

JAN 19 2007

S.B. NO. 1180

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# A BILL FOR AN ACT

RELATING TO EDUCATION.

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

1           SECTION 1. Section 2 of Act 51, Session Laws of Hawaii  
2 2004, provides that "[t]he department of education, from within  
3 appropriations provided to the department of education, shall  
4 provide supplementary allocations to those schools whose budgets  
5 are adversely affected upon the implementation of the weighted  
6 student formula, as determined by the superintendent, for no  
7 more than three years beginning with the 2006-2007 school year."  
8 The use of the weighted student formula in Hawaii public schools  
9 is codified under section 302A-1303.6, Hawaii Revised Statutes.

10           The legislature finds that it was not intended for any  
11 school to experience significant budgetary losses upon the  
12 implementation of the weighted student formula. The legislature  
13 further finds that the department of education should receive  
14 additional yearly funds to provide supplementary allocations  
15 under the weighted student formula to prevent significant  
16 budgetary losses, and that the supplementary allocations should  
17 not be limited to a three-year period of time.



1           The purpose of this Act is to amend the definition of  
2 "weighted student formula" to provide that a school operating  
3 budget shall not be reduced by use of the formula to below a  
4 threshold minimum amount. The purpose of this Act is also to  
5 appropriate funds to prevent the implementation of the weighted  
6 student formula from adversely affecting school budgets, and to  
7 remove the three-year restriction on the funds.

8           SECTION 2. Section 302A-101, Hawaii Revised Statutes, is  
9 amended by amending the definition of "weighted student formula"  
10 to read as follows:

11           "Weighted student formula" means a formula for allocating  
12 operating moneys to individual public schools that includes a  
13 system of weighted characteristics affecting the relative cost  
14 of educating each student attending a public school; provided  
15 that no school operating budget shall be reduced by use of the  
16 formula to below a threshold minimum amount as determined by the  
17 department."

18           SECTION 3. Act 51, Session Laws of Hawaii 2004, as amended  
19 by Act 221, Session Laws of Hawaii 2004, is amended by amending  
20 section 1 to read as follows:

21           "SECTION 1. Although many responsibilities are laid upon  
22 education, ultimately education must do no less than advance the



1 endowment of human culture itself, so that each succeeding  
2 generation finds itself further along the road towards peace,  
3 social justice, and environmental sustainability in a society  
4 guided by creativity, compassion, and curiosity. This Act is a  
5 road map for a critical phase in that ongoing journey.

6 The legislature finds that significant changes need to be  
7 made to enhance Hawaii's public education system to ensure the  
8 success of that journey. Although the State's students,  
9 parents, teachers, school administrators, departmental staff,  
10 and other educational stakeholders strive to achieve excellence,  
11 their efforts will never be completely successful until various  
12 aspects of the system around them are improved.

13 The legislature has supported and will continue to support  
14 efforts by the department of education to improve Hawaii's  
15 schools as a means of enhancing the academic achievement, safety  
16 and well being, and civic commitment of students, to meet the  
17 evolving needs of today's communities.

18 The coordinated package of initiatives in this Act aims to  
19 implement comprehensive education reform in Hawaii's public  
20 schools and shall be known as the "Reinventing Education Act of  
21 2004." Its main elements include:

22 (1) Establishing a weighted student formula;



- 1           (2) Providing additional information technology;
- 2           (3) Empowering principals through a Hawaii principals
- 3           academy and other means;
- 4           (4) Strengthening community involvement through school
- 5           community councils and parent-community networking
- 6           centers;
- 7           (5) Providing more mathematics textbooks;
- 8           (6) Lowering class size in kindergarten, grade one, and
- 9           grade two;
- 10          (7) Providing full-time, year-round, high school student
- 11          activity coordinators;
- 12          (8) Providing support for students who need additional
- 13          help to succeed in school;
- 14          (9) Establishing a national board certification incentive
- 15          program for teachers;
- 16          (10) Enhancing teacher education;
- 17          (11) Reducing the bureaucracy that hampers the
- 18          effectiveness of the department of education;
- 19          (12) Improving the educational accountability system; and
- 20          (13) Requiring board of education members to hold community
- 21          meetings in their districts.



1           Research shows that student performance is significantly  
2 higher in smaller schools. While establishing smaller schools  
3 throughout the State is not financially feasible, some schools  
4 have taken it upon themselves to create smaller and more  
5 manageable learning communities within their schools. Research  
6 also strongly supports the need for early childhood education  
7 and the establishment of a coherent system that spans all levels  
8 of education. The department of education, teamed with the  
9 University of Hawaii and Good Beginnings Alliance to create a  
10 vision for such a system, which was presented in 2002, is now  
11 being implemented.

12           Despite these efforts, more needs to be done. Currently,  
13 public school principals are faced with a nearly impossible  
14 task, as they are asked to attend to every detail of operating  
15 their schools without enough institutional support or discretion  
16 to expend funds. While some support and additional school  
17 leadership is provided by the school/community-based management  
18 (SCBM) system at many schools throughout the State, SCBM plays a  
19 far more limited role at some locations, and has not been  
20 implemented at all at others.

21           Recently, departmental leadership was decentralized through  
22 the creation of the complex area system, including the hiring of



1 complex area superintendents. While replacing the old district  
2 system with this new structure was an important first step,  
3 further changes need to be made to allow meaningful authority to  
4 exist as close to the schools as possible. The complex area  
5 structure will serve as an excellent base upon which to build  
6 these continued reforms. It is the legislature's intent to  
7 place a far greater number of decisions, and a much higher  
8 percentage of moneys, directly in the hands of individual  
9 schools and their leaders.

10 Another area of improvement necessary to promote excellence  
11 in learning is the method by which moneys are allocated to  
12 individual schools. Hawaii currently receives high marks  
13 nationally for funding equity, as being organized as a single  
14 unified system enables the State to fairly disburse moneys to  
15 schools. In other states, local revenue sources such as  
16 property taxes account for a significant portion of school and  
17 district funding, resulting in massive financial disparities  
18 between schools in more and less affluent areas.

19 Although the State avoids this particular pitfall, further  
20 improvements can be made to ensure that moneys go to the schools  
21 that truly have the greatest need, and to place more moneys at  
22 the discretion of individual schools. While the current funding



1 system takes into account certain criteria when allocating  
2 moneys to schools, it does not comprehensively address the fact  
3 that some students are more costly to educate than others. For  
4 example, students with special needs, such as those with limited  
5 proficiency in English, or who have physical, psychological, or  
6 other impediments to learning, are more expensive to teach than  
7 students who are not faced with these barriers.

8 One method that can be used to address these funding issues  
9 is a weighted student formula. Under such a system, moneys are  
10 allocated to schools based on a system of weighted  
11 characteristics that apply to every student in the public  
12 schools.

13 Under a weighted student formula there are several  
14 advantages. Among other things:

- 15 (1) The relative cost of educating students can be much  
16 more accurately assessed, based upon the unique  
17 learning needs of each student;
- 18 (2) Funds follow students to whichever school they attend;  
19 and
- 20 (3) The budget process becomes more transparent as it is  
21 based on dollars, not staff positions.



1           However, establishing a weighted student formula cannot be  
2 effective in a vacuum. Other reform measures must be  
3 implemented as well. Principals will be empowered to act as the  
4 educational leaders of their schools, with more authority  
5 relating to budgeting, and more flexibility to expend funds.  
6 With these expanded powers, principals will be held accountable  
7 for their performance through a system that includes rewards,  
8 assistance, and sanctions. Principals will also need more  
9 training and support if they are required to take on additional  
10 duties, and are expected to advance student success.  
11 Furthermore, community involvement and support of schools will  
12 need to be enhanced if schools are to work effectively.

13           The department of education is also faced with significant  
14 impediments that will likely reduce its ability to effectively  
15 implement the weighted student formula. With educational  
16 responsibilities spread throughout numerous state agencies,  
17 there are various roadblocks to progress that could prevent the  
18 department of education and individual schools from successfully  
19 performing their duties and effectively using a new funding  
20 system.

21           The legislature finds that a comprehensive effort  
22 addressing all of these issues is required for Hawaii's public





1 schools to maximize student achievement. Accordingly, the  
2 purpose of this Act is to enhance educational outcomes in  
3 Hawaii's public schools by:

4 (1) Implementing the weighted student formula by:

- 5 (A) Requiring the department of education to provide  
6 supplementary allocations to those schools whose  
7 budgets are adversely affected by the weighted  
8 student formula [~~for no more than three years~~  
9 ~~beginning with the 2006-2007 school year,~~], as  
10 determined by the superintendent;
- 11 (B) Establishing a committee on weights within the  
12 department of education to determine the unit  
13 value of student weights and recommend a weighted  
14 student formula to the board of education at  
15 least annually, and appropriating \$10,000 to  
16 support the operation of the committee;
- 17 (C) Requiring the department of education to adopt a  
18 weighted student formula in allocating funds to  
19 public schools;

20 (2) Appropriating \$2,000,000 to the department of  
21 education to facilitate field support, security, and  
22 privacy for the telecommunications network, and



1 training regarding information technology  
2 infrastructure used to enhance accountability,  
3 compliance with the federal No Child Left Behind Act  
4 of 2001, and implementation of school reform including  
5 the weighted student formula;

6 (3) Supporting and empowering principals by:

7 (A) Requiring the department of education, with the  
8 invited participation of the exclusive bargaining  
9 agent of educational officers of the department  
10 of education, to propose salary schedules and  
11 other terms and conditions of employment of  
12 principals and vice principals based upon a  
13 twelve-month term of service, and report findings  
14 back to the legislature no later than twenty days  
15 prior to the regular session of 2005;

16 (B) Requiring the board of education to classify all  
17 educational officer positions of the department  
18 of education to adopt two separate  
19 classification/compensation plans for educational  
20 officers:

21 (i) One for principals and vice principals  
22 (based on the general pattern of a school



1 administrator's career development and  
2 associated school administrator's  
3 qualification requirements); and  
4 (ii) One for all other educational officers  
5 (reflective of the career development  
6 pattern and qualification requirements for  
7 the respective professional field of  
8 expertise),

9 and including classification appeals procedures  
10 for both;

11 (C) Convening a working group to create a plan for  
12 the implementation of performance contracts for  
13 principals;

14 (D) Establishing a Hawaii principals academy to  
15 support and train complex area superintendents,  
16 principals, and prospective principals, and  
17 appropriating \$500,000 to operate the academy;

18 (E) Clarifying the authority and responsibility of  
19 principals;

20 (F) Appropriating \$183,780 to operate the department  
21 of education's administrator certification for  
22 excellence (ACE) program; and

1 (G) Appropriating \$400,000 to compensate principals  
2 recalled to work by the department, outside of  
3 their regular term of service, for professional  
4 development and any other activities that may  
5 enhance their effectiveness as leaders of their  
6 schools;

7 (4) Enhancing community involvement in schools by:

8 (A) Appropriating \$350,000 for training and other  
9 activities needed to facilitate the transition  
10 from the current SCBM system into a mandatory  
11 school community council system to be implemented  
12 at each public school, excluding new century  
13 charter schools and new century conversion  
14 charter schools;

15 (B) Clearly articulating the balance and reciprocity  
16 of powers and responsibilities between the  
17 principal and school community council; and

18 (C) Appropriating \$1,743,900 to support and enhance  
19 parent-community networking centers;

20 (5) Directly, concretely supporting the academic  
21 achievement and holistic development of students by:



- 1 (A) Appropriating \$2,500,000 for mathematics
- 2 textbooks and other mathematics learning
- 3 materials in schools; provided that mathematics
- 4 curriculum is aligned within the school complex;
- 5 (B) Appropriating \$2,143,350 to reduce class size in
- 6 kindergarten, grade one, and grade two by hiring
- 7 seventy-five elementary school teachers;
- 8 (C) Appropriating \$460,000 for full-time, year-round,
- 9 high school student activity coordinators; and
- 10 (D) Appropriating \$100,000 for programs that support
- 11 parents in working with students who need
- 12 additional help to succeed in school; provided
- 13 the programs have measurable outcomes;
- 14 (6) Directly, concretely supporting teachers by:
- 15 (A) Establishing a national board certification
- 16 incentive program to be administered by the
- 17 Hawaii teacher standards board to continue
- 18 comparable efforts initiated under a memorandum
- 19 of understanding between the department of
- 20 education and Hawaii teacher standards board
- 21 which expires on June 30, 2005, and appropriating



- 1                   \$480,000 to execute the memorandum of
- 2                   understanding during fiscal year 2004-2005;
- 3           (B)   Appropriating \$92,000 for the administration of
- 4                   the Hawaii teacher standards board; and
- 5           (C)   Increasing the pool of qualified teachers and
- 6                   administrators by appropriating \$500,000 to fund
- 7                   seven teacher education positions and one
- 8                   education administration faculty position at the
- 9                   college of education of the University of Hawaii;
- 10       (7)   Reducing bureaucracy that hampers the effectiveness of
- 11           the department of education by:
- 12           (A)   Requiring the department of education to convene
- 13                   an interagency working group to address systemic
- 14                   impediments to the efficient management and
- 15                   operation of schools;
- 16           (B)   Transferring certain key functions from various
- 17                   state agencies to the department of education;
- 18                   and
- 19           (C)   Requiring the board of education to adopt a
- 20                   single school calendar for all public schools to
- 21                   apply beginning with the 2006-2007 school year;
- 22       (8)   Enhancing educational accountability by:

- 1 (A) Requiring academic achievement, safety and well  
2 being, and civic responsibility of individual  
3 students to be assessed and tracked;
- 4 (B) Expanding the accountability provision to include  
5 fiscal accountability;
- 6 (C) Including complex area superintendents and  
7 principals in the accountability system;
- 8 (D) Requiring clear, easily understandable report  
9 cards on key performance indicators for schools,  
10 school complexes, and the public school system;  
11 and
- 12 (E) Requiring the board of education to hold  
13 community meetings in each school district;
- 14 (9) Appropriating \$400,000 for the piloting of school  
15 community councils and development of academic and  
16 financial plans at selected schools prior to the  
17 statewide implementation of the weighted student  
18 formula; and
- 19 (10) Requiring the department of education to submit  
20 findings and recommendations to the legislature prior  
21 to the 2005 regular session relating to the  
22 implementation of this Act."



1 SECTION 4. Act 51, Session Laws of Hawaii 2004, is amended  
2 by amending section 2 to read as follows:

3 "SECTION 2. The department of education, from within  
4 appropriations provided to the department of education, shall  
5 provide supplementary allocations to those schools whose budgets  
6 are adversely affected upon the implementation of the weighted  
7 student formula, as determined by the superintendent [~~for no~~  
8 ~~more than three years beginning with the 2006-2007 school~~  
9 ~~year~~]."

10 SECTION 5. (a) There is established a weighted student  
11 formula revolving fund into which shall be deposited  
12 appropriations made by the legislature to the fund.

13 (b) The department of education may expend moneys in the  
14 weighted student formula revolving fund to provide supplementary  
15 allocations to those schools whose budgets are adversely  
16 affected upon the implementation of the weighted student  
17 formula, as determined by the superintendent. These schools may  
18 include:

- 19 (1) Multi-Track Schools, if needed;  
20 (2) Schools with fluctuating student populations,  
21 especially those located in developing or transitional





1 areas where significant structural development or  
2 demographic changes are taking place; and

3 (3) Schools that demonstrate a need for additional  
4 educators or other needs to be approved by the  
5 department.

6 SECTION 6. There is appropriated out of the general  
7 revenues of the State of Hawaii the sum of \$8,000,000, or so  
8 much thereof as may be necessary for fiscal year 2007-2008, and  
9 the same sum, or so much thereof as may be necessary for fiscal  
10 year 2008-2009, to be paid into the weighted student formula  
11 revolving fund created by this Act. The sum appropriated shall  
12 be expended by the department of education for the purposes of  
13 this Act.

14 SECTION 7. Statutory material to be repealed is bracketed  
15 and stricken. New statutory material is underscored.

16 SECTION 8. This Act shall take effect on July 1, 2007.  
17

INTRODUCED BY: Shiranne Chun Oshikane  
Randy de Bate  
Chad Fukushima  
[Signature]  
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**Report Title:**

DOE; Weighted Student Formula; Appropriation

**Description:**

Amends definition of "weighted student formula"; appropriates funds to DOE to assist schools with the transition to the new spending method.

