



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

**Date:** 02/12/2021

**Time:** 03:10 PM

**Location:** 229

**Committee:** Senate Education  
Senate Government Operations

**Department:** Education

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

**Title of Bill:** SB 0465 RELATING TO THE DEPARTMENT OF EDUCATION.

**Purpose of Bill:** Requires the auditor to perform an annual operational audit of the academic and financial plans of the department of education. Requires the department of education to contract with a third-party consultant that specializes in school finance to study the adequacy of education funding in Hawaii. Appropriates funds.

**Department's Position:**

The Hawaii State Department of Education (Department) respectfully provides comments on Senate Bill 465, which proposes to:

1. Require the auditor to perform an annual operational audit of the academic and financial plans and
2. Require the Department to contract a third-party consultant that specializes in school finances to study the adequacy of education funding in Hawaii.

The Department welcomes any constructive input on improvements to the academic plan and financial plan process. Currently, the School Community Council of each school reviews their respective school's academic and financial plans and provides feedback prior to the submission of the plans to the Complex Area Superintendent for approval. The School Community Council, as defined by HRS 302A-1124, is comprised of representatives from multiple stakeholder groups - students, parents, teachers, non-certificated school personnel, and community members. This review ensures that the process is transparent and provides opportunity for stakeholder participation.

The Department, however, is concerned that the audits may provide diminishing returns if

performed on an annual basis.

The Department appreciates the appropriation to conduct the adequacy study. In 2005, Grant Thornton completed an adequacy study and reported that \$277.5 million would be needed to satisfy adequacy requirements. In preparation for the 2014 Legislative session, the Department developed an adequacy study request but was unable to obtain the necessary approvals required due to competing priorities at the time. On May 23, 2017, the Board of Education approved the Department's Committee on Weights recommendation to seek additional funding for adequacy and to request additional funding for a new adequacy study.

Thank you for the opportunity to provide testimony on this measure and for the legislature's continued support for Hawaii's public schools.

The Hawai'i State Department of Education is committed to delivering on our promises to students, providing an equitable, excellent, and innovative learning environment in every school to engage and elevate our communities. 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](http://www.hawaiipublicschools.org).



Committee on Education  
Senator Michelle Kidani, Chair  
Senator Donna Mercado Kim, Vice Chair

Committee on Government Affairs  
Senator Sharon Moriwaki, Chair  
Senator Donovan Dela Cruz, Vice Chair

February 12, 2021

Dear Chairs Kidani and Moriwaki, Vice Chairs Kim and Dela Cruz, and Committee Members,

This testimony is submitted in **support of SB 465**, which requires the auditor to perform an annual operational audit of the academic and financial plans of the DOE and requires the DOE to contract with a third-party consultant that specializes in school finance to study the adequacy of education funding in Hawaii.

We strongly support the first part of the bill regarding the annual operational audit of the academic and financial plans of the DOE. As education advocates, we have been following the education budget and academic performance over the past ten years. Our observation is even in good economic times, academic performance has not improved significantly. We know that the system can always benefit from more financial resources, but we do not have clarity and specificity on how resources are being used to achieve student outcomes. Therefore, a deep analysis of the process for developing a school academic and financial plan is needed.

We know there is a process for the academic and financial plan. It starts with a school doing a Comprehensive Needs Assessment by looking at data to identify strengths and weaknesses in the school's operations. Based on this, a school identifies **outcome goals**, like proficiency or student growth, which it will work on during the year. A school then identifies **priority strategies** like reducing chronic absenteeism to help achieve its outcomes, which it will explain in detail in its plan. Separately, the school receives a lump sum allocation, determined by its student enrollment, of its funds it will receive for the year. The school will adjust its academic plan based on its funding.

The plan then gets approved by the Complex Area Superintendent (CAS). Progress reports are submitted throughout the year to update the CAS on how the school is progressing on achieving its goals. If a school is having trouble achieving its goals, the CAS, State Office, Assistant Superintendents and Superintendent are supposed to step in and analyze why goals are not being met and provide guidance and support to help a school achieve its desired goals. While we know there is a process, what we don't know is where there might be issues, obstacles or lack of capacity in the process.

**An operational audit would help identify where there are disconnects in the process. It could inform us on why certain schools are not able to achieve their desired outcome goals.**

We also believe that SB 465 would strongly compliment and reinforce SB 807 on academic and financial reporting. SB 807 tries to simplify and provide structure to the academic plan, and at the same time, connect the academic plan to the financial plan so that we know how our resources are being used. In our testimony on SB 807, we lay out an example of an academic plan that is intended to help stakeholders understand what a school is trying to achieve.<sup>1</sup> It starts by the school presenting its **outcome targets** up front, which should be a mix of state-wide and school specific goals. Then, we suggest that a school list its **priority strategy indicators** and **measures**; these are strategies on how a school intends to achieve their outcomes and lists **measures** on how it plans to execute its strategies. It is in this section that the connection to the financial measures can be stated.

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<sup>1</sup> [https://www.capitol.hawaii.gov/Session2021/Testimony/SB807\\_TESTIMONY\\_EDU\\_02-03-21\\_.PDF](https://www.capitol.hawaii.gov/Session2021/Testimony/SB807_TESTIMONY_EDU_02-03-21_.PDF)

With both SB465 and SB807, stakeholders will have more coherence on how our system is operating to utilize resources to get the greatest positive impact on student performance.

Thank you for the opportunity to testify. Our support represents a 75% consensus or more of our voting membership.

Sincerely,

Cheri Nakamura  
HE'E Coalition Director



Academy 21  
American Civil Liberties Union  
After-School All-Stars Hawai'i  
Alliance for Place Based Learning  
\*Castle Complex Community Council  
\*Castle-Kahuku Principal and CAS  
Coalition for Children with Special Needs  
Education Institute of Hawai'i  
\*Faith Action for Community Equity  
Fresh Leadership LLC  
Girl Scouts Hawaii  
Harold K.L. Castle Foundation  
\*HawaiiKidsCAN  
\*Hawai'i Afterschool Alliance  
\*Hawai'i Appleseed Center for Law and Economic Justice  
\*Hawai'i Association of School Psychologists  
Hawai'i Athletic League of Scholars  
\*Hawai'i Charter School Network  
\*Hawai'i Children's Action Network  
Hawai'i Education Association  
Hawai'i Nutrition and Physical Activity Coalition  
\* Hawai'i State PTSA  
Hawai'i State Student Council  
Hawai'i State Teachers Association  
Hawai'i P-20  
Hawai'i 3Rs  
Head Start Collaboration Office  
It's All About Kids  
\*INPEACE  
Joint Venture Education Forum  
Junior Achievement of Hawaii  
Kamehameha Schools  
Kanu Hawai'i  
\*Kaua'i Ho'okele Council  
Keiki to Career Kaua'i  
Kupu A'e  
\*Leaders for the Next Generation  
Learning First  
McREL's Pacific Center for Changing the Odds  
Native Hawaiian Education Council  
Our Public School  
\*Pacific Resources for Education and Learning  
\*Parents and Children Together  
\*Parents for Public Schools Hawai'i  
Punahou School PUEO Program  
Special Education Provider Alliance  
\*Teach for America  
The Learning Coalition  
US PACOM  
University of Hawai'i College of Education  
YMCA of Honolulu

*Voting Members (\*) Voting member organizations vote on action items while individual and non-voting participants may collaborate on all efforts within the coalition.*

Testifier: Susan Pcola-Davis

**LATE**

SB465 Audit

I **SUPPORT THIS BILL**. This isn't just a bill about auditing the DOE.

It's a bill of opportunity for our public school system.

I did read a testimony regarding having an audit done every 3 years vice annually. However; when it is done annually it is then the perfect opportunity to identify **funding** needs for new legislation prior to the Legislature convening.

The report is submitted 20 days prior to the convening of the regular session following the audit.

**Opportunities:**

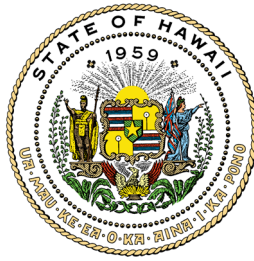
(1) Evaluate the **adequacy school funding**, but may include the professional judgement method in its analysis;

(2) Estimate the amount of **additional funding needed** to provide all public school students in Hawaii with an **equal educational opportunity**;

(3) **Compare Hawaii teacher salaries** with teacher salaries in school districts of similar size and cost of living to determine compensation characteristics, in order to pay teachers **FAIRLY**; and

(4) Assess the **equity of funding** between schools

An independent audit by a third party could finally influence the needs of our school system to be **functional**.



SENATE COMMITTEE ON EDUCATION  
The Honorable Michelle N. Kidani, Chair  
The Honorable Donna Mercado Kim, Vice Chair

SENATE COMMITTEE ON GOVERNMENT OPERATIONS  
The Honorable Sharon Y. Moriwaki, Chair  
The Honorable Donovan M. Dela Cruz, Vice Chair

**S.B. NO. 465, RELATING TO THE DEPARTMENT OF EDUCATION**

Hearing: Friday, February 12, 2021, 3:10 p.m.

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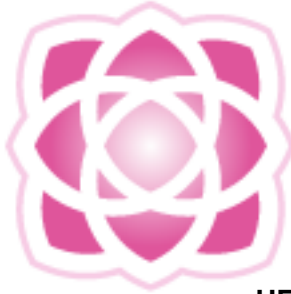
The Office of the Auditor takes **no position** on S.B. No. 465 and offers the following comments.

The bill directs the Auditor to “conduct an operational audit of the academic plans and the financial plans of the department, assessing the efficiency and effectiveness of the process from budget and planning, and implementation to student outcomes annually.”

Evaluating academic and financial plans can range from tracking measures of academic achievement to reviewing expenditures, and the academic and financial plans for each complex area are likely to be different. Because the objectives of any performance audit can vary widely, it is important that we understand specific concerns you may have or areas you would like audited, especially given the likely breadth of the areas identified in the bill. In order to ensure our audit focuses on the issues the Legislature is most interested in having us examine, we suggest the Legislature consider identifying in the bill the specific programs or activities that it wants audited.

The bill additionally proposes that the operational audit be conducted annually. However, audits are most meaningful and helpful when auditees have time to implement audit recommendations and implementing recommendations can take considerable time, as long as 3 years for some key recommendations. Therefore, it is possible an annual audit may not provide the department enough time to meaningfully implement recommendations between audits.

Thank you for considering our testimony related to S.B. No. 465. We are committed to providing meaningful audit findings that address the issues identified by the Legislature and are available to work with the Committee on the language of this bill.



**MAUI**  
CHAMBER OF COMMERCE  
VOICE OF BUSINESS

**LATE**

**HEARING BEFORE THE SENATE COMMITTEE ON EDUCATION AND  
COMMITTEE ON GOVERNMENT OPERATIONS  
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 229  
FRIDAY, FEBRUARY 12, 2021 AT 3:10 P.M.**

To The Honorable Michelle N. Kidani, Chair;  
The Honorable Donna Mercado Kim, Vice Chair; and  
Members of the Committee on Education,

To The Honorable Sharon Y. Moriwaki, Chair;  
The Honorable Donovan M. Dela Cruz, Vice Chair; and  
Members of the Committee on Government Operations,

**SUPPORT SB465 RELATING TO THE DEPARTMENT OF EDUCATION**

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce, in the county most impacted by the COVID-19 pandemic in terms of our dependence on the visitor industry and corresponding rate of unemployment. I am writing share our support of SB465.

The Maui Chamber of Commerce wholeheartedly supports an independent audit of the Department of Education (DOE). We have been asking for an independent audit of the DOE throughout the last decade because the public has strong concerns about the breakdowns between the administrative and classroom levels and feels not enough funding is getting to the classroom.

Last year, we appreciated the recognition given to the significant DOE repair and maintenance backlog issues, which led the state to address this with the Schools Facilities Agency. While we don't know where that ended up in terms of solutions, COVID-19 has been a complete game changer.

Today, much of our educational activity is through distance and limited in-person learning and there is a greater need for improved technology systems to maximize opportunities in this new environment, which requires a completely different type of budget. Like businesses, the DOE must also budget from a different standpoint, given the pivots that were made in our system. Therefore, it would seem that now more than ever, an independent audit of the DOE is required! We need the state to address top priorities and must maximize the funding that goes to the DOE to ensure that our students get the best return possible on our investment for their education and future.

Mahalo for the opportunity to support this important measure.

Sincerely,

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.