


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

OFFICE OF FISCAL SERVICES

August 19, 2020

Annual Memo

TO: Deputy Superintendent
Complex Area Superintendents
Principals (All)

FROM: Brian Hallett 
Assistant Superintendent and CFO

SUBJECT: **SY 2020-21 Weighted Student Formula Updates**

The purpose of this memo is to provide schools with information on the:

1. Fiscal Year (FY) 2020-21 Weighted Student Formula (WSF) Budget Appropriation;
2. WSF Allocation Principal Task Force;
3. School Year (SY) 2020-21 WSF allocation methodology (in light of the Pandemic); and
4. Summary of Enrollment Count Dates for WSF allocations for SY 2020-21.

WSF Budget Appropriation Update:

The allocations based on schools' approved FY 2020-21 Comprehensive Financial Plans were loaded into the Budget System in June 2020. This allocation was based on schools' tentative WSF allocation using projected enrollment.

This allocation **did not** factor in the 2.4% reduction to the WSF budget that was announced via Superintendent's memorandum, *COVID-19 Fiscal Management Guidelines #2*, dated April 15, 2020. The Legislature made this \$23.4 million reduction to the WSF budget official when the State's budget was approved in late June 2020.

The impact of this \$23.4 million reduction to the value of a 1.0 student, if the SY 2020-21 projected enrollment and demographics were to remain constant, is approximately -\$123.

WSF Allocation Principal Task Force:

Due to the uncertainty surrounding schools' enrollment this school year, on August 12, 2020, a WSF Allocation Principal Task Force (Task Force) was convened and charged with making a recommendation to the Superintendent and her Leadership Team on the SY 2020-21 WSF allocation adjustments. The Task Force is composed of seven school Principals, two Complex Area Superintendents, and two members from the Office of Fiscal Services.

The Task Force recognized a variety of concerns and factors related to the WSF allocations, including that:

- schools built their SY 2020-21 Academic and Financial Plans based on projected enrollment and the associated projected WSF allocations;
- total statewide student enrollment as of August 10, 2020 was significantly lagging projection enrollment;
- after the start of the school year, actual enrollment may fall further, particularly as schools reflect “no show” students in the student information system (Infinite Campus);
- the majority of positions based on schools’ Financial Plans have already been filled;
- the WSF is designed to allocate funds based on student counts and relative needs;
- the first WSF allocation adjustment calculation resets the value of a 1.0 student based on the updated student enrollment count and demographics;
- based on historic trends, the Department of Education had factored in only \$2 million to address enrollment increases that may occur after the first allocation adjustment, and that may be far short of what is needed this school year; and
- the difficulty of using a single formula to address all situations that may arise given the dynamic variables impacting student enrollment and resource requirements at schools.

Based on the Task Force’s discussion and deliberation, they recommended the following WSF allocation methodology be used for SY 2020-21, and it was approved by the Superintendent and her Leadership team on August 18, 2020.

SY 2020-21 WSF Allocation Methodology (in light of the Pandemic):

The first allocation adjustment for WSF this year will use the new August 31, 2020 Official Enrollment Count (OEC). This adjustment will be issued and loaded into the Budget System in mid-September 2020.

The first allocation adjustment will be based on OEC, updated demographic information, and the final FY 2020-21 appropriation as in previous years. It will **also** factor in:

1. the systemwide difference in enrollment, from the projection, to set aside WSF funds for a WSF allocation reserve*;
2. a funding loss limit of -8% from the SY 2020-21 WSF tentative allocation as adjusted by the \$23.4 million reduction compared to the WSF first allocation adjustment (pre-loss limit) calculation. NOTE: schools that may benefit from this will not receive allocations from the second or third allocation adjustment until those amounts exceed the amount received from this loss limit; and
3. a funding gain limit of +10% from the SY 2020-21 WSF tentative allocation as adjusted by the \$23.4 million reduction compared to the amount of the WSF first allocation adjustment calculation.

The second WSF allocation adjustment (beginning of 2nd Quarter) will account for any further increase in enrollment the schools may experience from the August 31st count. This allocation will be based on 100% of each schools’ average per pupil level.

The third WSF allocation adjustment (beginning of 2nd Semester) will only be made for increased enrollment beyond the highest enrollment count from August 31 or October 12, 2020. This allocation will be based on 50% of each schools’ average per pupil level.

*The WSF allocation reserve will be used to:

1. ensure adequate resources are available to fund the second and third WSF allocation adjustments, which are anticipated to be higher than normal; and
2. allow for resources in excess of what is required for the second and third WSF allocation adjustments to be distributed to schools by Complex Area Superintendents working in collaboration with their area principals.

The amount of WSF allocation reserve funding sent to Complex Areas will be determined by each Complex Area's pro-rata share of the projected SY 2020-21 WSF weighted enrollment.

Summary of Enrollment Count and WSF Allocation Dates:

Date	Activity	Purpose
June 18, 2020	Initial WSF allocation	Allocation to various WSF Program IDs that match the amounts included in each school's approved Comprehensive Financial Plan.
August 31, 2020	August Official Enrollment	This provides official enrollment information for reports, publications, and the first WSF allocation adjustment.
September 16, 2020**	First WSF allocation adjustment (a.k.a. OEC allocation adjustment)	This allocation is based on the following: 1) updated student characteristics as of the end of SY 2019-20; 2) enrollment at your school on August 31, 2020; 3) the final total WSF budget; and 4) a creation of a reserve using the difference between systemwide projected and actual enrollment.
October 12, 2020	Second enrollment count for WSF	The actual enrollment on this day is the basis for a second WSF allocation adjustment. This allocation adjustment will only be for increases in enrollment after the August enrollment count.
October 26, 2020**	Second WSF allocation adjustment	A second adjustment to the WSF allocation will be made for schools with a further increase in enrollment as determined by the October 12, 2020 enrollment count. This adjustment will be at <u>100%</u> of the calculated increase.
January 8, 2021	Third enrollment count for WSF	A final WSF allocation adjustment will follow based on this figure. Adjustments will only be made for increased enrollment beyond the highest enrollment count from August 31 or October 12, 2020.

Date	Activity	Purpose
January 20, 2021**	Third WSF allocation adjustment (a.k.a. final or second semester allocation adjustment)	A final WSF allocation adjustment will be made for schools with a further enrollment increase as determined by the January 8, 2021 second semester enrollment count. This adjustment will be at 50% of the calculated increase.

**On or about this date.

Reminder: all schools are urged to follow attendance and enrollment procedures to ensure accurate enrollment reporting, including use of withdrawal code 054: No Show, for students who have not reported to school as of the official enrollment count date or notified the school of their absence. See memorandum from Assistant Superintendent Brook Conner, *Start of the Year Procedures for All Public Schools SY 2020-2021*, dated July 24, 2020

Please contact Kimberly Chee, Budget Specialist, at 784-6032, if you have questions.

BH:kc

c: Superintendent
Assistant Superintendents
Complex Area Business Managers
Internal Audit
Budget Branch