
A BILL FOR AN ACT

RELATING TO DEPARTMENT OF EDUCATION FUNDS.

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

1 SECTION 1. The legislature finds that departmental
2 leadership in the State's public education system needs to be
3 improved. Over the years, the State has improved the public
4 education system through creating a heat abatement program,
5 implementing a new school performance system, conducting more
6 rigorous teacher and principal evaluations, and employing a
7 comprehensive student support system to reduce the achievement
8 gap. In 2004, the legislature passed Act 51, also known as the
9 Reinventing Education Act, giving principals, teachers and
10 school-based councils, which included parents, more authority
11 over school operations. The legislature finds that despite
12 these efforts, the department of education failed to implement
13 sufficient autonomy and flexibility at the school level. Twelve
14 years later, the top-down system remains.

15 The legislature further finds that school principals attend
16 to every detail of school operations, without enough
17 institutional support or discretion to expend funds. In a 2015



1 survey conducted by the Education Institute of Hawaii, ninety-
2 one per cent of the one hundred forty-four principals who
3 participated in the survey favored greater control over their
4 school's fair share of system-wide resources, expressing that if
5 they are not satisfied with the support services provided by the
6 department of education, they should have the funds needed, and
7 the ability, to seek comparable services from a different
8 provider.

9 The legislature further finds that public school principals
10 will be empowered to act as the educational leaders of their
11 schools with more authority and flexibility relating to budget
12 and expending funds. Also, with these expanded powers and
13 roles, the department of education and the State can rightfully
14 hold public school principals accountable for their schools'
15 performance.

16 The purpose of this Act is to improve flexibility for
17 public school principals by increasing the cap on yearly
18 carryover funds from five to ten per cent. This Act will also
19 transfer the authority to expend carryover funds from the
20 department of education to the school principals, improving the
21 financial efficiency and accountability of the public school



1 system while clearly distinguishing the school principals' role
2 from the department of education and the superintendent.

3 SECTION 2. Section 37-41.5, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) ~~[The]~~ Public school principals through the department
6 of education may retain up to ~~[five]~~ ten per cent of any
7 appropriation, except for appropriations to fund financing
8 agreements entered into in accordance with chapter 37D, at the
9 close of a fiscal year and the funds retained shall not lapse
10 until June 30 of the first fiscal year of the next fiscal
11 biennium. ~~[The department of education shall submit:]~~

12 (1) Public school principals shall submit a report to the
13 superintendent of education thirty days after the
14 close of each fiscal year, which shall be prepared in
15 the form prescribed by the director of finance and
16 shall identify the total amount of funds that will be
17 carried over to the next fiscal year.

18 ~~[(1)]~~ (2) [A] The department of education shall submit:

19 (A) A report to the director of finance ninety
20 days after the close of each fiscal year,



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1 which shall be prepared in the form
 2 prescribed by the director of finance and
 3 shall identify the total amount of funds
 4 that will carry over to the next fiscal
 5 year; and

6 ~~[-2-]~~ (B) A copy of this report to the legislature, as
 7 well as a report identifying the carryover
 8 of funds on a school-by-school basis, at
 9 least twenty days prior to the convening of
 10 the next regular session of the
 11 legislature."

12 SECTION 3. Statutory material to be repealed is bracketed
 13 and stricken. New statutory material is underscored.

14 SECTION 4. This Act shall take effect on July 1, 2016.

15

INTRODUCED BY: *[Signature]*
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Gottfried Hiedler

JAN 22 2016



H.B. NO. 1975

Report Title:

Department of Education; Public School Principals; Carryover of Funds.

Description:

Improves flexibility for public school principals by increasing the cap on money that principals can carry over from year to year.

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