



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/25/2019
Time: 02:00 PM
Location: 308
Committee: House Finance

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: HB 1523, HD1 RELATING TO THE DEPARTMENT OF EDUCATION BUDGET.

Purpose of Bill: Appropriates funds for the fiscal biennium 2019-2021 operating budget of the Department of Education and certain programs of the Department of Accounting and General Services for programs under the purview of the House of Representatives Standing Committee on Lower and Higher Education. (HB1523 HD1)

Department's Position:

Chair Luke, Vice Chair Cullen, and committee members:

Thank you for the opportunity to testify on behalf of the Department of Education (Department) in support of House Bill 1523, HD 1, that establishes the base operating budget of the Department for Fiscal Biennium (FB) 2019-21.

The Department appreciates the financial resources that this bill provides, which is comprised of appropriations authorized by Act 53/SLH 2018, the Supplemental Appropriations Act, plus collective bargaining increases less non-recurring expenditures. We understand the only change from HB 1523 involves amending the effective date of this bill to encourage further discussion.

For FB 2019-21, the Department formulated a budget that we believe is reasonable and sustainable by realigning and reprogramming our current resources in our base operating budget. This measure lays the fiscal foundation for those realignments. Another measure, House Bill 1524, HD 1, includes trade-off/transfer adjustments and requests new Full-Time Equivalent positions that will be funded with our realigned resources.

As such, we respectfully ask for your consideration in keeping the resources provided by this measure intact to help the Department to meet its primary mission of equity, excellence and innovation for all of our public schools, and **that the Department's budget be appropriated in a single bill.**

The measure also includes appropriations for AGS807 - School R&M, Neighbor Island Districts, for which the Department of Accounting and General Services (DAGS) is responsible to deliver equitable and adequate repair and maintenance services for neighbor island schools. In addition, the measure makes appropriations for Public Libraries, Charter Schools, and Early Learning, which we defer to those responsible agencies.

Our next decade of work will require operational, policy, financial, and community partnership support. As our budget makes its way through the legislative process, we look forward to working with the House Committee on Finance on shaping the future for quality education for our students.

We appreciate the opportunity to testify and will be available to answer any questions.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

DAVID Y. IGE
GOVERNOR



JOHN S.S. KIM
CHAIRPERSON

STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
(‘AHA KULA HO‘ĀMANA)

<http://CharterCommission.Hawaii.Gov>
1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813
Tel: (808) 586-3775 Fax: (808) 586-3776

FOR: HB 1523 HD1 RELATING TO DEPARTMENT OF EDUCATION BUDGET
DATE: February 25, 2019
TIME: 2:00 P.M.
COMMITTEE: Committee on Finance
ROOM: Conference Room 308
FROM: Sione Thompson, Executive Director
State Public Charter School Commission

Chair Luke, Vice Chair Cullen, and members of the Committee:

The State Public Charter School Commission (“Commission”) appreciates the opportunity to submit this testimony in **SUPPORT of HB1523 HD1**. The Commission is grateful for the continued support of this committee and the Legislature for the public charter school movement.

The Commission appreciates the committee’s efforts in securing an adequate base budget for both charter schools and the Commission itself. As the budgetary process continues, we look forward to the opportunity to discuss additional charter school initiatives, such as sustaining the current Pre-kindergarten program in 18 classrooms in 11 charter schools across the state and facilities funding.

At this time, the Commission is in the process of implementing its strategic plan by creating the action plans needed to meet identified goals and objectives. In future legislative sessions, the Commission plans to provide this committee and the Legislature the results of this strategic planning process which will guide the Commission’s efforts in creating a more robust and thriving public charter school system which meets the needs of public charter school students and their families.

Thank you for the opportunity to provide this testimony.

841 Bishop St., Suite 301
Honolulu, Hawaii 96813



Telephone: 808 926-1530
Contact@HEECoalition.org

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty Cullen, Vice Chair

February 25, 2019

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee,

We **support HB1523 HD1**, appropriating funds for the fiscal biennium 2019-2021 operating budget of the Department of Education (DOE) and certain programs of the Department of Accounting and General Services under the purview of the House of Representatives Standing Committee on Lower and Higher Education.

The Coalition appreciates the Legislature's commitment and support of public education and requests that Legislature maintain the DOE's base budget, and focus on outcomes of our students, in particular, our high-needs students who have traditionally struggled in our system. The recent education funding "Con Am" measure brought statewide-heightened acknowledgement of the need for increased education funding, as well as a need for transparency and accountability.

Our support of HB1523 HD1 should be seen in the context of our continued concerns that:

- 1) The Legislature, Board of Education (BOE), and the public should have transparent access to financial and operational data, and the efficient, effective and strategic utilization of funding to meet the DOE's statewide student success indicators (attached).**
- 2) The teacher supply crisis must be addressed and that funding for full teacher supply should be maintained, using any unspent funds due to insufficient credentialed teachers be used to recruit, retain, and support educators. We also support the "Grow Your Own Teacher Initiative," which contributes to the qualified teacher pipeline.**
- 3) Early childhood education expansion requires funding, research and development of proven implementation models.**

Hui for Excellence in Education, or "HE'E," promotes a child-centered and strength-based public education system in which families, communities and schools are valued and empowered to help every student succeed. HE'E works to bring diverse stakeholders together to harness collective energy, share resources, and identify opportunities for progressive action in education. Our support of these bills represents a 75% consensus or more of our voting membership.

Thank you for the opportunity to testify.

Sincerely,

Cheri Nakamura
HE'E Coalition Director

HE'E Membership

Academy 21

After-School All-Stars Hawaii

Alliance for Place Based Learning

*Castle Complex Community Council

*Castle-Kahuku Principal and CAS

Coalition for Children with Special Needs

*Faith Action for Community Equity

Fresh Leadership LLC

Girl Scouts Hawaii

Harold K.L. Castle Foundation

*Hawai'i Afterschool Alliance

*Hawai'i Appleseed Center for Law and Economic Justice

*Hawai'i Association of School Psychologists

Hawai'i Athletic League of Scholars

Hawai'i Charter School Network

*Hawai'i Children's Action Network

Hawai'i Nutrition and Physical Activity Coalition

* Hawai'i State PTSA

Hawai'i State Student Council

Hawai'i State Teachers Association

Hawai'i P-20

Hawai'i 3Rs

Head Start Collaboration Office

It's All About Kids

*INPEACE

Joint Venture Education Forum

Junior Achievement of Hawaii

Kamehameha Schools

Kanu Hawai'i

*Kaua'i Ho'okele Council

Keiki to Career Kaua'i

Kupu A'e

*Leaders for the Next Generation

Learning First

McREL's Pacific Center for Changing the Odds

Native Hawaiian Education Council

Our Public School

*Pacific Resources for Education and Learning

*Parents and Children Together

*Parents for Public Schools Hawai'i

Punahou School PUEO Program

*Teach for America

The Learning Coalition

US PACOM

University of Hawai'i College of Education

YMCA of Honolulu

Voting Members () Voting member organizations vote on action items while individual and non-voting participants may collaborate on all efforts within the coalition.*

DOE STATEWIDE STUDENT SUCCESS INDICATORS

	STATEWIDE STUDENT SUCCESS INDICATORS	2015-2016 (Base)	2016-2017	2017-2018	2018-2019	2019-2020 (Target)	Difference between target and last stated result
1	Chronic Absenteeism	15%	15%	15%		9%	6%
2	School Climate (% Positive)	N/A	N/A	73%		N/A	N/A
3	Inclusion Rate	37%	37%	41%		51%	10%
4	3rd Grade Literacy	70%	65%	73%		76%	3%
5	9th Grade On-Track	91%	91%	90%		94%	4%
6	Academic Achievement (ELA)	51%	50%	54%		61%	7%
	Academic Achievement (Math)	42%	42%	42%		54%	12%
	Academic Achievement (Science)	43%	46%	46%		64%	18%
7	Achievement Gap (ELA)	33	33	32		25	7
	Achievement Gap (Math)	29	28	28		22	6
8	High School Graduation	82%	83%	83%		86%	3%
9	CTE Concentrator	39%	42%	48%		50%	2%
10	College-Going Graduates	56%	55%	55%		62%	7%
11	Teacher Positions Filled	N/A	93%	92%	92%	96%	4%
12	Teacher Retention	N/A	52%	54%	51%	60%	9%
13	R&M Backlog (millions)	N/A	N/A	\$868		N/A	N/A
14	Family Engagement	N/A	N/A	72%		N/A	N/A

Source: DOE, DOE Dynamic Report
 Achievement Gap (points), N/A (data not available)

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

LATE

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE HOUSE COMMITTEE ON FINANCE
ON
FEBRUARY 25, 2019, 2:00 P.M.
CONFERENCE ROOM 308, STATE CAPITOL

H.B. 1523 H.D. 1
RELATING TO THE DEPARTMENT OF EDUCATION BUDGET

Chair Luke, Vice Chair Cullen, and members of the Committee, thank you for the opportunity to testify before you on H.B. 1523, H.D. 1. The Department of Accounting and General Services (DAGS) is in support of H.B. 1523, H.D. 1, as related to AGS-807 School Repair and Maintenance, Neighbor Island Districts ("Program"), comprised of the Hawaii District Office ("HDO"), Maui District Office ("MDO") and Kauai District Office ("KDO").

The purpose of this measure is to establish the operating budget for the fiscal biennium beginning July 1, 2019, and ending June 30, 2021, for the state executive branch programs under the purview of the House of Representatives Standing Committee on Lower and Higher Education, which includes AGS-807.

The Program's mission is to provide for the overall planning and management of repair and maintenance support to schools and other facilities of the Department of Education ("DOE") on the neighbor islands, in coordination with the DOE. Activities focus on providing a safe and conducive learning environment for the public schools on the neighbor islands by providing administrative, technical and trade-related services to the DOE facilities. The Program goals are to expediently complete work orders for repairs and to fill all vacant positions within a reasonable amount of time.

Services provided by the Program are in accordance to a Service Level Agreement ("SLA") between DAGS and DOE with agreed upon performance indicators that track and quantify the level of services being provided to the public schools; the same indicators are used to measure the performance on the neighbor islands as well as the DOE on Oahu, allowing for an objective analysis of the performance and effectiveness of each district. These services include responding to emergencies, trouble calls, and routine maintenance repairs for all the school campuses.

The KDO provides repair and maintenance services to the fifteen public schools on Kauai (comprised of close to 300 buildings). HDO is responsible for forty-five educational facilities (comprised of over 800 buildings), dispersed over a large area from Hilo to Kona, while MDO provides services for thirty-three schools on three islands (26 on Maui, 6 on Molokai and 1 on Lanai; comprised of over 600 buildings). All three (3) Neighbor Island District Offices monitor various service contracts for the DOE that include air conditioning maintenance, trash pickup, and elevator maintenance.

While there are challenges with recruitment to fill vacancies on the neighbor islands, the Program strives to consistently meet the performance indicators contained in the SLA. In FY 18, the Program completed close to 15,000 school work orders from approximately 15,600 submitted and met the DOE SLA indicators 85% of the time.

The Program looks forward to continued funding for our operations and positions under AGS-807 School Repair and Maintenance Neighbor Island Districts, for the fiscal biennium beginning July 1, 2019, and ending June 30, 2021, as provided in this measure:

PROGRAM APPROPRIATIONS

ITEM NO.	PROG. ID	PROGRAM	EXPENDING AGENCY	APPROPRIATIONS			
				FISCAL YEAR 2019-2020	M O F	FISCAL YEAR 2020-2021	M O F
LHE - LOWER & HIGHER EDUCATION							
1. AGS807 - SCHOOL R&M, NEIGHBOR ISLAND DISTRICTS							
				80.00*		80.00*	
	OPERATING		AGS	5,715,743A		5,783,347A	
				7.00*		7.00*	
			AGS	1,790,434U		1,790,434U	

Thank you for the opportunity to submit testimony on this matter.



STATE OF HAWAII
Executive Office on Early Learning
2759 South King Street
HONOLULU, HAWAII 96826

LATE

February 23, 2019

TO: Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair
House Committee on Finance

FROM: Lauren Moriguchi, Director
Executive Office on Early Learning

SUBJECT: Measure: H.B. No. 1523 – RELATING TO THE DEPARTMENT OF EDUCATION BUDGET
Hearing Date: February 25, 2019
Time: 2:00 p.m.
Location: Room 308

Bill Description: Appropriates funds for the fiscal biennium 2019-2021 operating budget of the Department of Education and certain programs of the Department of Accounting and General Services for programs under the purview of the House of Representatives Standing Committee on Lower and Higher Education.

EXECUTIVE OFFICE ON EARLY LEARNING'S POSITION: Support

Good afternoon. I am Lauren Moriguchi, Director of the Executive Office on Early Learning (EOEL). EOEL is in strong support of funding for EDN700, EOEL's program ID, as included in H.B. 1523, H.D. 1.

We thank the Legislature for its support of EOEL's work to increase access to high-quality early learning. EOEL is statutorily responsible for the development of the State's early childhood system that shall ensure a spectrum of high-quality development and learning opportunities for children throughout the state, from prenatal care until the time they enter kindergarten, with priority given to underserved or at-risk children.

The early childhood system looks at the comprehensive needs of children, which includes supporting their health and well-being, as well as their families. Former Senator Jill Tokuda, chair of the Senate Committee on Education from 2011-2014, has stated,

"The Legislature established EOEL as the new agency responsible for early childhood development & learning and intentionally named it the 'Executive Office' on Early Learning because we understood that to best serve our youngest keiki and their families, we could not silo our thinking and actions into a single department. It was for this reason that EOEL was initially placed in the Governor's Office and later attached to DOE for administrative purposes only, with an independent governing body – the Early Learning Board. This was the most straightforward way to ensure we would build a holistic early learning system for Hawaii."

Prekindergarten is only one part of that comprehensive system. When we talk about expanding pre-K, we must recognize the context in which pre-K operates and the need to work hand-in-hand with various parts of the larger system.

Accordingly we believe, the Legislature charged EOEL with administering the EOEL Public Prekindergarten Program as Hawaii's first State-funded preschool program, and has since appropriated funding to serve 520 of Hawaii's four-year-olds each year.

"Expansion of public pre-K is only a worthwhile public investment if children receive a high-quality education." -W. Steven Barnett, Ph.D., Senior Co-Director, National Institute for Early Education Research, Rutgers University Graduate School of Education

When the Legislature first funded the EOEL Public Pre-K Program five years ago, the State did not have the infrastructure needed to ensure a high-quality public early learning program. The challenges we continue to face include:

- The need to **strengthen and support teacher & principal understanding of how young children learn best**, following best practices and based on the science of child development;
 - A severely limited **workforce of qualified early childhood educators (i.e., those with coursework and background in early childhood, and supported with ongoing professional development**, who research shows are most effective);
 - As the Program stands now with 26 classrooms, we have difficulty recruiting and turnover is high (when there is lack of understanding about the necessary qualifications).
 - Because the Program targets our underserved and at-risk children, it is especially important to have teachers trained to support them. If not, what may result are behavior issues; inappropriate referrals to special education; or suspensions & expulsions, which occur at a rate 3 times higher in public pre-K nationally than in K-12 ... and the children who can benefit the most from early learning will be left without options.
- and
- Lack of P-3 transition and alignment. We are grateful that there is increasing recognition of the importance of the early years. It is important to remember, however, that one year of pre-K is not a magic bullet: **the supports that should accompany it (e.g., family partnership and support), and the years before and after (i.e., continuing the high-quality learning experience after a child leaves the pre-K classroom) are also critical to positive outcomes for children**. Whenever a school is willing, we work with them to promote continuity in K-12, which some principals have wisely recognized is key to sustaining the positive impact of early learning.

EOEL has dedicated much of its energy to combating these challenges because these components are necessary to make a difference for our keiki – what has been confirmed by research. We have the rare opportunity now to build a program from the ground up and do it right for our keiki ... and make it sustainable. **EOEL is committed to increasing access while building the needed infrastructure so the State's investment pays off.**

In addition to providing ongoing professional learning support through the Early Learning Induction Program and Early Learning Academy which are tailored around the professional needs of the teachers and principals and include one-on-one coaching and mentoring, **we work closely**

with our partners across the sectors to incorporate best practices and developmentally appropriate practices for our young children.

At the end of the 2017-18 school year, more than 9 out of 10 children participating in the Program met and/or exceeded expectations in all areas of development and learning – demonstrating readiness for kindergarten. We attribute these good outcomes to an effective partnership between EOEL and the participating schools.

As the state’s coordinating body for early learning, EOEL is working toward increasing access to high-quality early learning programs for our keiki *together* with our public and private partners. Our community-based providers have been the mainstay of early learning programs and services for decades. EOEL’s statutory charge is to build a cohesive, comprehensive, and sustainable system in which *all* existing early learning programs and services – whether publicly- or privately-run, which consist of a variety of early learning approaches, service deliveries, and settings, including center-based programs, family child care programs, family-child interaction learning programs, and home-based instruction programs designed to promote early learning, each of which provide an important option for families – are coordinated, improved, and expanded.

EOEL has helped facilitate and participate in various efforts with the diverse range of stakeholders to build Hawaii’s early childhood system. EOEL and its partners are committed to working toward other shared priorities beyond prekindergarten, to improve the lives of our keiki and their families, as identified in the just-completed Hawaii Early Childhood State Plan 2019-2024. EOEL and DHS, along with other partners, collaborated to obtain \$1 million through the recently awarded federal Preschool Development Grant Birth through Five, allowing Hawaii to move the Plan to the next stage.

To note, EOEL also:

- Administers Pre-Plus Child Development Services contracts;
- Administers family-child interaction learning service contracts. The Legislature, through H.B. 937, Session Laws of Hawaii 2017, appropriated \$300,000 for EOEL to contract to implement the latter. We currently contract with Partners in Development to provide services at Keolu and Kalihi Uka Elementary Schools; and
- Houses the Head Start State Collaboration Office.

Throughout all of this, EOEL works with its governing board, the Early Learning Board, which is comprised of members across both the public and private sectors who have expertise and experience in various aspects of the early childhood field.

We respectfully request that the committee consider moving this bill forward.

Thank you for your consideration, and for the opportunity to testify on this bill. I am happy to answer any questions you may have.



S E A C
Special Education Advisory Council
1010 Richards Street, Room 118
Honolulu, HI 96813
Phone: 586-8126 Fax: 586-8129
email: spin@doh.hawaii.gov

LATE

February 25, 2019

**Special Education
Advisory Council**

Ms. Martha Guinan, *Chair*
Ms. Dale Matsuura, *Vice Chair*
Dr. Patricia Sheehey, *Vice
Chair*
Ms. Ivalee Sinclair, *Vice Chair*

Representative Sylvia Luke, *Chair*
Committee on Finance
Hawaii State Capitol
Honolulu, HI 96813

Ms. Brendelyn Ancheta
Ms. Virginia Beringer
Ms. Deborah Cheeseman
Ms. Annette Cooper
Mr. Motu Finau
Mr. Sage Goto
Ms. Lindsay Heller
Dr. Kurt Humphrey
Ms. Tina King
Ms. Bernadette Lane
Ms. Kaili Murbach
Ms. Stacey Oshio
Ms. Carrie Pisciotto
Ms. Kau'i Rezentos
Ms. Rosie Rowe
Mr. James Street
Mr. Francis Taele
Mr. Steven Vannatta
Dr. Amy Wiech
Ms. Jasmine Williams
Ms. Susan Wood

Mr. Drew Saranillio, *liaison
to the Superintendent*
Dr. Bob Campbell, *liaison to
the military community*

Amanda Kaahanui, Staff
Susan Rocco, Staff

RE: HB 1523, HD 1 – RELATING TO DEPARTMENT OF
EDUCATION BUDGET

Dear Chair Luke and Members of the Committee,


The Special Education Advisory Council (SEAC), Hawaii's State Advisory Panel under the Individuals with Disabilities Education Act (IDEA), **supports** HB 1523, HD 1 which appropriates funds for the fiscal biennium 2019-21 operating budget of the Department of Education.

SEAC received a briefing on the budget earlier this month from Assistant Superintendent and Chief Financial Officer Amy Kunz. We endorse the Department's alignment of the budget with strategic priorities and its efficient reprogramming of existing funds to that aim. Specifically, we support the funding of critically needed applied behavioral analysis (ABA) personnel and skilled nursing services through repurposing existing EDN 150 monies.

Furthermore, we appreciate the noticeable efforts to make the Department's budget process more transparent to families, legislators and other key stakeholders. We are hopeful that your committee will fully support the Department's biennium request to provide a safe, quality, and appropriate learning environment for all of Hawaii's public school students.

Thank you for the opportunity to provide testimony on this important budget legislation. If you have questions or concerns, please contact us.

Sincerely,


Martha Guinan
Chair


Ivalee Sinclair
Legislative Committee Chair

LATE

TO: Representative Sylvia Luke, Chair
Representative Ty J. K. Cullen, Vice-Chair
House Committee on Finance

FROM: Robert G. Peters, Chair, Early Learning Board

SUBJECT: **Measure:** H.B. No. 1523 – Relating to the Department of Education Budget
Hearing Date: February 25, 2019
Time: 2:00 p.m.
Location: Room 308

Bill Description: Appropriates funds for the fiscal biennium 2019 – 2021 operating budget of the Department of Education and certain programs of the Department of Accounting and General Services under the purview of the House of Representatives Standing Committee on Lower and Higher Education.

Early Learning Board’s Position: Support

Thank you for this opportunity to testify on behalf of the Early Learning Board (ELB) in support of H.B. No. 1523. The ELB, composed of 17 public and private representatives, strongly supports the funding for EDN700, Executive Office of Early Learning’s program ID, as included in H. B. No. 1523.

The ELB thanks the Legislature for its support of EOEL’s work to date to increase access to high-quality early learning. EOEL is statutorily responsible for the development of the State’s early childhood system that shall provide a spectrum of high-quality development and learning opportunities for children throughout the state, from prenatal care until the time they enter kindergarten, with priority given to underserved or at-risk children. The early childhood system looks at the comprehensive needs of children, which includes supporting their health and well-being, as well as their families.

Prekindergarten is one part of that comprehensive system. At the end of the 2017-18 school year, more than 9 out of 10 children participating in the EOEL Public Prekindergarten Program met and/or exceeded expectations in all areas of development and learning – demonstrating readiness for kindergarten. We attribute these good outcomes to an effective partnership between EOEL and the participating schools. In addition to providing ongoing professional learning support through the Early Learning Induction Program and Early Learning Academy which are tailored around the professional needs of the teachers and principals and include one-on-one coaching and mentoring, EOEL works closely with partners across the sectors to incorporate best practices and developmentally appropriate practices for young children.

As the state’s coordinating body for early learning, EOEL is working toward increasing access to high-quality early learning programs for our keiki *together* with public and private partners.

Community-based providers have been the mainstay of early learning programs and services for decades. EOEL's statutory charge is to build a cohesive, comprehensive, and sustainable system in which *all* existing early learning programs and services – whether publicly- or privately-run, including center-based programs, family child care programs, family-child interaction learning programs, and home-based instruction programs designed to promote early learning, each of which provide an important option for families – are coordinated, improved, and expanded.

EOEL has helped facilitate and participate in various efforts with the diverse range of stakeholders to build Hawaii's early childhood system. EOEL and the ELB are committed to working toward other shared priorities beyond prekindergarten, to improve the lives of our keiki and their families, as identified in the just-completed Hawaii Early Childhood State Plan 2019-2024. EOEL and DHS, along with other partners, collaborated to obtain \$1 million through the recently awarded federal Preschool Development Grant Birth through Five, allowing Hawaii to move the Plan to the next stage.

The Early Learning Board appreciates the opportunity to testify on this bill in support of the Executive Office on Early Learning's efforts to develop a Statewide early learning system. We respectfully request that it be moved forward.

DAVID Y. IGE
GOVERNOR



STACEY A. ALDRICH
STATE LIBRARIAN

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

LATE

**House Committee on Lower & Higher Education
Monday, February 25, 2019
2:00 pm
State Capitol, Room 308**

**By Stacey A. Aldrich
State Librarian**

H.B.1523 H.D. 1 Relating to the Department of Education Budget

TO: Chair Sylvia Luke
Vice Chair Ty J.K. Cullen
Members of the House Committee on Finance

The Hawaii State Public Library System (HSPLS) **strongly supports** H.B. 1523, which provides the base operating budget for HSPLS to meet its mission to nurture a lifelong love of reading and learning through our staff, collections, programs, services and physical and virtual spaces.

HSPLS' base operating budget for Fiscal Budget 2019-2021 is comprised of \$37,183,289 and \$37,253,791 in general funds, respectively; and authority to spend up to \$1,365,244 in federal Library Service and Technology Act (LSTA) funding and \$4,000,000 in special funds. All of these sources of funding are necessary to maintain operations and provide library services to all of our communities in Hawaii. HSPLS operates 51 branches and three administrative offices on six islands.

Federal Funds. HSPLS receives approximately \$1.2 million through its only source of federal funds, the Library Services and Technology Act (LSTA), provided by the Institute of Museum and Library Services. LSTA funding is distributed to all states based on a population formula and requires a Maintenance of Effort agreement and matching general funds on the part of the State.

HSPLS relies on general funds to meet these federal requirements and any reduction in our general funds would reduce the amount of federal funds Hawaii receives. LSTA funds completely support our technology, automated library system, and online database subscriptions for the public. All of these services are integral to maintaining library operations and supporting Hawaii's communities.

Special Funds. Special Fund revenue is generated through HSPLS' authority to issue fines and fees for late or damaged books and materials, as well as other enhanced services fees (e.g., DVD rentals) and tax refund donations. Special Fund revenue has been decreasing over the years.

FB 2019-2021 Base Budget Request: The base budget for HSPLS focuses on three areas: people, place, and collections.

People

Eighty percent of the HSPLS general fund dollars are dedicated to statewide personnel costs to enable over 500 people to keep our 51 branches and administrative support offices functioning and open to the public. On average, we have been operating with a 10-12% vacancy rate due to turn-over. While a portion of these positions are vacant due to general attrition, in 2018 we experienced a large number of staff retiring, while also facing challenges in retaining and maintaining staff. Compounding the problem is

that a substantial number of essential positions within HSPLS (Library Assistant class) are some of the lowest paid positions in the State.

Due to the number of libraries and locations throughout the State, keeping certain positions filled is especially challenging. Our personnel staff are busy trying to fill positions as soon as possible, based on a few criteria:

- Impact of intermittent library branch closures
- Health & Safety
- Role in the organization (e.g. we need branch managers to manage a location)
- Possible loss of services (e.g. loss of children's services like story times)
- Reduction in programs offered to the public

To fill positions, we face three immediate challenges: 1) the location of the branch, 2) availability of applicants, and 3) budget restrictions. For example, vacancies in certain neighbor island communities may take us substantially longer to find qualified applicants despite our best efforts.

We have reviewed all of our positions and are working to optimize the positions we have currently. Most vacant positions are tied to a specific branch library; therefore, the position cannot be moved or eliminated from their current location, without an immediate and permanent loss of services at those libraries. A few other positions that are available have been identified for reorganization plans to improve our structure and optimize efficiencies in how we provide support services to the 51 branch libraries.

We note that should the Legislature raise the minimum wage, depending on any final new wage rate determined, we will require an increase in our general fund base operating budget to support increases for staff that are currently in Library Assistant II, Library Assistant III, and possibly the Library Assistant IV and Library Tech V positions.

Place

About 20% of our general fund budget is spent on basic operations for our 51 library branches and 3 administrative offices that include: utilities, sewage, garbage, security, supplies, and repair and maintenance of our spaces.

Collection

The Hawaii State Public Library System continues to face the challenges of a growing library system (now 51 branches) and increasing costs of titles. Collections are a core service and are vital for creating opportunities for our communities to access the resources they need to be successful.

The current collection is funded with a base budget of only \$250,000 in general funds and any Special Funds, which are collected throughout the fiscal year. Special fund revenue, in general, has continued to decline, in large part due to changes in library patron behavior and improving services for patrons.

For example, the rental of DVDs, has declined due to more streaming of digital content by patrons. In FY2014, DVD revenue was \$626,895.84. In FY2018, DVD revenue dropped to \$391,100.14. Fines and fees have begun to decline due to library patrons' ability to use the Libraries Hawaii App to easily access their accounts and track when materials are due, thereby reducing the number of late-returned materials.

At the same time as revenue has decreased, library patrons continue to request more copies of library materials in digital format, which increases the cost of purchasing and maintaining our library collection, as we are now maintaining paper, digital and audio copies to meet all of our library patrons' needs. Providing access to electronic collections is expensive, but it also enhances our ability to provide access to the same resources for patrons through all 51 branches across 6 islands, instead of requiring the purchase of multiple physical copies for every branch.

The following is an example of the cost to purchase one title in multiple formats. It demonstrates the change in the purchasing structure from 20 years ago when all the library needed to purchase was physical copies.

TITLE	COST		
	Format	List Price	Discounted Price*
Count to Ten by James Patterson	Paper	\$35.00	\$21.22
	Digital (ebook)	\$48.00	
	Audio (eaudio)	\$47.99	
	TOTAL	\$117.21	

**HSPLS receives discounts for purchasing multiple copies.*

We must continue to bridge the physical and virtual collections, and it is vital that we have enough funding to have the collections that our communities need. Digital content has a different cost structure, directly affecting our ability to acquire and maintain the digital collection used by our library patrons.

When we pay for digital content, we are only leasing copies of the material. Publishers have differing thresholds of when we must pay more to continue access to the publication; in other words, the cost of keeping the most popular publications that library patrons want, in our collection, rise. In the end, this means we must ensure there is a continuous stable source of funding to ensure patrons have access.

We are seeking alternatives for increasing revenue, but a larger and more consistent base level of funding is needed to provide patrons with the titles, materials and information resources that they need. A consistent base also enables us to look for new ways to remove barriers to access to our collections and materials for children and families, because we will not have to rely on fines to be the main support of our collection budget.

Thank you for this opportunity to present our budget information to your committee.