



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

Date: 02/07/2018
Time: 02:51 PM
Location: 229
Committee: Senate Education

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: SB 2680 RELATING TO EDUCATION FUNDING.

Purpose of Bill: Requires the legislative reference bureau to conduct a study on the impact of the weighted student formula on small and remote schools to determine whether the formula fulfills its statutory purpose of equalizing operational funding among the State's public schools.

Department's Position:

The Department takes no position on SB 2680, but respectfully provides comments for the committee's consideration.

The Department and the Committee on Weights (COW) are constantly reviewing the issue and revising the formula to provide for the equitable distribution of funds to all Hawaii public schools. The problem continues to be the inadequacy of funding.

In 2005, the Hawaii Board of Education (BOE) commissioned a study to be done by Grant Thornton to look at the adequacy of funding for education in the Hawaii public schools. In 2013, the American Institutes for Research (AIR) conducted a study for the Department to evaluate Hawaii's Weighted Student Formula (WSF). In both cases, issues of school flexibility in the use of the WSF monies, equity of funding, and adequacy of funding for public schools in Hawaii were looked at. Both also showed that the Hawaii's WSF was based on enrollment and student needs and was applied equitably throughout the State.

However, in both cases, the major concern was the insufficient amount of funding provided to the Department. Various COW have recommended and the BOE has approved changes in the formula/weighting factor as well as increasing the WSF base funding at schools. One such recent change occurred when the COW IX recommended and the BOE approved, that the base funding for K-12 combination schools be increased from \$525,024 during the current school year to \$673,048 for next school year.

Besides the base funding, the actual amount of funds required to "guarantee the funding of a

minimum number of instructional and support staff to ensure that at least minimum course requirements are maintained" would depend on enrollment, course offerings, and class sizes. The difference between what the schools would receive via the WSF and via categorical funding would vary each time the WSF is run, as the WSF allocations are based on enrollment and student characteristics.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol, Room 446
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Written Comments

SB2680 **RELATING TO THE EDUCATION FUNDING**

Testimony by the Legislative Reference Bureau
Charlotte A. Carter-Yamauchi, Director

Presented to the Senate Committee on Education

Wednesday, February 7, 2018, 2:51 p.m.
Conference Room 229

Chair Kidani and Members of the Committee:

Good afternoon Chair Kidani and members of the Committee, my name is Charlotte Carter-Yamauchi and I am the Director of the Legislative Reference Bureau. Thank you for providing the opportunity to submit written comments on S.B. No. 2680, Relating to Education Funding.

The purpose of this measure is to require the Bureau to conduct a study on the impact of the weighted student formula on small and remote schools to determine whether the formula fulfills its statutory purpose of equalizing operational funding among the State's public schools. The measure specifies that the study shall:

- (1) Include all per pupil funds distributed in accordance with weighted student formula calculations;
- (2) Describe any general fund cost categories not considered in the determination of weighted student formula funding for small and remote schools;
- (3) Describe any inequities or negative consequences of weighted student formula funding for small and remote schools; and
- (4) Include any other relevant fiscal information.

The measure defines a "small or remote school" as a public school that is not a public charter school, and that is:

- (1) Located at least a one-hour drive away from the nearest public high school;
- (2) Located on the islands of Lanai, Molokai, or Niihau;
- (3) An elementary school with a student enrollment of less than two hundred students; or
- (4) A secondary school with a student enrollment of less than four hundred students.

The measure also requires:

- (1) The Department of Education, by June 30, 2018, to provide, in a format specified by the Bureau, specific data to the Bureau that details present weighted student formula funding amounts and calculations, to enable the Bureau to focus its study and complete it in a timely manner;
- (2) The Department of Education and Department of Budget and Finance to provide other information and assistance as requested by the Bureau; and
- (3) The Bureau to submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2019.

The Bureau takes no position on this measure, but submits the following comments for your consideration.

The Bureau would like to note that section 302A-1303.5, Hawaii Revised Statutes, establishes the Committee on Weights and its duties and reads as follows:

"**§302A-1303.5 Committee on weights.** (a) There is established within the department of education the committee on weights to develop a weighted student formula pursuant to section 302A-1303.6. ***The committee may:***

- (1) ***Create a list of student characteristics that will be weighted;***
- (2) ***Create a system of weights based upon the student characteristics that may be applied to determine the relative cost of educating any student;***
- (3) ***Determine specific student weights, including their unit value;***
- (4) Determine which moneys shall be included in the amount of funds to be allocated through the weighted student formula;
- (5) Recommend a weighted student formula to the board of education;
- (6) Perform any other function that may facilitate the implementation of the weighted student formula; and

- (7) *Meet not less than once every odd-numbered year, to review the weighted student formula and, if the committee deems it necessary, recommend a new weighted student formula for adoption by the board of education.*

(b) The composition of the committee on weights shall be determined by the board of education based on recommendations from the superintendent of education and dean of the University of Hawaii at Manoa college of education and include principals, teachers, and other members with the appropriate professional skills, experiences, and qualifications needed to facilitate the work of the committee. The superintendent or the superintendent's designee shall chair the committee on weights.

(c) The committee on weights may form advisory subcommittees to obtain input from key stakeholders as determined necessary by the committee.

(d) The members of the committee on weights shall serve at the pleasure of the board of education and shall not be subject to section 26-34. Members of the committee on weights shall serve without compensation but shall be reimbursed for expenses, including travel expenses, necessary for the performance of their duties."

(Emphasis added)

Pursuant to the aforementioned section, it seems that the Committee on Weights was statutorily established to fulfill the purpose of recommending appropriate funding levels to educate students on an ongoing basis. If the Committee on Weights has historically failed to take into consideration the unique challenges of small and remote schools, then the statute should be amended to expressly require it to consider these factors when creating or amending its recommended weighted student formula. Such an amendment to section 302A-1303.5, HRS, would more expeditiously address, on a permanent, ongoing basis, the fiscal equity issues noted in the measure's purpose section instead of a study. An amendment to section 302A-1303.5, HRS, to accomplish this intent could read as follows:

"**§302A-1303.5 Committee on weights.** (a) There is established within the department of education the committee on weights to develop a weighted student formula pursuant to section 302A-1303.6. The committee [~~may~~] shall:

- (1) Create a list of student characteristics that will be weighted;
- (2) Create a system of weights based upon the student characteristics that may be applied to determine the relative cost of educating any student;
- (3) Determine specific student weights, including their unit value;
- (4) Determine which moneys shall be included in the amount of funds to be allocated through the weighted student formula;
- (5) Recommend a weighted student formula to the board of education;
- (6) Perform any other function that may facilitate the implementation of the weighted student formula; and
- (7) Meet not less than once every odd-numbered year, to review the weighted student formula and, if the committee deems it necessary, recommend a new weighted student formula for adoption by the board of education[-]

provided that the committee, when developing its weighted student formula recommendations, shall consider any inequities or negative consequences of its weighted student formula funding recommendations on small and remote schools, report these inequities or negative consequences to the

board, and provide funding adjustment recommendations to ameliorate these inequities or negative consequences.

(b) For the purposes of subsection (a), "small and remote school" means a public school, except for a public school governed by chapter 302D, that is:

- (1) Located at least a one-hour drive away from the nearest public high school;
- (2) Located on the islands of Lanai, Molokai, or Niihau;
- (3) An elementary school with a student enrollment of less than two hundred students; or
- (4) A secondary school with a student enrollment of less than four hundred students.

~~(b)~~ (c) The composition of the committee on weights shall be determined by the board of education based on recommendations from the superintendent of education and dean of the University of Hawaii at Manoa college of education and include principals, teachers, and other members with the appropriate professional skills, experiences, and qualifications needed to facilitate the work of the committee. The superintendent or the superintendent's designee shall chair the committee on weights.

~~(c)~~ (d) The committee on weights may form advisory subcommittees to obtain input from key stakeholders as determined necessary by the committee.

~~(d)~~ (e) The members of the committee on weights shall serve at the pleasure of the board of education and shall not be subject to section 26-34. Members of the committee on weights shall serve without compensation but shall be reimbursed for expenses, including travel expenses, necessary for the performance of their duties."

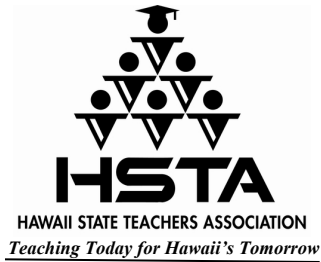
Finally, the Bureau would also like to note that it lacks any specific expertise in how the budget of the Department of Education operates. Due to this lack of expertise, the Bureau feels that it may have to contract the services of a person or entity with relevant budgetary knowledge and experience. If the Bureau is allowed to contract for services, an appropriation for this purpose would need to be added, since there are no funds included in the Bureau's base budget to contract for study services. In addition, to ensure the study can be completed in a timely manner and submitted prior to the 2019 Regular Session, we would request that the contract be made exempt from the Procurement Code (Chapter 103D, HRS).

In summary, if the Committee desires the Bureau to study this issue, to facilitate completion of the requested study in the timeframe provided and ensure an "apples to apples" comparison, the Bureau respectfully requests that the measure be amended to:

- (1) Add an appropriation for an unspecified sum to allow the Bureau to contract for services to conduct the study; and
- (4) Exempt any contract executed for the study from the Procurement Code (Chapter 103D, HRS).

If the measure is amended to address the concerns noted above, the Bureau believes that the services requested under this measure are manageable and that the Bureau will be able to provide the services in the time allotted; provided that the Bureau's interim workload is not adversely impacted by too many other studies or additional responsibilities, such as conducting, writing, or finalizing other reports, drafting legislation, or both, for other state agencies, task forces, or working groups that may be requested or required under other legislative measures.

Thank you again for your consideration.



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TESTIMONY BEFORE THE SENATE COMMITTEE ON
EDUCATION

RE: SB 2680 - RELATING TO EDUCATION FUNDING

WEDNESDAY, FEBRUARY 7, 2018

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Kidani and Members of the Committee:

The Hawaii State Teachers Association **supports SB 2680**, relating to education funding.

Since the passage of Act 51 in 2004, Hawai'i has experimented with a weighted student formula to equalize school funding. Intended to make funding for public education more equitable, transparent, and decentralized, WSF had the unintended consequence of limiting academic programming for children in small and rural schools. A recent report commissioned by the Hawai'i Department of Education and completed by the American Institutes of Research reveals that "small or isolated schools do not have adequate funding under WSF and that the formula does not account adequately for diseconomies of scale associated with small schools or for additional costs due to geographic isolation."

Small and geographically remote schools sometimes lack sufficient funds to cover programming above and beyond basic operations. Isolated communities lack the economic breadth available to their urban counterparts, while experiencing distance from essential services and less access to technology. The AIR, therefore, suggested that "extra support" be provided to schools that are small or isolated, including a recalculation of WSF to "accurately account for the differential costs of providing an equal opportunity for all students to achieve, regardless of their individual needs or circumstances (such as geographic location)."

Because student populations at remote schools vary dramatically from year to year, funding for positions at such schools also changes annually, creating turbulence in

staff requirements and course offerings. Challenges faced by small and remote schools because of inadequate WSF funding include staffing shortages, cutbacks to courses, a lack of librarians, and more. At times, such schools do not have teachers to staff every grade level, if the school is an elementary school, or all core classes, if the school is a secondary school, presenting problems in the provision of minimum educational requirements to students. We cannot allow these schools to continue to struggle because of enrollment and geographical factors beyond their control. Accordingly, we hope that the study called for by this measure reveals ways that small and remote schools can be more equitably and sustainably funded.

To provide all of Hawai'i's children with access to a quality education, the Hawaii State Teachers Association asks your committee to **support** this bill.

SB-2680

Submitted on: 2/6/2018 2:46:16 PM

Testimony for EDU on 2/7/2018 2:51:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|----------------------------|---------------------------|---------------------------|
| Melodie Aduja | OCC Legislative Priorities | Support | No |

Comments: