



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

Date: 02/04/2021

Time: 02:00 PM

Location: Via Videoconference

Committee: House Education

Department: Education

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

Title of Bill: HB 0372 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 House Bill 372, 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.

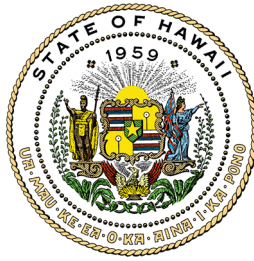
The Department welcomes any constructive input on improvements to the academic plan and financial plan process. Currently, the School Community Council of each school reviews their respective school's academic and financial plans and provides feedback prior to the submission of the plans to the Complex 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, noncertificated 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 (COW) 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.



HOUSE COMMITTEE ON EDUCATION
The Honorable Justin H. Woodson, Chair
The Honorable Jeanne Kapela, Vice Chair

H.B. NO. 372, RELATING TO THE DEPARTMENT OF EDUCATION

Hearing: Thursday, February 4, 2021, 2:00 p.m.

The Office of the Auditor takes **no position** on H.B. No. 372 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 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 H.B. No. 372. 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.

LATE



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON EDUCATION
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 309
THURSDAY, FEBRUARY 4, 2021 AT 2:00 P.M.**

To The Honorable Justin H. Woodson, Chair;
The Honorable Jeanne Kapela, Vice Chair; and
Members of the Committee on Education,

SUPPORT HB372 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 HB372.

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.

HB-372

Submitted on: 2/3/2021 11:25:29 AM

Testimony for EDN on 2/4/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
cheryl B.	Individual	Support	No

Comments:

Support.

Please make sure that this includes the auditing of all programs and plans which use DOE finances. It is my belief that resources and programs (including off-island contracts) are carried out at additional expense when there are possibilities here on our islands. The procurement requirements also often require purchases on a large scale, even though not used by all. In addition, many purchases seem to be reactionary vs planning ahead. For example, we could be exempt from standardized testing contract if we act in a timely manner. Our students and community welfare should always be first over corporate profit.