

LATE

NEIL ABERCROMBIE
GOVERNOR



KATHRYN S. MATAYOSHI
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
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Date: 01/29/2014

Committee: Senate Ways and Means

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 2925 RELATING TO BUDGETING.

Purpose of Bill: Requires "position ceilings" to be included in the executive budget. Requires a "position ceiling" to separately identify the maximum number of permanent and temporary positions authorized in the executive budget. States intent that the provisions also apply to the judiciary budget by operation of existing law. Deletes statutory authority for the Department of Education and University of Hawaii to create positions in excess of the position ceiling.

Department's Position:

The Department **opposes** Section 8 of this bill.

Section 8 would eliminate existing statutory authority for the public school system to use appropriated funding to establish temporary positions with terms of one year or less that are in excess of the position ceiling for all programs except the weighted student formula (WSF).

The Department appreciates the budget flexibility granted by previous Legislatures (via Act 89, SLH 1996 and Act 51, SLH 2004, the "Reinventing Education Act of Hawaii") to support the efficient and effective provision of educational services within available budget resources, and requests that this flexibility be retained.

In fiscal year 2012-13 schools and offices used the authority to establish temporary positions in excess of the temporary position counts for over 750 federally funded positions that provide direct support to schools. The majority of which are funded by the Elementary and Secondary Education Act (ESEA) Title I (federal fund grant that increases supports for schools with higher levels of free and reduced lunch qualified students) and the Individuals with Disabilities Education Act (IDEA) Title VIB (federal fund grant that supplements general funds to provide special education services to students with individualized education programs (IEPs)). In

addition, this flexibility is used by general funded programs such as Services for Children with Autism or School Based Behavioral Health. Flexibility is necessary so that appropriate support services are available to all students, whether they are provided by qualified public employees or by contracted service providers. This flexibility has also been used for positions required to address situations of limited term competitive federal grant award programs, or for high priority activities until a formal request can be submitted to the Legislature for the position, such as has been done with the Civil Rights Compliance program to address workload issues at Olomana School and the Hawaii School for Deaf and Blind (two of three schools not funded via the WSF) to address school staffing needs (e.g. school security attendants). *Source: SY12-13 Annual Report on Temporary Positions Established in Excess of Position Ceiling*

Thank you for the opportunity to testify on this measure.

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TERRI FUJII
CHAIRPERSON

STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
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FOR: SB 2925 Relating to Budgeting
DATE: Wednesday, January 29, 2014
TIME: 9:00 a.m.
COMMITTEE(S): Senate Committee on Ways and Means
ROOM: Conference Room 211
FROM: Tom Hutton, Executive Director
State Public Charter School Commission

Testimony with comments only on SB 2925

Chair Ige, Vice Chair Kidani, and Members of the Committee:

The State Public Charter School Commission is still analyzing the implications of Senate Bill 2925, Relating to Budgeting, for charter schools but at this time offers a few comments and potential concerns.

The bill would amend Hawaii Revised Statutes (HRS) Chapter 302D to subject charter schools to HRS Section 37-74, which among other things this would require each school to submit an annual operations plan to the Department of Budget and Finance (B&F). B&F must review each operations plan and find:

- (A) That it is consistent with the policy decisions of the governor and appropriations by the legislature;
- (B) That it reflects proper planning and efficient management methods; and
- (C) That appropriations have been made for the planned purpose and will not be exhausted before the end of the fiscal year.

If not, B&F is to require the operations plan to be modified in whole or in part. We are researching what kind of administrative implications this may have for charter schools and how much item (B) entails and its compatibility with the charter school model. We note that the statute currently provides that B&F shall review University of Hawaii (UH) operations plans

“solely for consistency with the allotment ceilings established by the governor under section 37-34, appropriations by the legislature, the requirements of chapter 37D, and the status of revenues to support operations plans for all state programs,” but that the bill currently includes no such provision for the charter schools.

The bill also would amend HRS 37-74 by adding:

(e) No position for a program shall be funded, created, or transferred if it would exceed the position ceiling for that program, except as authorized under subsection (d)(2) or a general appropriations act, supplemental appropriations act, or other act making an appropriation."

The subsection (d)(2) referred to affords some flexibility to certain agencies as to the HRS 37-74 restrictions, but that subsection currently is not amended to include charter schools:

(2) Except with respect to appropriations to fund financing agreements under chapter 37D, the University of Hawaii shall have the flexibility to transfer appropriated funds and positions for the operating cost category among programs, among cost elements in a program, and between quarters, as applicable; except with respect to appropriations to fund financing agreements under chapter 37D, the department of education shall have the flexibility to transfer appropriated funds and positions for the operating cost category among programs and among cost elements in a program, and between quarters, as applicable; and the Hawaii health systems corporation and its regional system boards shall have the flexibility to transfer special fund appropriations among regional system hospital facilities as applicable and as mutually agreed to by the corporation and the respective regional system board; provided that the Hawaii health systems corporation and the regional system boards shall maintain the integrity and services of each individual regional system and shall not transfer appropriations out of any regional system that would result in a reduction of services offered by the regional system, with due regard for statutory requirements, changing conditions, the needs of the programs, and the effective utilization of resources.

We are researching what this may or may not mean for charter school flexibility and the Commission’s authorization of new schools, but at this preliminary stage just wish to register with this Committee the fact that we have some questions and concerns.

The bill’s provisions on temporary positions and position ceilings also may have implications for charter schools, which the Commission is examining, although those provisions may generate ample feedback from other agencies.

Thank you for the opportunity to submit this testimony.