
A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF EDUCATION.

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

1 SECTION 1. The legislature finds that the Department of
2 Education receives nearly a quarter of the State's entire
3 operating budget, the largest amount of any state agency, and
4 that the department's appropriations, in fiscal years 2003
5 through 2008, increased nearly sixty-four per cent from \$1.5
6 billion to \$2.4 billion, while enrollment has stayed roughly the
7 same, but that Hawai'i's public schools' test scores repeatedly
8 rank among the lowest in the nation despite the increased
9 funding.

10 The legislature also finds that according to the January
11 2007 Department of Budget and Finance report on the adequacy of
12 federal funding for the implementation of the No Child Left
13 Behind Act, although, in the school years, 2005 through 2006
14 approximately 85 percent of the public schools did not meet
15 various NCLB performance standards, the Department of Education
16 spent less than half the federal school improvement grant money
17 it received", and that the available federal grants allotted to
18 by the No Child Left Behind Act. Further, during the period of



1 FY 1999 through FY 2009, the Department of Education did not
2 obligate or expend all of its available appropriations,
3 resulting in substantial carryover balances of \$230 million.
4 Also, in a 2005 independent audit of Department of Education
5 programs conducted by PriceWaterhouseCoopers LLP, the audit
6 concluded that "the lack of transparency made it difficult, and
7 in some cases, impossible, to determine whether many public-
8 school programs were achieving their objectives and whether
9 taxpayer dollars were being spent wisely". The audit went on to
10 state that "roughly one-third of the department's 278 state-
11 funded programs had inadequate systems in place to monitor their
12 effectiveness and at least one in five suffered from
13 insufficient oversight of program spending and many programs
14 completely lacked either."

15 The legislature further finds that the last comprehensive
16 audit of the entire organization, management processes, and
17 personnel administration of the Department of Education occurred
18 in 1973. Therefore, the purpose of this Act is to mandate
19 periodic comprehensive audits of the Department of Education in
20 order to assist the Department, the Legislature, and the
21 Executive Branch in making the needed changes to improve the
22 delivery of public education services.



1 SECTION 2. Starting with 2011, the Office of the Auditor
2 shall contract with an independent, certified audit firm to
3 conduct a comprehensive review of the Department of Education's
4 operations. This review shall be conducted every five years to
5 determine if, as now structured, it can effectively carry out
6 its responsibilities under the federal No Child Left Behind Act
7 and the State's Reinventing Education Act (Act 51, Session Laws
8 of Hawaii 2004, as amended). The comprehensive review shall, at
9 a minimum, consist of a full management and financial audit of
10 the Department of Education, including an examination of the
11 uses and outcomes of expenditure of state general funds, state
12 special funds, federal funds, capital improvement funds,
13 revolving funds, and all other accounts within the department or
14 within other state agencies that exist to fund operations of the
15 department, including those funds in the department of budget
16 and finance that relate to employee benefit costs and risk
17 management.

18 SECTION 3. The comprehensive review shall be compiled into
19 a report and shall be submitted to the Hawaii State Legislature
20 at least twenty days prior to the beginning of the 2012
21 legislative session. Subsequent reviews shall be compiled into
22 reports and shall be reported to the Hawaii State Legislature at



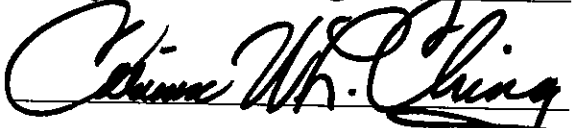
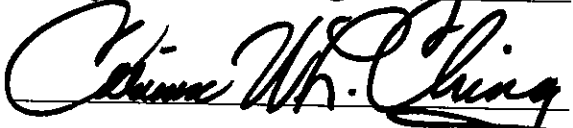
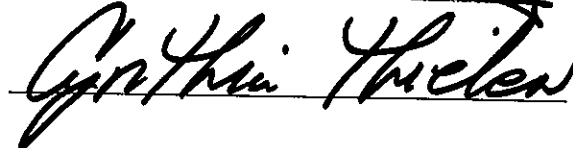
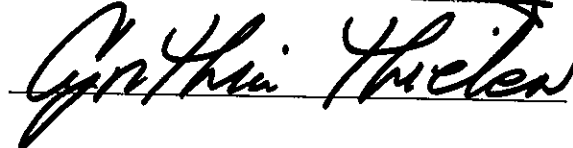
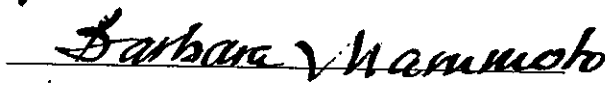
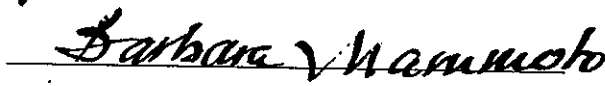
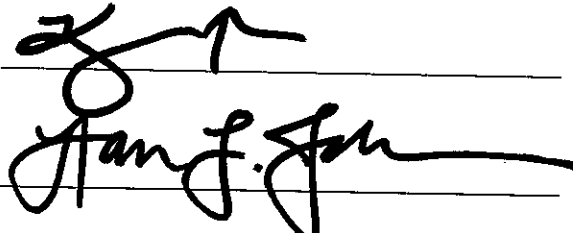
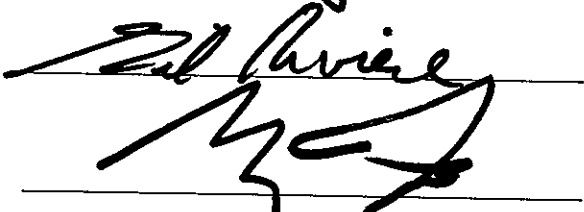


H.B. NO. 479

1 least twenty days prior to the beginning of the regular session
2 in the year following a comprehensive review.

3 SECTION 4. This Act shall take effect upon its approval.
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INTRODUCED BY:

JAN 21 2011



Report Title:

Department of Education

Description:

Mandates a periodic comprehensive review of the Department of Education, consisting of, at a minimum, a full management and financial audit of the Department of Education.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

