
A BILL FOR AN ACT

RELATING TO EDUCATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Act 51, Session Laws
2 of Hawaii 2004 (Act 51), also known as the "Reinventing
3 Education Act of 2004", was designed to provide comprehensive
4 education reform in Hawaii's public schools by, among other
5 things, reducing the bureaucracy within the department of
6 education and focusing more resources and control at the
7 individual school level. Among other things, Act 51 established
8 a weighted student formula for allocating operating funds to
9 individual public schools that uses a system of weighted
10 characteristics affecting the relative cost of educating each
11 student. Act 51 also enhanced decision-making at the school
12 level by increasing principals' budgeting authority and spending
13 flexibility, making principals more accountable for determining
14 methods to improve student achievement.

15 Because the weighted student formula allocates school funds
16 based on student need, there have been concerns that some
17 schools would lose money and resources to a degree that would
18 harm student achievement. There have also been doubts regarding



1 the ability of school principals to meet the increased demands
2 and responsibilities that Act 51 places upon them, including
3 greater control over school budgets.

4 In 2006, the auditor performed a management audit of Kailua
5 high school that provided a preliminary assessment of the
6 ability of public schools to meet the new requirements of Act
7 51. The auditor concluded in its Report No. 06-06, that
8 stronger leadership and better management practices were needed
9 to prepare Kailua high school for greater autonomy and
10 responsibility for decision-making and educational outcomes
11 under Act 51. The report noted that "the deficiencies evident
12 at Kailua High suggest that other Hawai'i schools may be
13 similarly unprepared to shoulder the additional responsibility
14 delegated by Act 51."

15 According to a 2010 news report, the auditor stated that a
16 comprehensive management audit of the department of education,
17 including a school-by-school audit, would require significant
18 amounts of money and time. Therefore, the legislature finds
19 that an audit of a single public school would be more practical
20 and would provide an updated example of how the weighted student
21 formula and school management under Act 51 have been working in
22 actual practice.



1 The purpose of this Act is to obtain a limited assessment
2 of the ability of public schools to meet the school management
3 and budgeting requirements of Act 51, by requiring the auditor
4 to perform a financial and management audit of Kealakehe high
5 school.

6 SECTION 2. The auditor shall conduct a financial and
7 management audit of Kealakehe high school that, using the
8 example of the high school, includes an evaluation of:

- 9 (1) The effectiveness of the weighted student formula
10 established under section 302A-1303.6, Hawaii Revised
11 Statutes, in allocating school funds;
- 12 (2) The performance of the school principal in meeting the
13 school management responsibilities set forth in Act
14 51, Session Laws of Hawaii 2004, and whether
15 principals can be reasonably expected to meet these
16 responsibilities based on this example; and
- 17 (3) Any deficiencies identified in school management
18 practices under the requirements of Act 51, Session
19 Laws of Hawaii 2004.

20 The auditor shall submit a report of its findings and
21 recommendations, including any proposed legislation, at least
22 twenty days prior to the convening of the 2012 regular session.



1 SECTION 3. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so
3 much thereof as may be necessary for fiscal year 2011-2012 for
4 the auditor to conduct a financial and management audit of
5 Kealakehe high school.

6 The sum appropriated shall be expended by the office of the
7 auditor for the purposes of this Act.

8 SECTION 4. This Act shall take effect on July 1, 2011.

9

INTRODUCED BY:

Cindy Evans
JAN 21 2011



Report Title:

Kealakehe High School; Audit

Description:

Requires the state Auditor to conduct a financial and management audit of Kealakehe High School.

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