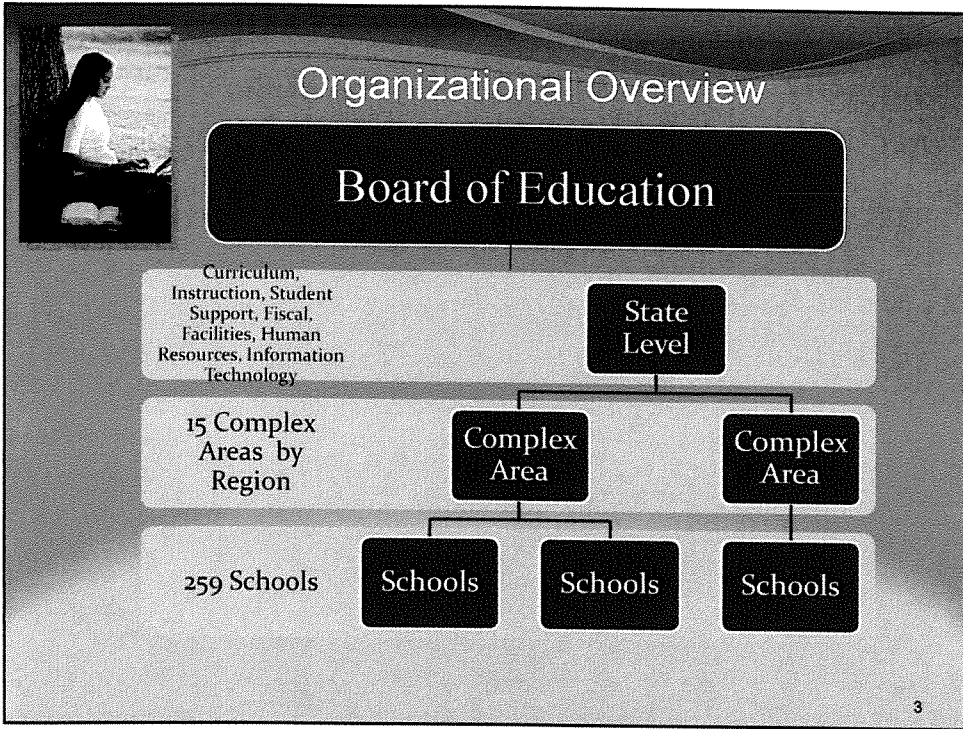
We believe...
*All students can and want to learn.
 All students deserve an excellent public education.*

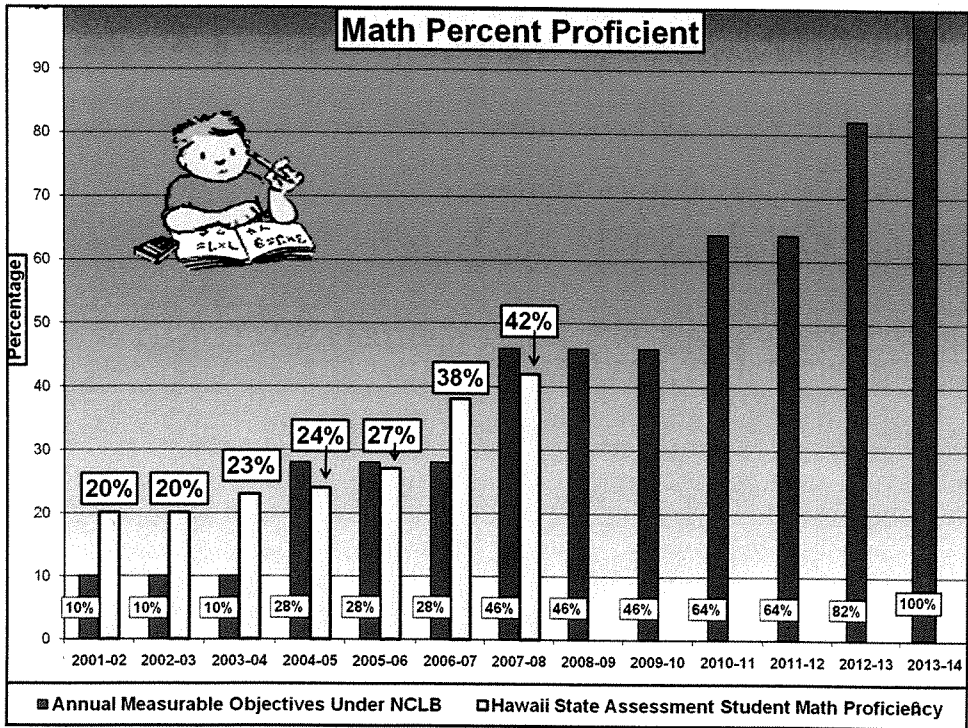
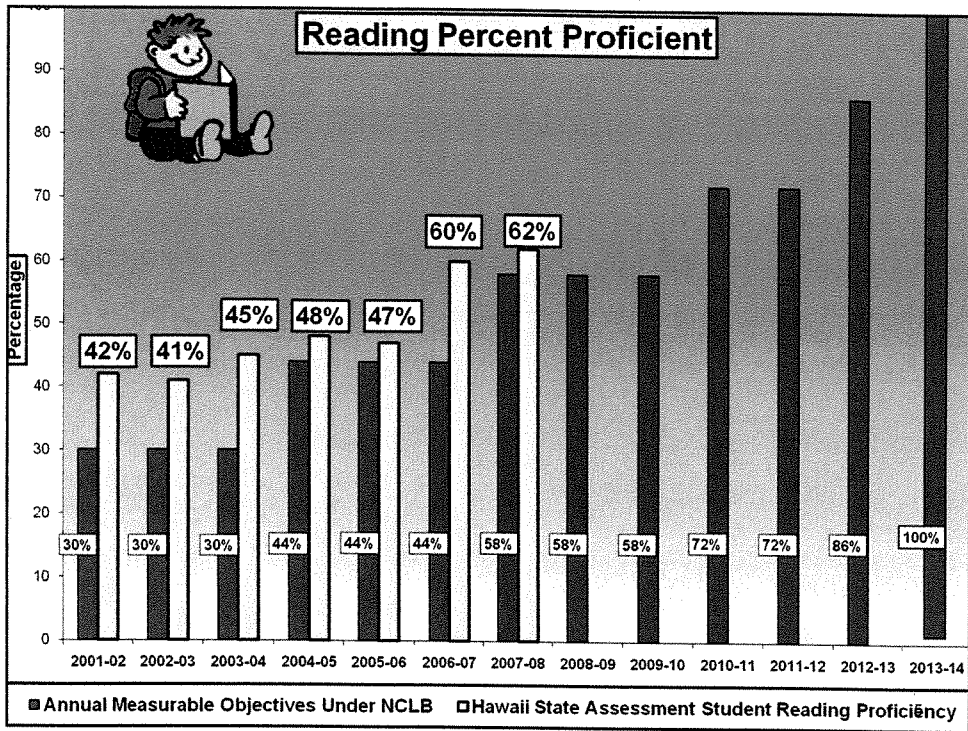
We value...
*Public education
 Continuous improvement and excellence
 A safe and caring learning environment
 Civic responsibility in a democratic society.*

***We give our
 students, families and
 community hope for a
 better future.***



2





CHAPTER 302A, HRS

Act 238 (SLH 2000) and Act 51 (SLH 2004)

- Act 238 set the foundation for educational accountability
 - Act 51 allows school decision making to target resources (WSF*) based on student data
- *Weighted Student Formula*



7

Transformation Continues...

- Realignment of the complex areas
 - Honolulu and Leeward Complex Areas
 - Indexed Complex Area Allocation (ICAA)
- Reorganization of the state offices
 - Office of Curriculum, Instruction and Student Support
 - Office of School Facilities and Support Services
 - Office of Fiscal Services
- Signature Schools
 - Aiea Intermediate – Career Tech/ STEM
 - Robert Louis Stevenson Middle - Science

8

Transparent Process for developing the Biennium Budget

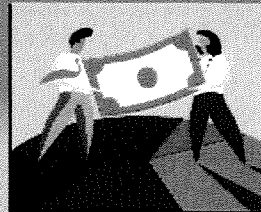
- Mandate for reductions
- Public participation
 - Superintendent's television broadcast
 - Budget reduction details posted on web
 - Public feedback (2200+ comments) received via the web
 - Public testimony to BOE
- Adjustment and adoption by BOE minimizing school impact
- Any further cuts will impact schools directly



9

How are current economic conditions impacting operations?

- Reduced resources
- Reorganizations
- Expenditure delays
- Projected program shortfalls
- Internal cost saving measures



10



Operating Budget Reductions and Adjustments – Biennium 09-11



DOE Budget Programs

EDN	Title	Description
100	School Based Budgeting	Classroom instruction; curriculum programs; at-risk programs.
150	Comprehensive Student Support Services	Intervention and support services for all learners; special education; school-based behavioral health; autism; other related services.
200	Instructional Support	Support for curriculum, instruction and students; assessment; system accountability/monitoring.
300	State and Complex Area Administration	Board of Education; Superintendent; Complex Area Superintendents; communications; civil rights compliance; fiscal services; human resources; and information technology.
400	School Support	School food services; utilities; facilities planning; construction; repairs and maintenance; student transportation.
500	School Community Services	After-school Plus (A+) program; adult education.
915	Debt Service Payments	Retirement of principal and interest on debt.
941	Retirement Benefit Payments	Employer's share of contributions to employee retirement fund and social security/Medicare payments.
943	Health Premium Payments	Employer's share of health fund premiums.
973	DAGS Risk Management	DOE and Charter Schools' share of insurance premiums

General Funds

\$ in Millions

EDN	FY09 Act 158/08	Projected FY10 without changes	FY10 Executive Budget	Variance to Current
100	\$ 772.1	\$ 812.3	\$ 797.0	\$ (15.3)
150	355.4	381.6	368.4	(13.2)
200	33.3	34.8	29.0	(5.8)
300	55.6	57.4	51.4	(6.0)
400	169.4	186.3	184.9	(1.4)
500	8.8	9.2	8.7	(0.5)
Subtotal	\$ 1,394.6	\$ 1,481.6	\$ 1,439.4	\$ (42.2)
900's	708.3	713.9	650.0	(63.9)
Total	\$ 2,102.9	\$ 2,195.5	\$ 2,089.4	\$ (106.1)
CB*	81.4			
Grand Total	\$ 2,184.3			

* Collective bargaining allocation to fund FB07-09 contracts

13

Full Time Equivalents (FTE) – General Funds

EDN	FTEs FY09	FTEs FY10	Variance to Current
100	13,107.10	13,078.60	(28.50)
150	7,169.30	7,045.80	(123.50)
200	299.50	257.50	(42.00)
300	575.00	516.50	(58.50)
400	646.00	645.00	(1.00)
500	56.00	56.00	-
900	-	-	-
Total	21,852.90	21,599.40	(253.50)

14

General Funds by Expending Location \$ in Millions

Expended By	Projected FY10 without changes	FY10 Executive Budget	Variance to Current
Schools (without fringes)	\$ 1,055.2	\$ 1,042.1	\$ (13.1)
Centralized for schools	164.5	153.3	(11.2)
CAS	144.8	140.4	(4.4)
Other*	117.1	103.5	(13.6)
Subtotal	\$ 1,481.6	\$ 1,439.3	\$ (42.3)
Pass-through	713.9	650.0	(63.9)
Grand Total	\$ 2,195.5	\$ 2,089.3	\$ (106.1)

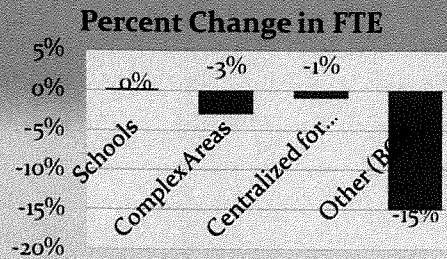
*Other = BOE, HTSB, State Offices

15

Reduction of FTEs in FY 10

Organization	FTE Cuts	FTEs Bal
Schools	(27.5)	18,855.9
Centralized for Schools	(2.0)	337.5
Complex Areas	(51.5)	1,462.5
Other (BOE, HTSB, State Level)	(172.5)	943.5
Total	(253.5)	21,599.4

Total FTE Cuts = (253.5)



16

Changes to General Fund Budget

\$ in Millions

Changes to General Fund Budget	Board of Education Budget	Executive FY 2010 Budget
Collective Bargaining	\$ 96.2	\$ 96.2
Non-recurring Items	-	(5.7)
Mandatory Reductions	(40.0)	(40.0)
Fringe Adj for Reduced Positions	(5.6)	-
Charter School Health Aides	(0.1)	(0.1)
Fringe Benefits		(21.8)
Debt Service		(42.1)
Total	\$ 50.5	\$ (13.5)

17

Total Department of Education Budget

\$ in Millions

All Means of Financing	FY09 Act 158/08	FY10 Executive Budget	Variance to Current
General - to DOE	\$ 1,387.2	\$ 1,439.3	\$ 52.1
General - to B&F, DAGS	715.7	650.1	(65.6)
Federal	261.8	257.2	(4.6)
Special	33.5	34.2	0.7
Trust	13.8	13.8	-
Interdept Transfer	13.8	14.3	0.5
Revolving	20.5	22.7	2.2
Subtotal	\$ 2,446.3	\$ 2,431.6	\$ (14.7)
Collective Bargaining* (General funds)	81.5	-	
Total	\$ 2,527.8	\$ 2,431.6	\$ (14.7)

* Collective bargaining allocation to fund FB07-09 contracts

18

Other Budget Reduction Scenarios

(All require negotiation with Unions)

Scenario	Estimated Savings
Close all DOE operations for 4 days Assumption \$4.6M/day payroll + electricity	\$18.4 M
Furlough 1 work day every other month Assumption \$4.6M/day payroll + electricity	\$27.6 M
All DOE employees "donate" (mandatory) 4 work days per year Assumption \$4.7M/day payroll for all MOF	\$18.9 M
Increase statewide average class size (grades 3-12) by 1.0 student	\$9.7 M



**Public School
Facility Needs**



Capital Improvement Program (CIP) Decision Matrix determines the priorities

Health and Safety

Classroom Capacity

Program Needs

Support Facility Projects

State / Complex Area Improvements



21

Capital Improvement Program



Ongoing repair
and
maintenance



New facilities
at existing
schools



New Schools



Periodic
Rehabilitation
of older
facilities



Air
conditioning
expectations



22

Lump sum requests

\$ in Millions

	FY 2009-10	FY 2010-11
School building improvements (R&M)	\$100.0	\$ 75.0
Classroom renovation	30.0	-
Temporary facilities	10.0	7.0
Science upgrades	10.5	10.5
Electrical upgrades	30.0	-
Noise/heat abatement	10.0	10.0
All other	26.6	26.5
Total	\$217.1	\$129.0

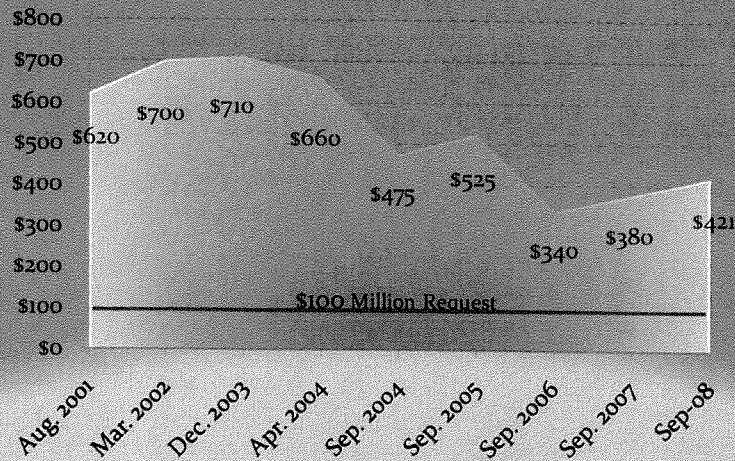
23

Ongoing repair, maintenance, and minor improvements

- “Best practice” is to provide between 2% and 4% of the replacement cost of a facility for its annual maintenance.
- The replacement cost of DOE facilities is about \$5 billion. Using the middle of the range – 3% – results in an annual cost of \$150 million.
- BOE request = \$100 million.

24

School Building Improvements (Major R&M) – Total Backlog - \$ in Millions



25

Additional funds needed for previously appropriated projects \$ in Millions

		FY 2009-10
Ewa Makai Middle	New school	\$17.8
Campbell High	Classroom bldg	4.5
Maui Waena Inter	Classroom bldg	1.2
Keaau Middle	Classroom bldg	4.0
Lanai High & Elem	Classroom bldg	4.5
Total		\$32.0

26

New facilities at existing schools \$ in Millions

		FY 2009-10
Farrington High	Rehabilitation (design)	\$ 7.0
Kapaa Elem	Library	6.5
Ka'u High	Classroom bldg.	11.9
Kohala High	Classroom bldg.	15.0
Konawaena Middle	Locker/shower	10.4
All other		9.2
Total		\$60.0

27

Need for new schools

- Enrollment is trending down, but growth areas need more schools:
 - Central Oahu: Schofield, Waiawa Ridge, Koa Ridge
 - Leeward Oahu: Ewa-Kapolei
 - Maui: West Maui, Central Maui, Kihei
 - Hawaii: South Kohala, North Kona
- Six-year need is \$1.3 billion (avg \$200+ million per year)

28

New Schools – 2009-11 Biennium

\$ in Millions

	FY 2009-10	FY 2010-11
Kapolei II Elem	\$ 3.5	\$ 40.5
Kapolei II Middle	5.2	89.8
Schofield Elem	20.0	-
E. Kapolei High	-	6.0
Royal Kunia Elem	-	3.7
Total	\$28.7	\$140.0

29

Air conditioning expectations

- Hawaii residents in the 21st century expect air conditioning in their offices, cars, and (in some areas) homes
- This expectation extends to most schools
- The cost ranges from \$3 to \$10 million per school
- For 235 schools not yet air conditioned, the cost is about \$1.5 billion

30

BOE CIP Request

\$ in Millions

	FY 2009-10	FY 2010-11
Lump sums	217.1	129.0
Additional funds	32.0	-
New facilities	60.0	20.0
New schools	\$ 28.7	\$ 140.0
Total	\$ 337.8	\$ 289.0

Executive Budget Request \$100 Million each Fiscal Year.

31

Consolidation of schools



Presents an opportunity for saving \$500,000 per school



Public sentiment is mixed



Economic conditions no longer make smaller schools an option



School consolidation falls under BOE authority

32

Consequences of Budget Reductions

- Reduced level of professional development
- Delays in automation resulting in delays in improved transparency and responsiveness
 - Data quality
 - Fiscal systems
 - Human resources systems
 - Facilities Asset Management System
- Accelerates consolidation of under-utilized schools
- Repair & Maintenance backlog will increase
- Overcrowding in schools

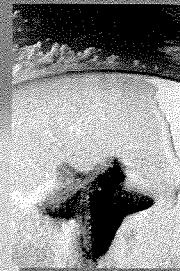
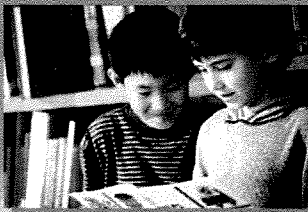
33



Mahalo for your support!

Attachments

Weighted Student Formula
Indexed Complex Area Allocation
Student Achievement
Consolidation Studies



doe.k12.hi.us

34

Weighted Student Formula Background

- Act 51, SLH 2004
- HRS 302A-1303.5 & 302A-1303.6
- Implemented for SY2006-07
- Related Provisions
 - Academic and Financial Plans
 - HRS 302A-1103
 - School Community Councils
 - HRS 302A-1124

Weighted Student Formula

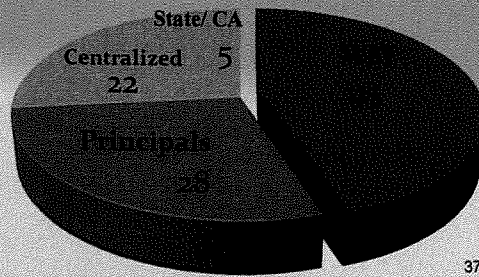
Student Characteristics and "Weights" for SY09-10

Student Characteristics	Projected Funding Amount	Relative Weight
Base per student	\$4,855.87	1.0000
Economic Disadvantage	\$485.59	0.1000
ELL		
Non Proficient	\$1,479.31	0.3046
Limited Proficiency	\$7,39.66	0.1523
Fully Proficient	\$246.55	0.0508
K-2 Class size	\$728.38	0.1500
Transient	\$242.79	0.0500
Elementary	\$168.28	0.0347
Middle School	\$487.29	0.1000
High School	\$116.39	0.0240
Geographically Isolated	\$24.28	0.0050
Multi-Track	\$24.28	0.0050
Neighbor Island	\$24.28	0.0050
Neighbor Island Secondary	\$4.84	0.0010

WSF Funds for Allocation

• SY 08-09 WSF Amount	\$912,645,532
• New Categorical Funds	5,183,283
• Collective Bargaining Increases	45,935,619
• Fringe increases	51,414,663
• Total Funds SY09-10	\$1,015,179,097

• 45% of Operating Budget

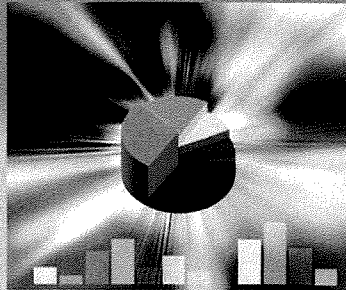


37

Where can I find the latest information on WSF?

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

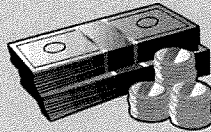
<http://reach.k12.hi.us/empowerment/wsf/>



38

Indexed Complex Area Allocation (ICAA)

- Natural extension of WSF
 - The allocation of resources for Complex Area support to schools should be based on the relative need for those supports
 - The type of Complex Area support needed by schools can vary across Complex Areas



39

Indexed Complex Area Allocation

- **Funds**
 - EDN 100 = \$3.9M
 - EDN 150 = \$3.4M
 - EDN 200 = \$9.4M
 - EDN 300 = \$4.6M
 - TOTAL = \$21.3M**
- **Distribution Criteria**
 - Number of Schools
 - Number of Students
 - Number of Students with "Needs"
 - % of Teachers with < 5 years at their school
 - Geographical challenges

40

Increasing Student Achievement

- Literacy
- Early Childhood Education
- Targeted Interventions
- Online Learning
- Extended Learning Opportunities
- Common Assessment & Curriculum
- End-of-Course Exams – Algebra I & II



41

Criteria for school consolidation study

One third SQ FT in Disrepair/
Replacement



Good Condition

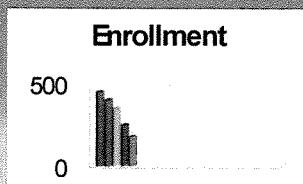


School Academic Program Requirements



One third Excess

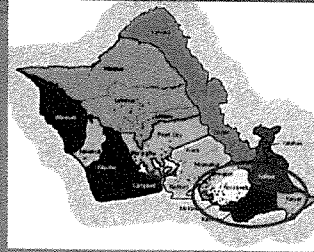
Excess Classroom
Space



- Enrollment decline with staff reductions impact quality of education delivered
- Adjacent school can accommodate without excessive investment

42

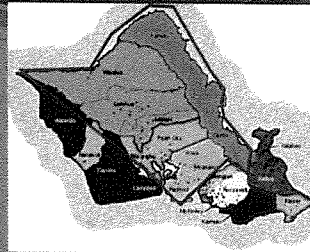
Clusters of schools to be studied



- Honolulu Complex Areas
 - Hahaione, Kamiloiki, Koko Head
 - **Aina Haina, Wailupe Valley**
 - Aliiolani, Liholiho, Liliuokalani, Palolo, Waialae, Wilson
 - Jarrett, Kaimuki Middle, Washington
 - Central, Kawananakoa, Stevenson
 - Kaiulani, Lanakila, Likelike, Maemae, Nuuanu
 - Fern, Kaewai, Kalihi, Kalihi Kai, Kalihi Uka, Kalihi Waena, Linapuni, Puuhale

43

Clusters of schools to be studied



- Central Complex Areas
 - Moanalua Elem, Red Hill, Shafter
 - Haleiwa, Waialua Elem, Waialua High & Int.
- Leeward Complex Areas
 - Pearl City elementary schools
- Windward Complex Areas
 - Enchanted Lake, Kaelepulu, Keolu
 - Kaneohe area elementary schools
 - **Waiahole, Kaaawa, Hauula**

44

Clusters of schools to be studied

Hawaii Complex Areas

- Hilo area elementary schools
- Honokaa Elem, Honokaa High & Int., Laupahoehoe, Pauilo
- Kohala schools
- Honaunau, Hookena

Maui Complex Areas

- Upcountry elementary schools
- **Keanae School**
- **Molokai schools**

Kauai Complex Area

- South & West Kauai elementary schools