



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

OFFICE OF THE SUPERINTENDENT

August 18, 2020

ACTION REQUIRED

TO: Deputy Superintendent
Assistant Superintendents
Complex Area Superintendents
Principals (All)
Internal Audit Office

FROM: Dr. Christina M. Kishimoto
Superintendent

A blue ink signature of Dr. Christina M. Kishimoto.

SUBJECT: **COVID-19 Fiscal Management Guidelines #3**
1. FY 2020-21 Substitute Charges
2. FY 2020-21 Spending Guidance
3. Annual General Fund Carryover Report

Hawaii's economy continues to be detrimentally affected by the COVID-19 pandemic. A recent rise in COVID-19 cases in all areas of the community has led to many difficult and thoughtful collective leadership decisions. I commend and extend my personal mahalo for your unwavering dedication and commitment to ensure our haumana return to learn.

The following are updated fiscal guidelines and information for schools and offices.

1. Fiscal Year (FY) 2020-21 Substitute Charges

After careful deliberation with the Complex Area Superintendents (CAS), the previously announced change to substitute charges for FY 2020-21 will be deferred to FY 2021-22. Details on the planned implementation of this change for FY 2021-22 will be informed in part by a thorough review of historical and current year utilization of substitutes.

Substitutes for Weighted Student Formula (WSF) funded positions will continue to be centrally paid, if the substitute is required for one of the following reasons:

- sick leave;
- vacation leave;
- other valid absence of an incumbent employee; or
- vacancies (for Certificated positions only)

Schools should ensure that substitutes are hired for established positions only.

Substitutes for Classified (Civil Service and Support Services Personnel) positions must be due to the valid absence of an incumbent employee. Substitutes for vacant Classified positions are not permitted.

Substitutes for school-initiated reasons, such as professional development, are not paid for centrally and should be budgeted in the school's Financial Plan. So, as before, substitutes needed as a result of participation in workshops are to be charged to one of the school's WSF Program IDs or to the sponsoring Program ID (categorical, federal program).

Schools that have incurred substitute charges that should have been centrally paid will have these charges corrected for them. This will be done once verification can be made that subsequent substitute charges are being processed properly.

2. FY 2020-21 Spending Guidance

To date, the Department of Education continues to await notification from the Department of Budget and Finance on our annual FY 2020-21 allocation and potential restrictions.

Until further notice, all schools, complex areas, and state offices are directed to continue focusing expenditures on those required to maintain essential core functions during this COVID-19 pandemic in alignment with Academic and Promise Plan priorities.

Use of funds for discretionary expenses, such as the replacement of equipment, should be carefully scrutinized and deferred at this time when feasible. Please consult with your CAS or Assistant Superintendent (AS) prior to making major financial commitments. Note: "major" will vary by the activity and size of your budget; please discuss with your CAS or AS on operationalizing this guidance.

The following Internal Spending Policies for Schools, Complex Areas, and State Offices remain in effect:

- **Inter-island Travel.** Inter-island travel must be approved by your CAS/AS. See the June 24th memorandum: *Updated Travel Policy Relating to COVID-19*.
- **Out-of-State Travel.** Out-of-state travel must be approved by your CAS/AS and myself as Superintendent. See the June 24th memorandum: *Updated Travel Policy Relating to COVID-19*.
- **Subscriptions/Memberships.** Subscriptions to magazines, newspapers, periodicals, etc. (e.g., especially if a publication is available for free online) or memberships not critical to office or school operations shall be scrutinized and canceled prior to renewal (or immediately if cancellations are without penalty).

- **Mileage.** Employees shall plan and consolidate travel to meetings and schools. Reimbursements for mileage shall be closely scrutinized by the authorized signatory. Teleconferencing shall be used whenever possible.
- **Overtime.** All overtime shall be closely reviewed by supervisors and pre-approved on a case-by-case basis.
- **Purchases of Goods, Services, or Equipment.** Identify and defer any purchases that can be readily postponed. This includes but is not limited to replacement furniture, equipment, and long-term leases of equipment.
- **Hiring.** A hiring freeze applied pursuant to the Governor's Executive Memorandum No. 20-01. See the April 30, 2020 memorandum: *COVID-19 Personnel Management Guidelines Related to Spending Restrictions for Fiscal Year 2019-2020 and Fiscal Year 2020-2021* and the July 31, 2020 memorandum: *Update Regarding COVID-19 Personnel Management Guidelines Related to Spending Restrictions for Fiscal Year 2020-2021*.

3. Annual General Fund Carryover Report

The attached Annual Report on General Fund Carryover reports contain summary information on the total general fund carryover from FY 2019-20 to FY 2020-21 at both the Program ID level and the Org ID level, and may help in assessing the fiscal capacity to address both new COVID-19 responses related expenses and potential funding shortfalls.

Should you have any questions about these measures, please contact Brian Hallett, Assistant Superintendent & Chief Financial Officer, Office of Fiscal Services, at (808) 586-3737 or brian.hallett@k12.hi.us.

CMK:bh

Attachments

- c: Hawaii State Board of Education
Hawaii Teacher Standards Board
State Public Charter School Commission
Complex Area Business Managers
Budget Branch