

FEB 29 2008

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# SENATE CONCURRENT RESOLUTION

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URGING A COMPREHENSIVE MANAGEMENT REVIEW OF THE DEPARTMENT OF  
EDUCATION'S OPERATIONS.

1           WHEREAS, there have been numerous discussions and various  
2 legislation passed in order to help improve Hawaii's failing  
3 public school system; and  
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5           WHEREAS, a child enrolled in Hawaii's public school system  
6 is just as capable of achieving educational success as any other  
7 child enrolled in any other public school system in this nation;  
8 and  
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10           WHEREAS, Hawaii's public school teachers are just as  
11 proficient and capable as other public school teachers in the  
12 nation; and  
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14           WHEREAS, the Superintendent of the Department of Education  
15 requests more funding each legislative session to carryout and  
16 implement educational programs; and  
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18           WHEREAS, the Department of Education receives nearly a  
19 quarter of the State's entire operating budget, the largest of  
20 any state agency. The department's appropriations, in fiscal  
21 years 2003 through 2008, increased nearly sixty-four percent  
22 from \$1.5 billion to \$2.4 billion; and  
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24           WHEREAS, Hawaii's public school enrollment decreased by  
25 more than four-thousand students from 182,798 students in school  
26 year 2002-2003 to 178,369 students in school year 2007-2008.  
27 However, while public school student enrollment decreased, per  
28 student cost continued to increase from approximately \$8,374 per  
29 student to well over \$10,000 per student; and  
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31           WHEREAS, Hawaii's public schools' test scores repeatedly  
32 rank among the lowest in the nation despite increased funding  
33 and decreased enrollment. The Department of Education's



1 standards-based test confirms that many Hawaii public school  
2 students generally score below the national average in reading  
3 and mathematics; and  
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5 WHEREAS, Hawaii's public school students who took the 2007  
6 College Board SAT entrance exam averaged 479 in math, a five-  
7 point drop from last year, while the reading score went down one  
8 point to 459 out of a possible 800; and  
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10 WHEREAS, the federal No Child Left Behind Act of 2001  
11 established a program that requires states to ensure that by  
12 school year 2014, all students will meet or exceed each state's  
13 proficiency level of academic achievement in mathematics,  
14 reading and science; and  
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16 WHEREAS, the January 2007 Department of Budget and Finance  
17 report on the adequacy of federal funding for implementation of  
18 the No Child Left Behind Act states that, "although, in the  
19 school years 2005 through 2006 approximately 85 percent of the  
20 public schools do not meet various NCLB performance standards  
21 the Department of Education spent less than half the federal  
22 school improvement grant money it received"; and  
23

24 WHEREAS, the available federal grants allotted by the No  
25 Child Left Behind Act and not spent by the Department of  
26 Education over a four year period resulted in a substantial  
27 carryover balance (\$42 million in FY 03, \$50 million in FY 04,  
28 \$60.6 million in FY 05, and \$53.8 million in FY 06); and  
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30 WHEREAS, PricewaterhouseCoopers LLP, an independent  
31 accounting firm, said in a 2005 audit of Department of Education  
32 programs, "the lack of transparency made it difficult, and in  
33 some cases impossible, to determine whether many public-school  
34 programs were achieving their objectives and whether taxpayer  
35 dollars were being spent wisely" and went on to say that,  
36 "roughly one-third of the department's 278 state-funded programs  
37 had inadequate systems in place to monitor their effectiveness  
38 and at least one in five suffered from insufficient oversight of  
39 program spending and many programs completely lacked either";  
40 and  
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42 WHEREAS, PricewaterhouseCoopers LLP further noted that  
43 "though the department's budget has grown steadily in recent  
44 years to the current \$1.78 billion, much of the increase has



1 been due to the mounting cost of employee benefits and to court-  
2 mandated spending on special education"; and

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4 WHEREAS, the PricewaterhouseCoopers LLP audit's results  
5 concluded that it was often impossible to tell whether spending  
6 aligned with each program's purpose, noting that funds were  
7 often instead used to address urgent school needs such as  
8 classroom supply shortages; and

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10 WHEREAS, the State Auditor, in 2006, made its first audit  
11 of the management practices and controls of the Department of  
12 Education at Kailua High School, which uncovered numerous  
13 managerial and financial problems; and

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15 WHEREAS, the audit concluded that the Department of  
16 Education had not provided adequate support to Hawaii's public  
17 school system, including Kailua High School, in the  
18 implementation of the No Child Left Behind Act, and in the  
19 management of school programs and assets; and

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21 WHEREAS, the State Auditor determined that the Department  
22 of Education had not provided Hawaii's public school system with  
23 the support and resources needed to achieve the goals of the No  
24 Child Left Behind Act; and

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26 WHEREAS, the State Auditor stated "the measures that the  
27 Department of Education uses to determine the effectiveness of  
28 its budget are irrelevant, inaccurate and ambiguous...and are  
29 based on assumptions, estimates, and unverified data". Further,  
30 the State Auditor concluded that "as a result, legislators are  
31 denied potentially valuable information, and some may be basing  
32 their fiscal decisions on flawed data"; and

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34 WHEREAS, the Department of Education's last comprehensive  
35 audit of the entire organization, management processes, and  
36 personnel administration happened thirty-five years ago, in  
37 1973; and

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39 WHEREAS, the Department of Education's spending practices  
40 need to be reviewed and resolved before an increase in funding  
41 from the Legislature is warranted; now, therefore,

42  
43 BE IT RESOLVED by the Senate of the Twenty-fourth  
44 Legislature of the State of Hawaii, Regular Session of 2008, the



# S.C.R. NO. 91

1 House of Representatives concurring, that the Office of the  
 2 Auditor perform a comprehensive review of the Department of  
 3 Education's operations to determine if, as now structured, it  
 4 can effectively carry out its responsibilities under the federal  
 5 No Child Left Behind Act and the State's Reinventing Education  
 6 Act; and

7  
 8 BE IT FURTHER RESOLVED that the results of the Office of  
 9 the Auditor's review of the Department of Education's operations  
 10 be reported to the Hawaii State Legislature at least twenty days  
 11 prior to the beginning of the 2009 legislative session; and

12  
 13 BE IT FURTHER RESOLVED that certified copies of this  
 14 Concurrent Resolution be transmitted to the Office of the  
 15 Auditor, the Department of Education and the Board of Education.

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OFFERED BY:

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