



STATE OF HAWAII  
HAWAII STATE PUBLIC LIBRARY SYSTEM  
OFFICE OF THE STATE LIBRARIAN  
44 MERCHANT STREET  
HONOLULU, HAWAII 96813

**Senate Committee on Education and Housing  
House Committee on Education  
Informational Briefing  
January 22, 2010 2:00 p.m.  
State Capitol, Room 309**

Good afternoon Chair Sakamoto, Chair Takumi and members of the Senate Committee on Education and Housing and the House Committee on Education.

I am Richard Burns, State Librarian for the Hawaii State Public Library System. The following is our financial report on HSPLS and its current operations/programs that was shared with both the Senate Committee on Ways and Means and the House Committee on Finance.

**Mission Statement:** The Hawaii State Public Library System (HSPLS) will maintain, improve and expand collections and services, which provide cost-effective, timely access to information, education, and entertainment. HSPLS will improve and enrich the intellectual development, personal achievement, and leisure time activities of the public by providing appropriate reading and research resources and by celebrating a love of reading and lifelong learning.

**Economic Impact:** In response to our current economic conditions and revised Council of Revenue projections, the Governor has mandated reductions equivalent

to 13.85% or \$2,966,390 for FY 2010-11. Our proposed Supplemental FY 2011 general fund budget of \$25,880,773 is actually reduced by over \$5M or about 20% less than our FY 2009 general fund budget. To meet these cuts, HSPLS froze all vacant positions (FTE 78.00), eliminated all general funds for books and materials, reduced temporary and student hires, and negotiated our current 30 day furlough plan for the FB 2009-2011 with the union. This has negatively impacted our library operations at the most basic and critical levels - in reduction to our collections of books and materials, reduction in public service days and hours, limited special programs, and leaving staff coverage stretched so thin that at a number of branches any unplanned or unexpected leave would force a temporary closure to the affected library. While our budget is decreasing, the costs of operating, maintaining, and servicing 51 public libraries are skyrocketing. Utilities, postage, security services, gas/fuel, supplies, etc. have all increased (some by over 30%). We are now being assessed unbudgeted utility costs on our twelve Public and School Libraries which were covered under the DOE/public schools in the past. If any major health, safety, emergency repairs, and/or security problems occur that cannot be immediately addressed, libraries are likely to close until the problem can be corrected.

Library use has dramatically increased as more and more displaced workers seek employment, educational opportunities and file online job applications through our free internet services, while hold requests for popular materials have grown and circulation has increased. It is also well documented that public libraries have always been a solid and beneficial investment returning four to seven dollars on investment for every dollar spent. At a time when not only government but many private sectors

are downsizing, the Hawaii State Public Library System remains a low-budget but cost effective and a much valued investment for the State of Hawaii and its residents. As the Honolulu Advertiser stated on June 30, 2009, "Our state leaders have some tough budget decisions ahead. The surge in patrons should serve as a reminder that public libraries must be kept viable and vibrant. It's (public libraries) a wise investment at a time when folks need support services to get their own economic engines up and running again. Who can argue with that?"

**Alternatives Considered:** HSPLS has been actively seeking all possible sources of revenue available to us as a State government agency. Even though our HSPLS mission and basic functions don't include having to secure funding for our own operations, we have made every effort in exploring innovative and creative ways of generating revenue within the guidelines of the State Ethics laws, the Hawaii Revised Statutes, Board of Education policies, and what is appropriate for Public Libraries. The following are examples of what we have accomplished in these areas to date: HSPLS has been receiving and will continue receiving grants from the Institute of Museum and Library Services through the Library Services and Technology Act, this year totaling \$1.25M. We have shifted a major portion of this federal funding from online data base subscriptions to computer replacements, maintenance of our Library automation system, network upgrades, etc. We applied for and were recently awarded a \$580,000 Opportunities Online Hardware Grant from the Bill and Melinda Gates Foundation. The Friends of the Library of Hawaii (FLH) will provide the required matching contribution totaling

\$823,200 for much needed HSPLS computer, network, and infrastructure upgrades to those eligible libraries.

In anticipation of future budget cuts and restrictions, we have launched a fundraising campaign, "Keep Your Library Open" in conjunction with the FLH Keep the Doors Open Campaign. These campaigns were designed to allow our patrons, parents, support groups, corporate sponsors, etc. a means to directly support their favorite library and help address our budget deficit. Collectively, we have raised over \$274,000 and will be utilizing these funds over FY 2010 and FY 2011.

With no general funds left for our books and materials, we are expending our entire special funds and many trust funds toward these collections. Additionally, we have been working with various publishers and vendors (i.e. Bess Press, The Islander Group, Kamehameha Publishing, etc.) in obtaining a number of generous donations and negotiating larger discounts for all HSPLS purchases.

Earlier this year, as a cost saving measure to meet our budget restrictions, we had proposed the closure of 5 libraries to the Board of Education (BOE). The determining factors on selecting which libraries to close included the volume of library usage, logistical considerations, number of vacancies, increasing operating costs (utilities), and proximity to neighboring libraries. Our plan was to provide more public service days and hours through staff consolidation (after consult and confer with the unions) and reallocation of their limited and shrinking resources.

Unfortunately, our request was disapproved, but the negotiated furlough contract with HGEA allowed us to meet these budget cuts for the time being. However, if

more budget restrictions and reductions are imposed, we will have few alternatives and will be forced to revisit this proposal again.

We believe that despite the severe budget cuts that have been imposed, we have been very successful in maintaining quality public service while also competing for dwindling private and public sources of funding. Even in tough economic times, the State Legislature has always been a strong supporter of and catalyst in providing public library services and access to literature, the Internet and other informational and life-enriching resources for all residents and visitors through the HSPLS. We look forward to again working with both the Senate and House Education Committees and their staff in supporting a fair and responsible Supplemental FY 2011 Budget for HSPLS.

Linda Lingle  
Governor

Maunalei Love  
Executive Director



**Charter School Administrative Office**  
1111 Bishop Street, Suite 516  
Honolulu, Hawaii 96813  
Tel: 586-3775 Fax: 586-3776

January 22, 2010

TO: Senate Committee on Education  
Senator Norman Sakamoto, Chair  
House Committee on Education  
Representative Roy Takumi, Chair

FROM: Maunalei Love, Executive Director CSAO

RE: Education Briefing- Testimony

Chairs Senator Sakamoto, Representative Takumi, and members of the Senate and House Education Committees...Aloha, I am Maunalei Love, Executive Director of the CSAO. I want to thank the chairs and committee members for the time and effort being spent to address the issues facing public education, including the public charter schools.

**Mission Statement:**

The mission of the Charter Schools Administrative Office is to provide advocacy, assistance and support for the development, growth, progress and success of charter schools and the charter school system in Hawai'i in accordance with applicable state and federal laws.

**Educational Issues 2010:**

One of the first items we will be recommending is a rewriting of the Charter School Statute. This statute needs rewriting because, despite all the improvements over the years, there remains contention over funding, a lack of clarity regarding roles, and ongoing questions concerning accountability.

Ongoing discussions between educational stakeholders, including Office of Hawaiian Affairs (OHA), Castle Foundation, Kamehameha Schools, Hawaii Charter School Review Panel (CSRP), Hawaii Charter School Administrative Office (CSAO), Hawaii Charter School Network (HCSN), Department of Education (DOE), other stakeholder groups, and key legislators have focused on the transparency of funding within the DOE and the Charter System. We have hopes that this ongoing collaboration will lead to better education for all public students in Hawaii.

This session, we are focusing our efforts on improvements that track the new federal direction for public education. This new direction can be found in the four (4) assurances required under the American Recovery and Reinvestment Act (ARRA) and the priorities in Race to the Top (RTTT). ARRA requires the following assurances for public education: (1) Achieving equity in teacher distribution. (Improving teacher effectiveness and addressing inequities in the distribution of highly qualified teachers between high- and low-poverty schools, and ensuring that low-income and minority children are not taught at higher rates than other children by inexperienced, unqualified, or out-of-field teachers. (2) Improving collection and use of data by establishing a longitudinal data system to aggregate student data, teacher effectiveness and other key performance data. (3) Standards and assessments. Enhancing the quality of the academic assessments by ensuring inclusion of children with disabilities and limited English proficient students in State assessments, developing valid and reliable assessments for those students, and the providing accommodations that enable their participation in State assessments; and taking steps to improve State academic content standards and student academic achievement standards consistent with the America COMPETES Act. (4) Supporting struggling schools. Hawaii must establish legislation and a record of improving support and performance in our lowest performing schools.

In addition, we need a charter school bill that positions the state of Hawaii to get maximum points for the charter school sections of the RTTT Round 2 application by implementing the changes asked for in the RTTT guidance. For the Round 2 application, the state will need to point to legislative changes that were approved this session in order to score well. The DOE will be an advocate for this bill since they want to be successful in Round 2

Four areas that need legislative changes relating to charter schools per RTTT are:

1. Removing/Lifting the cap on charter schools;
2. Assuring equitable funding;
3. Ensuring facilities supports, both per-pupil and CIP, and access to available state facilities; and
4. Increasing oversight and accountability.

Using the language from the Model law provided by the National Alliance as much as possible as a guide will track well with the desires of the Federal Government.

As revised last year, HRS 302B-8 (b) provides language requiring that per pupil funding for charter school facilities, based on an educational debt service formula, be submitted for the charter schools, along with CIP requests. The importance of funding the schools pursuant to the revised law cannot be understated, both in terms of school sustainability and federal funding opportunities for the state.

The future federal funding support for the entire K-12 program will be dependent on the equity of funding for all public schools across the state, including public charter schools. For example, under the Department of Education's Race to the Top Application, competitive points are dependent on the state demonstrating that the State's charter schools receive equitable funding compared to traditional public schools, and a commensurate share of local, State, and Federal revenues. This is a challenging part of the application as there is longstanding contention on the disparity in the funding between charter and department school funding. In addition, the State must show that it provides charter schools with funding for facilities (for leasing facilities, purchasing facilities, or making tenant improvements), assistance with facilities acquisition, access to public facilities, the ability to share in bonds funding, or other supports. These issues need to be addressed to provide charter students with adequate support and to make Hawaii more competitive in the Race to the Top and for other Federal Grants.

For instance, it should also be noted that the Charter School Administrative Office, in collaboration with the Charter Schools, submitted an application to the U.S Department of Education for the State Charter School Facilities Incentive Grant Program this year. Unfortunately, Hawaii's application was not funded. The criticisms in the technical review of our application included:

1. That, despite the change in the law, no funding for facilities had been provided on a per-pupil basis to date.
2. That the State Budget Request for CIP was not funded.
3. That there has been an overall decline in per-pupil state support over the last few years.

### **Economic Impact**

Following up on the issue of equitable funding, the effects of the economic downturn have impacted the charter schools in fiscal year 2009-10 in several ways. First, the amount of the per pupil funding to the charter schools has declined every year after fiscal year 2007-08. In 2008-09 the per pupil funding decreased by 6.9% and by another 24.2% in 2009-10. The overall impact over these two years was a decline in per pupil funding from \$8,149.83 in 2007-08 to \$5,753.18 (excluding federal ARRA funding) in 2009-10, a 29.4% decrease. When federal ARRA funding is added in 2009-10 the per



pupil amount is revised to \$6,258.02 which represents a one year decrease in funding of 17.5% and a two year decrease of 23.2%.

The decline in per pupil funding will continue and become more severe in the supplemental budget year if the funding for charter schools remains unchanged from the Governor's budget request of \$51,335,783 (after adjustments for furlough savings and ARRA Part A funding). Under this scenario overall funding for charter schools will decrease by \$1,692,489 while enrollments for charter schools are projected to increase from the current level of 8,098 to 9,668 an increase of 1,570 students. The resulting change in per pupil funding (including ARRA Part A funding) is a projected decrease to \$5,210.00 a decrease of more than 16.75% from the 2009-10 per pupil amount (\$6,258.02) or a combined two year decrease of 31.34%. See the chart in Attachment A for details regarding these amounts.

The funding decreases are felt most acutely by charter schools with stable enrollments. This is the case because for these schools, the per pupil funding has decreased, as it has with all charter schools, and none of the per pupil funding decreases are offset by increases in enrollment.

It is for these reasons, and in order to maintain the education programs at the charter schools that the funding for the items listed in Attachment A have been requested. Without adequate funding in fiscal year 2010-11 charter schools will be forced to further cut educational programs or close their doors. In summary the requested additional funding is as follows:

<b>Description</b>	<b>MOF</b>	<b>Amount</b>
Operational (per pupil) funds per formula:	A	\$9,162,916
Facilities funds per formula	A	\$11,024,130
Restoration of School Service Coordinators	A	\$1,871,565
Full funding for SPED	A	\$216,000
Funding for CSRП	A	\$150,000
Charter School CIP Projects	C	\$10,000,000

Revised in 2009, HRS 302B-12 states: "Beginning with fiscal year 2009-2010, and each fiscal year thereafter, the non-facility per-pupil funding request for charter school students shall not be less than the per-pupil amount to the department in the most recently approved executive budget recommendation for the department...."

As mentioned earlier, revised HRS 302B-8 (b) provides language requiring that per pupil funding for charter school facilities, based on an educational debt service formula, be submitted for the charter schools, along with CIP requests. The budget request for 2010-11 from the CSAO included facility funding support based on the

educational debt service formula, but it was not included in the request that was approved by Budget and Finance for 2010-11. Facilities funding support, inclusive of a per pupil amount and CIP, is an absolute necessity for the future of Hawaii's charter schools and to move Hawaii towards the preferred federal direction for public education. The CSAO strongly supports the \$10 million CIP request included in the Executive Budget Recommendation and suggests the restoration of the funding per the facilities funding formula that was passed last year.

### **Alternatives Considered:**

Reflecting the independent and autonomous nature of charter schools, the cuts in funding have been addressed with various, individual solutions. Some of the charter schools foresaw that the economic situation could change in earlier years and have relied on funds saved for economic uncertainties in prior years to help balance their budgets this year. Some have used funds earmarked for other purposes (e.g. building funds) to balance their budgets. Most have cut staff. These are short-term solutions. Others have not been able to save for this "rainy day" due to inadequate per pupil amounts and all of Hawaii's charters have been impacted greatly by these funding cuts.

All charter schools have had to cut their spending. For most this meant cutting their labor costs by reducing the number of positions (teachers, support staff and others). During the 2009-10 school year, the charter schools have self reported staffing reductions equal to 137.75 FTE positions. Some of the charter schools have implemented some or all of the 17 furlough days. Other charter schools have continued to operate on furlough days and have found their costs have increased because of SPED personnel costs, an obligation of the DOE, are being charged to charter schools that elect to continue to teach on DOE's furlough days.

Estimated cash donations to charter schools have been self reported by 20 of the 31 charter schools for a total of \$8,289,883 for fiscal year 2009-10. Sixteen of the charter schools reported receiving financial support from Kamehameha Schools. While this support is helpful it also comes with strings attached. While this support has been a substantial element of survival for these charter schools for many years, fourteen charter schools do not receive Kamehameha's support and must seek other means of survival, which most have not been able to garner.

Charter schools have also shifted costs to other programs where appropriate (e.g. when supplanting is allowed). The most striking example of this is the use of the American Recovery and Reinvestment Act funding appropriated by the legislature in 2009-10. \$4,088,212 in personnel costs were shifted from state funding sources to federal funding. In fiscal year 2010-11, assuming no change in the ARRA Part A funding proposed for charter schools, another \$2,835,696 in personnel costs will be shifted to this program.

These are the main issues that face education for all our public school students this year and we support giving each of them the best access to success that is possible.

On behalf of the Public Charter Schools, mahalo for the opportunity to discuss these issues with you and mahalo for your continuing support for public charter schools of Hawaii.

**Requested Funding Additions:**

**Statutory Funding Formula Adjustment:** This requested addition totals \$9,162,916. Applying the provisions of HRS Section 302B-12(a) for estimated enrollment increases and changes in the funding base using the most recently approved executive budget recommendations (2009) for the department (2010-11 DOE) yields the increase in funding requested (see the attached worksheet A-1 for the details of this calculation). The addition of this funding will result in a per pupil amount of \$6,257.62, including ARRA Part A funds, which is only slightly less than the 2009-10 per pupil funding amount of \$6,258.02 (after furlough savings and inclusive of ARRA Part A funding). This level of funding includes adjustment for the Governor's proposed furlough savings of \$4,246,467 in the supplemental budget year.

**Chart of Recent Charter School Enrollments and Per Pupil Amounts:**

<i>Year</i>	<i>Official Enrollment</i>	<i>State Per Pupil Amount</i>	<i>Federal ARRA Part A PP Amt</i>	<i>Total State &amp; Federal</i>
<i>2006-07</i>	<i>5,812</i>	<i>\$7,331.78</i>	<i>n/a</i>	<i>\$7,331.86</i>
<i>2007-08</i>	<i>6,131</i>	<i>\$8,149.83</i>	<i>n/a</i>	<i>\$8,149.83</i>
<i>2008-09</i>	<i>7,603</i>	<i>\$7,588.52</i>	<i>n/a</i>	<i>\$7,588.52</i>
<i>2009-10</i>	<i>8,098</i>	<i>\$5,753.18</i>	<i>\$504.84</i>	<i>\$6,258.02</i>
<i>2010-11 Gov's Request</i>	<i>9,668 (est.)</i>	<i>\$4,916.69</i>	<i>\$293.31</i>	<i>\$5,210.00</i>

**Funding Request for Facilities Formula:** This requested addition totals \$11,024,130. Applying the provisions of HRS 302B-8 which provides a formula for the calculation of an amount to address the facilities needs for the charter schools yields the amount of funding requested. Funding for facilities for charter schools has only been provided in one year, FY 2006-07 when \$3,174,000 was appropriated. (See the attached worksheet A-2 for details regarding this calculation.)

**Restoring School Service Coordinators (SSCs):** This requested addition totals \$1,871,565. Per HRS 302B-12(a)(2)(A) DOE special education costs are excluded from the funding formula - "...provided that special education services are provided and funded by the department." At the beginning of BY2009-10 DOE changed the classification of SSCs from EDN150 (SPED) to EDN100 and then cut the funding to charter schools for 28 positions previously provided by the DOE per their obligation to fund SPED services at charter schools. The responsibilities of these positions, to support the SPED program, have not changed, only the accounting treatment has changed. This request, if funded, will provide funding to offset the costs borne by charter schools in order to continue to provide services to SPED students as provided by the School

Service Coordinators (SSCs). Currently, despite statutory requirements, the DOE does not fund SPED services at charter schools for all the services required. DOE has cut SPED funding to charter schools for the payroll costs of the SSCs.

**Funding for SPED Cuts to Charter Schools:** This requested addition totals \$216,000. Similar to the SSC positions, the operation of the statutory language in HRS302B-12(a)(2)(A) provides that the formula for funding charter schools exclude DOE SPED costs provided that the DOE provide and fund SPED services in charter schools. In FY 2009-10, the DOE included SPED positions at charter schools in the furlough Fridays program. However, most of the charter schools chose to continue to serve all their students on furlough Fridays. As a result, and in order to continue to serve SPED students on those days, charter schools used general education operational funds (per pupil funding). This request is submitted to provide funding in the 2010-11 school year so that charter schools do not have to continue to have their funding reduced by SPED costs incurred by the DOE and not receive a full year of SPED services by the DOE.

**Charter School Review Panel:** This requested addition totals \$150,000. This item is requested to provide specific funding for the operations and staffing of the Charter School Review Panel (CSRP). HRS 302B-3(k) provides that *"The office shall provide staff support and expenses of the panel."* However, the CSAO does not have the financial capacity to fund the ongoing staffing and operations of the panel and provide for its other responsibilities under the statute. In the CSRP's first year of operations the CSAO has provided funding to support the CSRP. In its second year of operations the State provided \$50,000 to support the operations of the CSRP. However, even after making significant cuts to the normal needs of the CSRP the 2009-10 budget for the CSRP requires additional resources totaling \$141,164. Providing the additional funding to support the CSRP on an ongoing basis is beyond the CSAO's financial capacity.



**Joint House Committee on Education  
Senate Education & Housing Committee  
Budget Briefing  
Department of Education**

**Kathryn S. Matayoshi  
Interim Superintendent of Education  
January 22, 2010**



# Our Mission

The Hawaii Department of Education, in partnership with the family and the community, is committed to having all public school graduates achieve the General Learner Outcomes and content and performance standards in order to realize their individual goals and aspirations.

All graduates will be fully prepared for post-secondary education and/or careers and their roles as responsible citizens.

*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.*

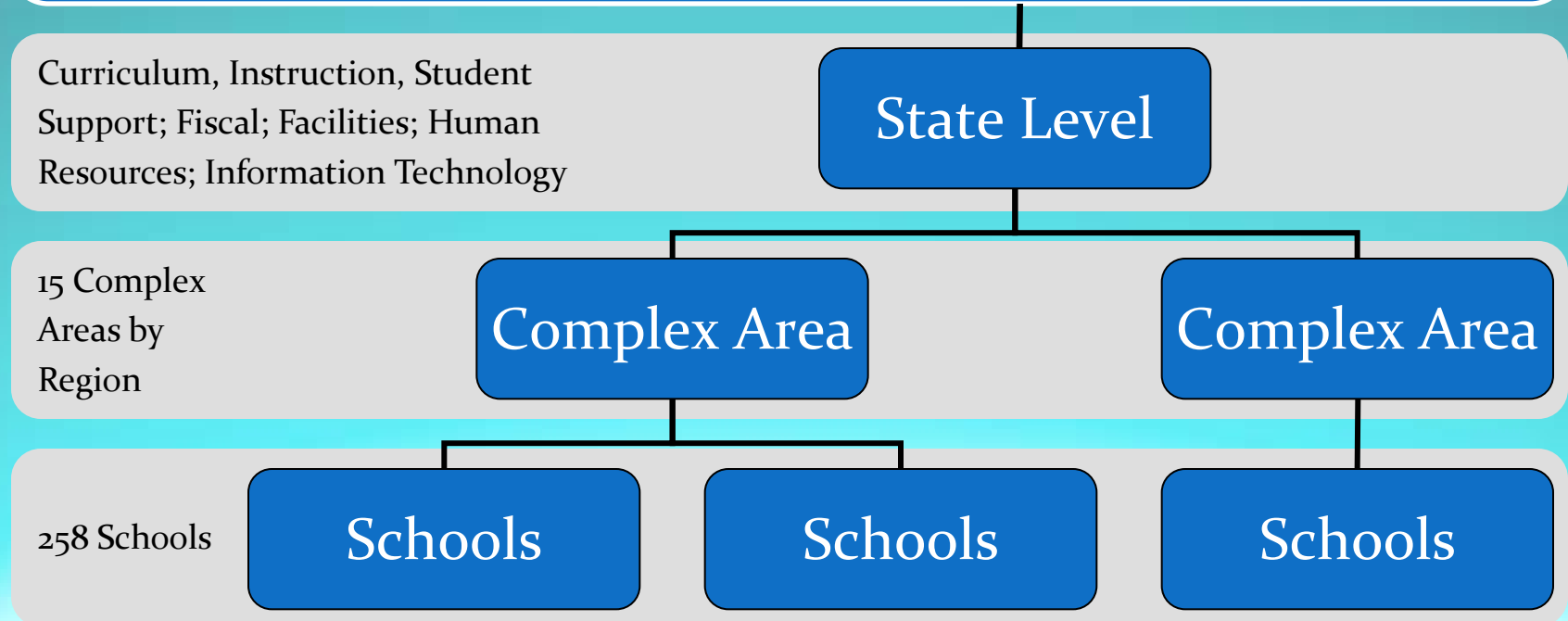
*Civic responsibility in a  
democratic society.*

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



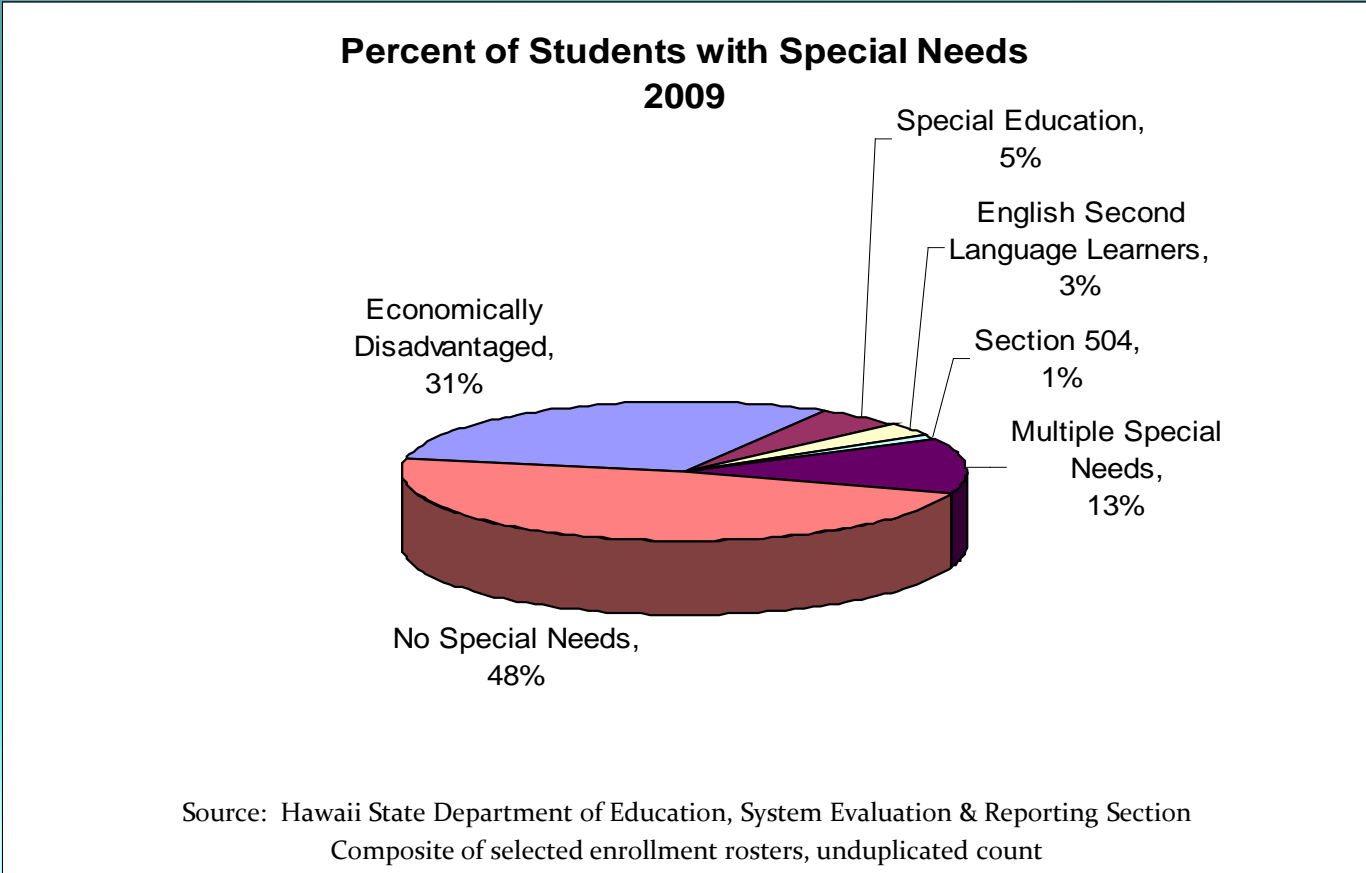
# Organizational Overview

## Board of Education



# Percent of Students with Special Needs 2009

Totals may not be exactly 100% due to rounding



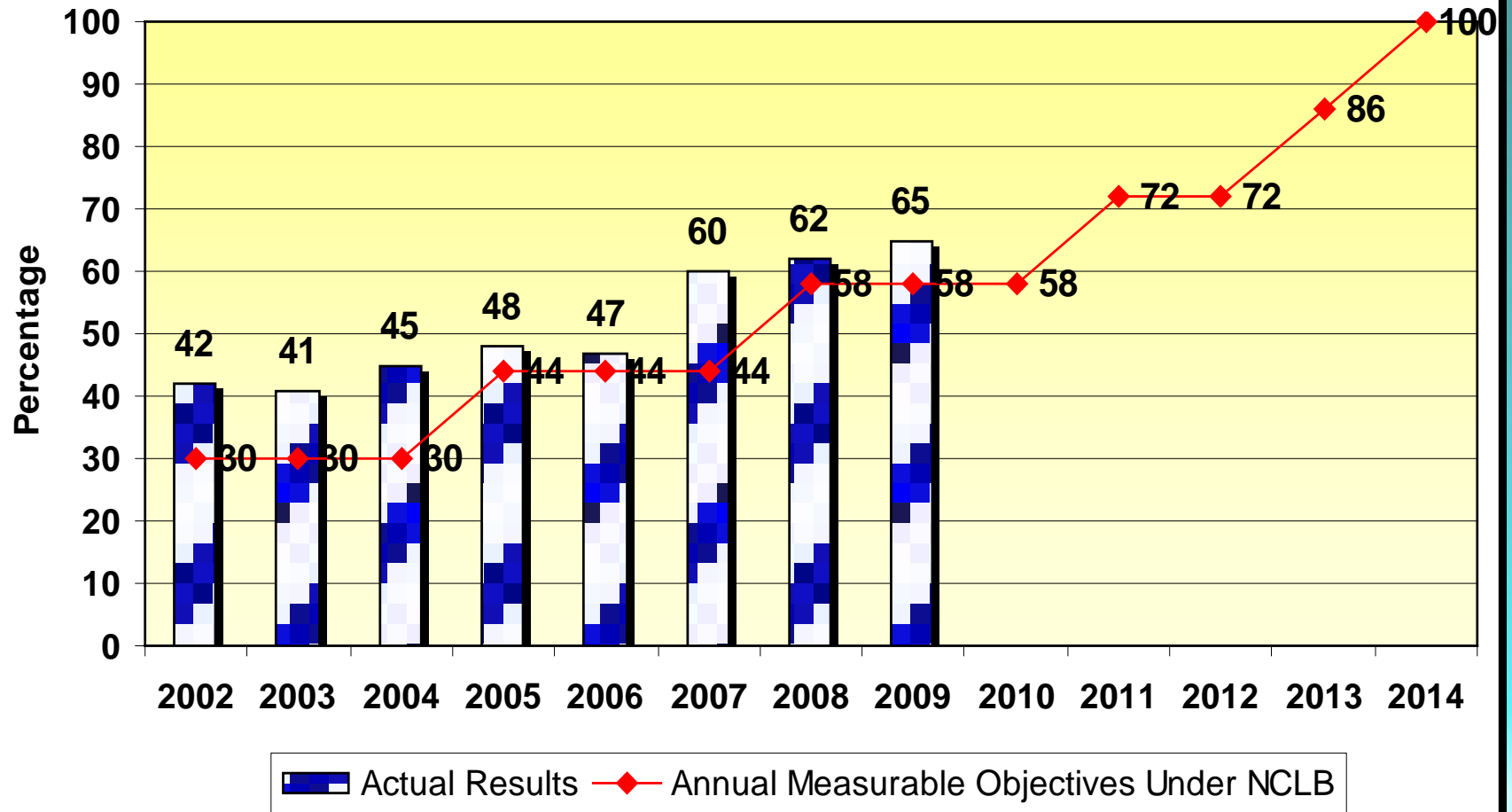
**52% of our students require additional resources!**

# DOE Official Enrollment – Includes Special Education and Pre-Kindergarten

- FY 2007-08 173,897
- FY 2008-09 172,078
- FY 2009-10 172,327
- FY 2010-11 projection 172,210

# HSA Results

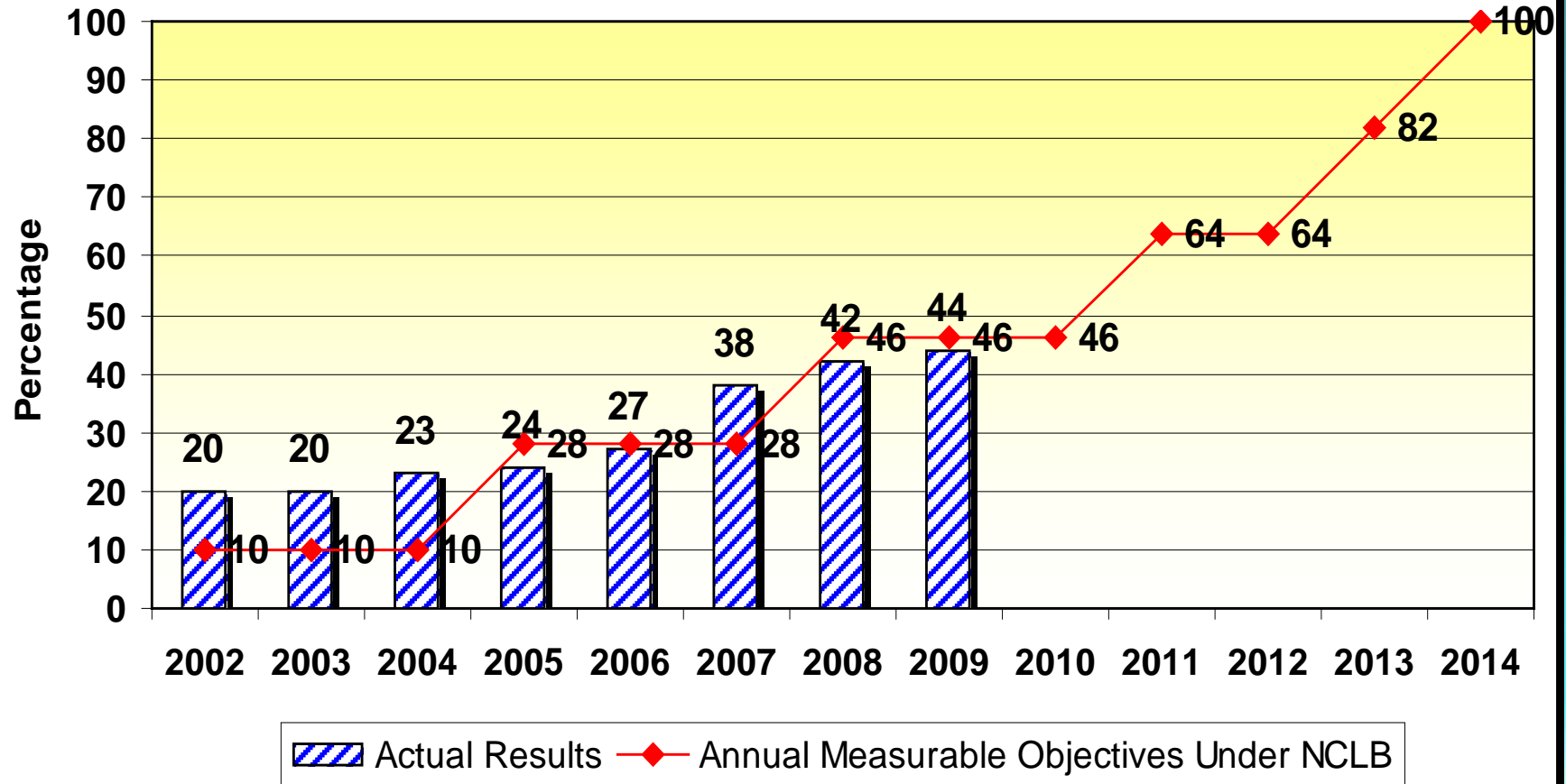
## Reading - Percent Proficient



**Sustained and continuous growth!**

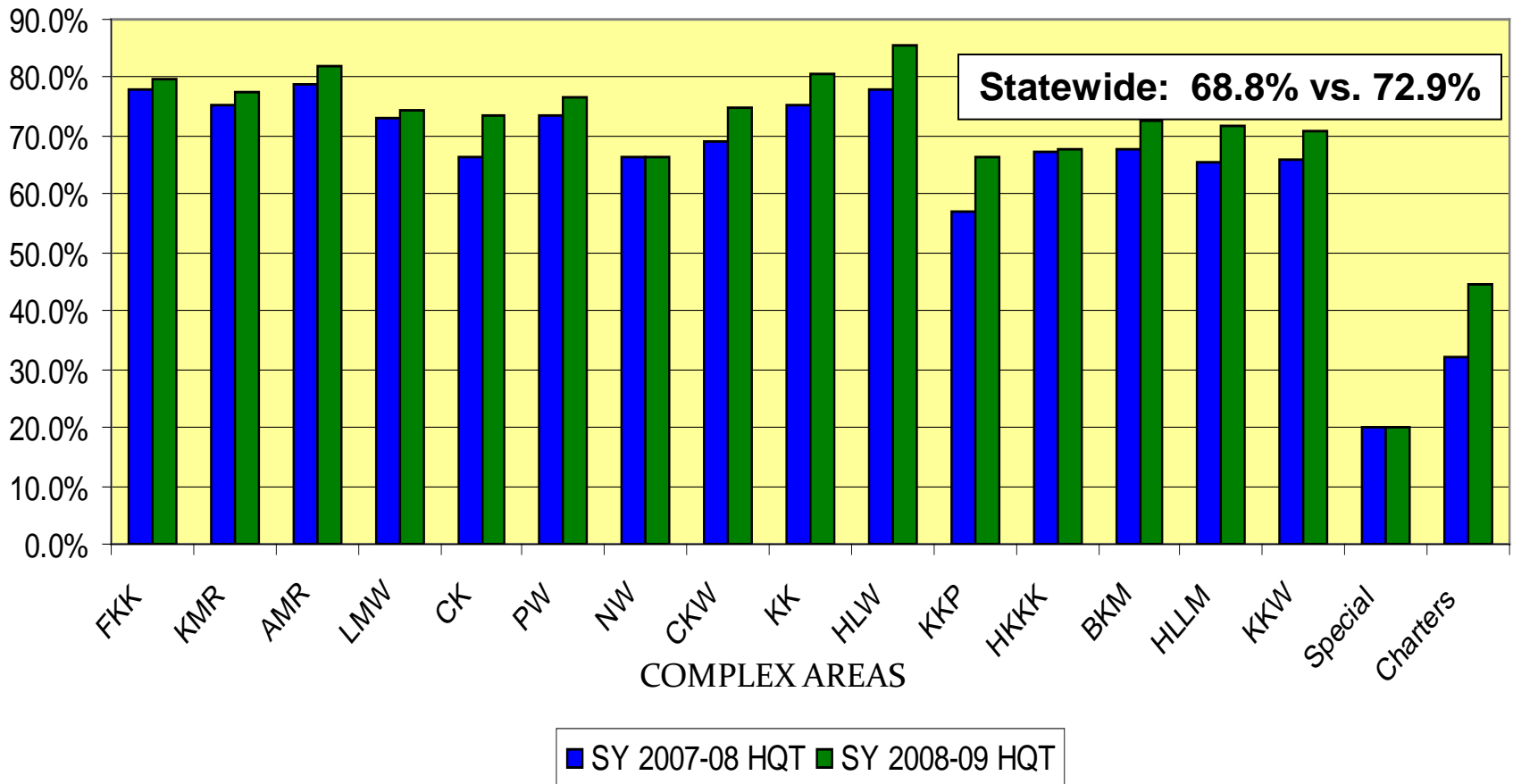
# HSA Results

## Math - Percent Proficient



**Sustained and continuous growth!**

**Department of Education**  
**Percent of Classes Taught by Highly Qualified Teachers (HQT)**  
**SY 2007-08 vs. SY 2008-09**



## 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 characteristics

*\*Weighted Student Formula*

# Budget Reductions: Impacts on DOE Operations

- Furloughs
- Projected program shortfalls
- Reduced resources
- Reorganizations
- Expenditure delays



# Examples of Impact of Economic Conditions

- Hiring freezes at state and complex areas
- Student transportation shortfall this year and next
- 90% reduction in professional development
- 50 teacher positions deleted from Office of Curriculum, Instruction, and Student Support
- 31.5 teacher positions deleted from Office of Human Resources
- Reduction in funds to recruit teachers
- 16.5 FTEs deleted from complex areas
- 137.5 additional FTEs deleted from state offices

# Furloughs

Currently negotiated –

School year 2009-10:

17 school days/year for 10-month employees

18 work days/year for 12-month employees

School year 2010-11:

17 school days/year for 10-month employees

24 work days/year for 12-month employees

# American Recovery and Reinvestment Act (ARRA) Stimulus Funds

- Race to the Top
  - Application due January 19, 2010
- ARRA-Title I and ARRA-IDEIA
  - Using ARRA Title I funds for Extended Learning Opportunities
  - Using ARRA-IDEIA funds for Response to Intervention
- State Fiscal Stabilization Funds
  - Using Part A allocation from Governor to offset general fund salaries
  - Approximately 1,557 FTEs “saved” (using USDE calculation methodology)
  - Allocation of Part B to DOE unknown

# Educational Reform – Strategic Plan FY11-FY14

Basis of application for Race to the Top funds

- Standards and Assessments
- Data Systems to Support Instruction
- Great Teachers and Leaders
- Turning Around the Lowest-Achieving Schools

# Standards and Assessments

- Common national standards for math and English language arts (ELA) implemented SY 2011-12
- Common assessments in these two areas for SY 2012-13
- Common curriculum and textbooks for math and ELA
- Extensive teacher training will be needed (at colleges of education and for current teachers)

# Data Systems to Support Instruction

- Longitudinal for K-12 and P-20
- Data governance
- Curriculum Development Learning Management System to inform instruction
- Data for school improvement
- Balanced scorecard to measure progress
- Extensive teacher training will be needed on access and use of the data

# Great Teachers, Great Leaders

- Nontraditional routes to certification
- Student achievement performance indicators, as part of performance management system
- Most effective teachers assigned to most challenged schools along with incentive pay
- Mentoring and coaching support - use of data

# Turning Around the Lowest-Achieving Schools

- Models:
  - Turnaround
  - Restart
  - School Closure
  - Transformation
- Applies to persistently low achieving schools (5% of all schools)



# Weighted Student Formula

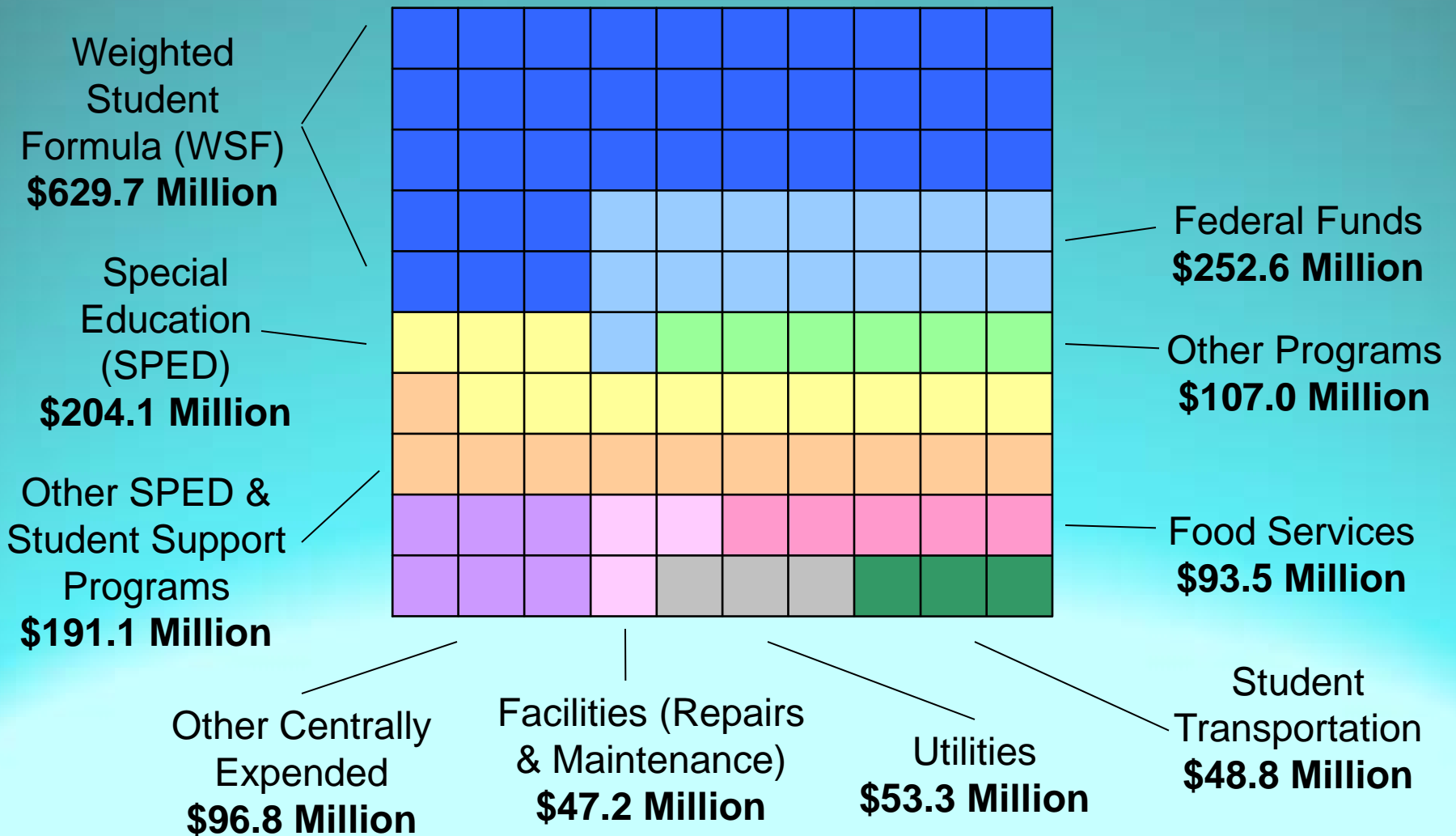
## Student Characteristics and “Weights” for SY 2010-11

<b>Weighted Characteristic</b>	<b>\$ Value Per Student*</b>	<b>Relative Weight</b>
<b>Base per student</b>	\$3,506.66	1.000
<b>Economically Disadvantaged</b>	\$350.67	0.100
<b>English Language Learner</b>		
<b>Non Proficient</b>	\$1,330.54	.379
<b>Limited Proficiency</b>	\$665.27	0.190
<b>Fully Proficient</b>	\$221.76	0.063
<b>K-2 Class Size</b>	\$526.00	0.150
<b>Transient</b>	\$175.33	0.050
<b>Elementary</b>	\$121.52	0.035
<b>Middle School</b>	\$351.90	0.100
<b>High School</b>	\$84.05	0.024
<b>Geographically Isolated</b>	\$17.53	0.005
<b>Multi-Track</b>	\$17.53	0.005
<b>Neighbor Island</b>	\$17.53	0.005
<b>Neighbor Island Secondary</b>	\$3.49	0.001

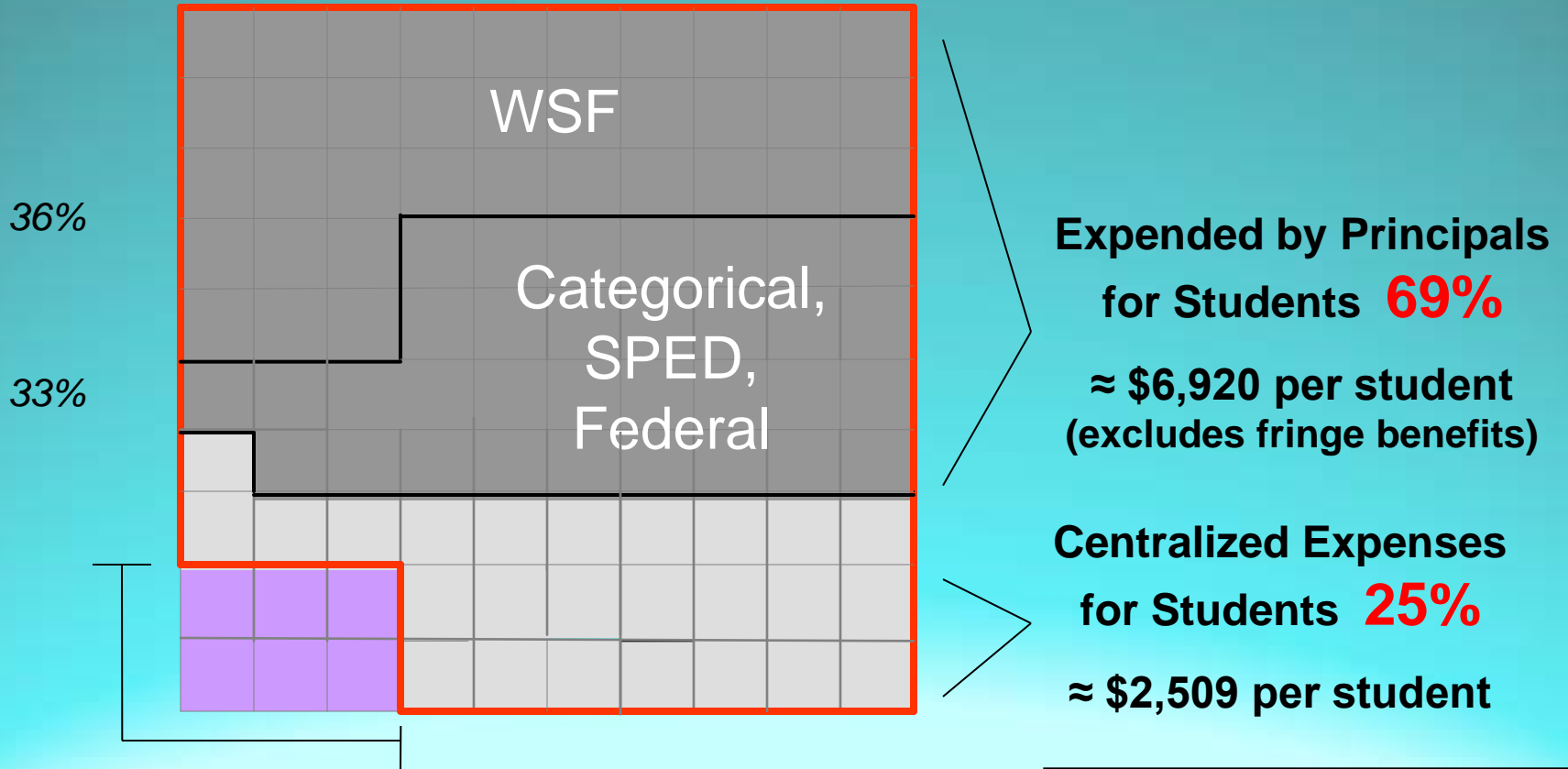
\*Rounded to the nearest  
2 decimal places

# DOE FY 2009-10 Budget \$1.7 Billion

Assumes \$104 Million labor cost reduction is allocated to all programs



# Summary



**Other Centralized Expenses for Schools 6%**  
≈ \$560 per student

**94%** of Budget

*Expenditures per student are based on SY 2009-10 Official Enrollment Count*

# 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/>

# Indexed Complex Area Allocation (ICAA)

- Similar concept to Weighted Student Formula
- Funds for 11 “old” Program IDs are now in the ICAA “pot”
- ICAA “pot” is allocated to complex area superintendents to prioritize their support of schools
- Legal authority: HRS 37-74 (DOE budget flexibility from Act 51/04)

# “Old” Program IDs in ICAA “pot”

## \$18.8M after budget reductions/furloughs

- School Assessment Liaisons
- Administrative School Assistants
- Comprehensive Student Support System Resource Teachers
- Primary Prevention/Intervention
- Parent-Community Networking Center District Coordinators
- School Complex Resource Services - Hawaiian Studies
- School Complex Resource Services – English Language Learner
- School Complex Resource Services – School Renewal
- Complex Area Support (a.k.a. “CARP”)
- Complex Area Administration
- Complex Area Business Managers

# ICAA Key Performance Indicators SY 2009-10

- Achieve Adequate Yearly Progress
- Increase high school graduation rates
- Achieve student proficiency (Hawaii State Assessment benchmarks)
- Close National Assessment of Educational Progress gap
- Implement standards based classrooms 100%
- Develop rigor, relevance, relationships in the classrooms
- Provide professional development opportunities to ensure highly qualified and effective teachers in the classrooms, as well as strong leaders for school administrators
- Align academic goals and financial plans in the Annual Financial Plan in addition to alignment with the HI DOE strategic plan

# Indexing Criteria

Allocations are based on:

- School enrollment size
- % of special needs students  
(including SPED, ELL, Free & Reduced lunch)
- Number of principals in complex area
- Number of teachers with less than 5 years of teaching experience
- Geographic factor (for 5 complex areas)



# Indexed Need (SY 2010-11)

Farrington-Kaiser-Kalani	8.69
Kaimuki-McKinley-Roosevelt	8.93
Aiea-Moanalua-Radford	7.82
Leilehua-Mililani-Waialua	8.29
Campbell-Kapolei	7.71
Pearl City-Waipahu	7.35
Nanakuli-Waianae	6.02
Castle-Kahuku	6.13
Kailua-Kalaheo	5.31
Hilo-Laupahoehoe-Waiakea	5.99
Kau-Keaau-Pahoa	5.70
Hawaii-West	7.12
Baldwin-Kekaulike-Maui	7.81
Hana-Lahainaluna-Lanai-Molokai	5.01
Kapaa-Kauai-Waimea	5.96



# **Operating Budget Reductions Supplemental FY 2010-11**

# 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.

# General Funds

## \$ in Millions

<b>EDN</b>	<b>FY11 Act 162/09</b>	<b>FY11 BOE Budget</b>	<b>FY11 Executive Budget</b>	<b>Difference (Executive FY11 Act 162/09)</b>
100	\$ 754.0	\$ 689.0	\$ 674.0	\$ (79.9)
150	368.3	326.0	326.0	(42.3)
200	29.0	25.1	25.1	(3.9)
300	51.4	45.2	45.2	(6.2)
400	184.7	175.7	175.7	(9.0)
500	8.7	7.4	7.4	(1.3)
<b>Total</b>	<b>\$ 1,396.1</b>	<b>\$ 1,268.4</b>	<b>\$ 1,253.4</b>	<b>\$ (142.7)</b>

(discrepancy due to rounding)

# General Funds by Expending Location

## \$ in Millions

<b>Expended By</b>	<b>FY11 Act 162/09</b>	<b>FY11 BOE Budget</b>	<b>FY11 Executive Budget</b>	<b>Difference (Executive FY11 Act 162/09)</b>
Schools	\$ 1,030.1	\$ 934.5	\$ 934.5	\$ (95.6)
Centralized Services	317.9	295.9	295.9	(22.0)
Complex Area Support	21.9	19.3	19.3	(2.6)
State Offices	69.3	61.7	61.7	(7.6)
Legislative Reduction	(43.0)	(43.0)	(43.0)	-
Additional Executive Reduction	-	-	(15.0)	(15.0)
<b>Grand Total</b>	<b>\$ 1,396.1</b>	<b>\$ 1,268.4</b>	<b>\$ 1,253.4</b>	<b>\$ (142.7)</b>

(discrepancy due to rounding)

# History of Budget Reductions starting FY 2007-08

## FB 2009-11 Reduction Plan Approved by BOE

Amount	Description
\$10.26 M	2008 Legislative reduction in Act 158/08, beginning FY 2008-09
5.69 M	“Non-recurring costs” reduced by Department of Budget and Finance (B&F) in FB 2009-11 budget, including -9.00 FTEs
40.01M	Reductions approved by Board of Education October 9, 2008, including -239.5 FTEs
43.00 M	2009 Legislative reduction to EDN 100 in Act 162/09; a proviso in section 163 states it shall be restored in FB 2011-13
0.31 M	2009 Legislative reduction to programs in EDN 150 and 400
127.70 M	Executive and BOE approved reduction FY 2010-11
15.00M	Executive reduction FY 2010-11
\$241.97 M	TOTAL: Cumulative impact on general funds

17.26% of the \$1.4 billion FY 2007-08 general fund budget has been reduced (EDNs 100 - 500)

# Changes to General Fund Budget

\$ in Millions

<b>Changes to General Fund Budget</b>	<b>FY11 BOE Budget</b>	<b>FY11 Executive Budget</b>
Furlough Savings	\$ (86.4)	\$ (86.4)
5% Reduction to Other Current Expenses, Equipment, and Motor Vehicles	(10.8)	(10.8)
12% Reduction to Casual Hire Budget	(7.0)	(7.0)
Wailupe Valley Elementary School Closure Savings	(0.6)	(0.6)
Additional Reductions to Meet Mandatory Reduction Target	(22.9)	(22.9)
Additional Executive Reduction	-	(15.0)
<b>TOTAL REDUCTIONS</b>	<b>\$ (127.7)</b>	<b>\$ (142.7)</b>

(discrepancy due to rounding)

# Options to Meet Further Reductions

- Further program reductions and/or eliminations
- Increase class size
- Layoffs
- Reducing student transportation service
- School closures/consolidations



# Total Department of Education Budget

## \$ in Millions

<b>All Means of Financing</b>	<b>FY11 Act 162/09</b>	<b>FY11 BOE Budget</b>	<b>FY11 Executive Budget</b>	<b>Difference (Executive FY 11 Act 162/09)</b>
General	\$ 1,396.1	\$ 1,268.4	\$ 1,253.4	\$ (142.7)
Federal	257.1	252.0	252.0	(5.2)
Special	42.1	42.0	42.0	(0.1)
Trust	13.7	13.7	13.7	-
Interdept Transfer	14.3	14.3	14.3	-
Revolving	22.8	22.8	22.8	-
Federal Stimulus	53.8	53.8	53.8	-
<b>TOTAL</b>	<b>\$ 1,800.0</b>	<b>\$ 1,666.9</b>	<b>\$ 1,651.9</b>	<b>\$ (148.0)</b>

(discrepancy due to rounding)



# Public School Facility Needs

# Capital Improvement Program (CIP) Decision Matrix determines the priorities

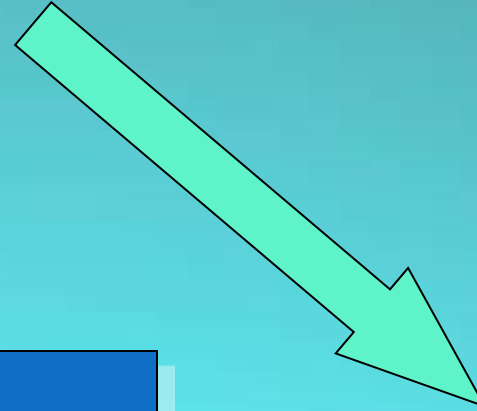
Health and Safety

Classroom Capacity

Program Needs

Support Facility Projects

State / Complex Area Improvements



# Capital Improvement Program



Ongoing repair  
and  
maintenance



New facilities  
at existing  
schools



New Schools



Periodic  
Rehabilitation  
of older  
facilities



Air  
conditioning  
expectations



# BOE CIP Request

## \$ in Millions

	FY 2010-11
Lump sums	\$178.5
Additional funds	34.0
New schools	71.4
Other improvements	14.0
Total	\$297.9

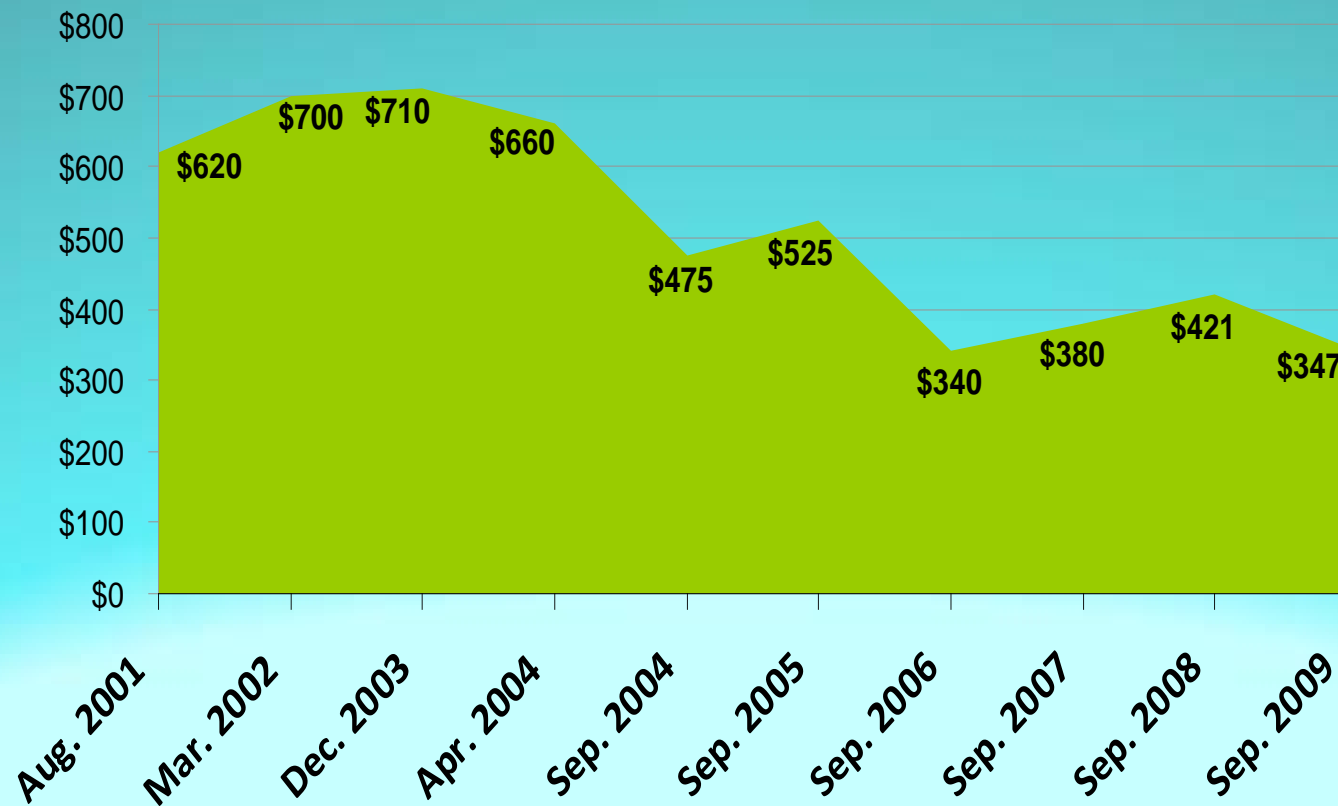
Appropriated last session for FY 2010-11: \$50.6 million

Additional Executive Budget Request for FY 2010-11: \$0.0

# 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.

# Major Repair & Maintenance Backlog \$ in Millions



# Need for New Schools

- Growth areas need more schools:
  - Central Oahu: Schofield, Royal Kunia, Koa Ridge-Waiawa
  - Leeward Oahu: Ewa-Kapolei
  - Maui: West Maui, Central Maui, Kihei
  - Hawaii: South Kohala, North Kona
- Six-year need is \$1.1 billion



# Air Conditioning Expectations

- Hawaii residents in the 21<sup>st</sup> 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 230 (89%) schools not yet air conditioned, the cost is about \$1.5 billion

# Energy Initiatives

- First 'Energy Neutral' portable classroom at Ewa Elementary to be constructed spring 2010
- Bids received for Oahu Schools Power Purchase Agreement for Solar Power
- Sustainability audit for Keoneula Elementary School to begin early 2010 (with UH)

# Managing with Less

- Request for proposals released for first Design-Build project
- Include re-roofing in photovoltaic system installation
- Extend roof life through roof maintenance contracts
- Use of electronic procurement to streamline process

# Consolidation of Schools

- Presents an opportunity for saving \$500,000 per school
- Public sentiment is mixed
- School consolidation falls under BOE authority

# Criteria for school consolidation study

1/3 of School Square Footage  
in Disrepair/ Replacement



Good Condition



School Academic Program Requirements



1/3 Excess

Excess Classroom  
Space



## Enrollment

500

0



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

# Status of School Consolidation

- Aina Haina, Wailupe Valley (completed)
- Keanae, Hana (underway)
- North Kohala schools (underway)
- Waiahole, Kaaawa, Hauula (underway)
- Molokai elementary schools (underway)

# Next School Consolidation Studies

- Hahaione, Kamiloiki, Koko Head elementary schools
- Wilson, Kahala, Waialae, Liliuokalani, Liholiho, Waikiki elementary schools
- Fern, Kaewai, Kalihi, Kalihi Kai, Kalihi Uka, Kalihi Waena, Kapalama, Linapuni, Puuhale elementary schools
- Haleiwa Elementary, Waialua High & Intermediate, Waialua Elementary
- Enchanted Lake, Kaelepulu, Keolu elementary schools

# Mahalo for your support!

## Attachments

Weighted Student Formula

Indexed Complex Area Allocation

[doe.k12.hi.us](http://doe.k12.hi.us)