

Date: 03/18/2010

Committee: Senate Ways and Means

Department: Education

Person Testifying: Kathryn Matayoshi, Interim Superintendent of Education

Title of Resolution: NOTICE OF INFORMATIONAL BRIEFING

Purpose of Resolution: STATUS OF NEGOTIATIONS WITH THE UNIONS ON RESTORING
FURLOUGH DAYS

Department's Position: In response to the request to report on the status of negotiations to end furlough Fridays, the Department would like to outline a brief summary as follows:

1. In the Spring of 2009, the Governor restricted the Department of Education's (DOE) budget based on 36 furlough days per year.
2. September 2009, HSTA, DOE/Board of Education (BOE)/Governor reached agreement of 17 furlough days per year requiring the DOE to take other restrictions and reductions in its budget to meet the restricted amount.
3. On December 23, 2009, HSTA, DOE/BOE reached a tentative agreement to eliminate furlough for the remaining school year 2009-2010.
4. On December 28, 2009, the HSTA board approved the agreement and informed the Governor, which was not agreed to by the Governor. The Department and the Board desire to find a resolution to reduce or eliminate the remaining furlough days.

Both Department and the Board appreciate the Legislature's willingness to fund an agreement to restore instructional days.

**UPDATED FINANCIAL PLAN BASED ON EXECUTIVE SUPPLEMENTAL BUDGET REQUEST,
CORRECTIONS, COR 3-11-10 PROJECTIONS, NEWLY IDENTIFIED COSTS, AND ADJUSTMENTS**
(in millions of dollars)

3/18/2010

	Prelim Act FY 09	Estimated FY 10	Estimated FY 11	Estimated FY 12	Estimated FY 13	Estimated FY 14	Estimated FY 15
PFP Financial Plan 12/09							
REV OVER EXPEND	(367.2)	97.2	102.4	(130.3)	(4.5)	138.0	296.0
CARRY-OVER BEGIN BALANCE	330.4	(36.8)	60.3	162.7	32.4	27.8	165.8
ENDING BALANCE	(36.8)	60.3	162.7	32.4	27.8	165.8	461.8
Corrections to Financial Plan							
Revenue Adjustments:							
Revised TAX-07 GET protection projection				5.0	(5.0)	(15.0)	(15.0)
Revised TAX-09 Income tax credits-refundable/nonref					(17.0)	(17.0)	(17.0)
TSSF transfer to general fund (Act 119/09)				12.4	12.4	12.4	12.4
Sub-total - Rev Adj		0.0	0.0	17.4	(9.6)	(19.6)	(19.6)
Expenditure adjustments:							
Delete EUTF shortfall (retirees) (already in budget)			(20.6)	(26.1)	(33.6)	(42.6)	(55.1)
Repay delayed Medicaid pymts (addtl from FY 09)			6.0				
Additional restructuring		2.0	2.2	(47.7)			27.4
EDN/UH ARRA funds end				60.4	60.4	60.4	60.4
Leg expense bill adjustments		(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)
Claims against the State (addtl)			8.3				
Sub-total - Exp Adj	0.0	0.2	(5.9)	(15.2)	25.0	16.0	30.9
REV OVER EXPEND	(367.2)	97.0	108.2	(97.8)	(39.1)	102.4	245.4
CARRY-OVER BEGIN BALANCE	330.4	(36.8)	60.1	168.4	70.6	31.5	133.9
ENDING BALANCE	(36.8)	60.1	168.4	70.6	31.5	133.9	379.3
COR revised projections 3-11-10 mtg							
Tax revenues		0.0	(65.2)	(69.2)	(73.3)	(77.7)	(81.6)
Non-tax revenues		17.3	13.2	0.5	0.5	0.6	0.6
Sub-total - COR adj		17.3	(52.0)	(68.7)	(72.8)	(77.1)	(81.0)
REV OVER EXPEND	(367.2)	114.3	56.2	(166.5)	(111.9)	25.3	164.4
CARRY-OVER BEGIN BALANCE	330.4	(36.8)	77.4	133.7	(32.8)	(144.7)	(119.4)
ENDING BALANCE	(36.8)	77.4	133.7	(32.8)	(144.7)	(119.4)	45.0
Newly Identified Costs							
Medicaid shortfall		20.4	62.5	143.9	175.0	188.8	202.9
Enhanced FMAP Extension			(86.0)				
Sub-total - WAM adj	0.0	20.4	(23.5)	143.9	175.0	188.8	202.9
REV OVER EXPEND	(367.2)	93.9	79.7	(310.4)	(286.9)	(163.5)	(38.5)
CARRY-OVER BEGIN BALANCE	330.4	(36.8)	57.0	136.8	(173.6)	(460.5)	(624.0)
ENDING BALANCE	(36.8)	57.0	136.8	(173.6)	(460.5)	(624.0)	(662.5)
Adjustments							
5.5% Salary reduction in FYs 12 and 13				(143.8)	(143.8)		
Adj to MedQuest program			(31.3)	(72.0)	(105.0)	(141.6)	(152.2)
Sub-total - Adj	0.0	0.0	(31.3)	(215.8)	(248.8)	(141.6)	(152.2)
REV OVER EXPEND	(367.2)	93.9	111.0	(94.6)	(38.1)	(21.9)	113.7
CARRY-OVER BEGIN BALANCE	330.4	(36.8)	57.0	168.1	73.4	35.3	13.5
ENDING BALANCE	(36.8)	57.0	168.1	73.4	35.3	13.5	127.2



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March 9, 2010

To: Brian Hallet
Committee Coordinator, Senate Ways and Means Committee

From: Mark Anderson
State Lead ARRA Coordinator

Subject: March 5, 2010 questions on funding for ARRA Coordinator

It is intended that the salary for the ARRA Coordinator and expenses for the Office of Economic Recovery and Reinvestment (OERR) be funded by an ARRA administrative fee as allowed by a May 11, 2009 memorandum from Peter Orszag, Director of the Office of Management and Budget (http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-18.pdf).

For the State of Hawaii to recover administrative costs related to carrying out the Recovery Act, the State was required modify its State Wide Cost Allocation Plan (SWCAP) to be allowed to charge an ARRA administrative fee to each ARRA grant awarded to a State of Hawaii entity. The SWCAP for the State of Hawaii is administered by the State Department of Budget and Finance (B&F).

On January 6, 2010, B&F submitted an amendment to the State of Hawaii's SWCAP to the federal Department of Health and Human Services. On February 18, 2010, B&F received approval to amend the SWCAP to include ARRA Administrative costs.

B&F must now obtain permission from each federal agency that has awarded an ARRA grant to a State entity to charge the ARRA administrative fee as approved by the amended SWCAP. B&F must also develop a mechanism to collect this fee at the State level.

Judging from the experience of other states, this process can be difficult and uncertain.

The function of the OERR, where the OERR will be located, and pay scale for the ARRA Coordinator have not been approved by the Director of Finance or Governor. However, for purposes of creating the amendment to the SWCAP, the pay for this position was set at what a director of a state department would make. The pay for this position would then be reduced to account for the furlough.

I am currently in Position #100134 DBEDT Information Director. My current pay is \$7936 from which is subtracted \$640.92 per month due to the furlough.

Please contact me if you have any additional questions.