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# A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF EDUCATION.

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

1 SECTION 1. Chapter 302A, Hawaii Revised Statutes, is  
2 amended by adding a new section to part V to be appropriately  
3 designated and to read as follows:

4 "§302A- Financial and management audits. The auditor  
5 shall conduct an operational audit of the academic plans and the  
6 financial plans of the department, assessing the efficiency and  
7 effectiveness of the process from budget and planning, and  
8 implementation to student outcomes annually. The auditor shall  
9 submit a report of the auditor's findings, including any  
10 proposed legislation, to the legislature no later than twenty  
11 days prior to the convening of the regular session following the  
12 audit."

13 SECTION 2. (a) The department of education shall contract  
14 with a third-party consultant that specializes in school finance  
15 to perform a study of the adequacy of education funding in  
16 Hawaii. The third-party consultant shall have previous



1 experience conducting studies of education systems in multiple  
2 states.

3 (b) The study shall:

- 4 (1) Employ the evidence-based method to evaluate the  
5 adequacy of school funding, but may include the  
6 professional judgement method in its analysis;
- 7 (2) Identify variables most closely associated with a  
8 high-quality education and estimate the amount of  
9 additional funding needed to provide all public school  
10 students in Hawaii with an equal educational  
11 opportunity;
- 12 (3) Compare Hawaii teacher salaries with teacher salaries  
13 in school districts of similar size and cost of living  
14 to determine compensation characteristics that impact  
15 the department of education's ability to recruit and  
16 retain effective teachers; and
- 17 (4) Assess the equity of funding between schools  
18 throughout the Hawaii public school system.

19 (c) The department of education shall submit to the  
20 legislature a copy of the study, along with a report of its  
21 findings and recommendations, including any proposed



1 legislation, no later than twenty days prior to the convening of  
2 the regular session of 2021.

3 SECTION 3. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so much  
5 thereof as may be necessary for fiscal year 2019-2020 and the  
6 same sum or so much thereof as may be necessary for fiscal year  
7 2020-2021 for the office of the auditor to conduct the  
8 operational audit.

9 The sums appropriated shall be expended by the office of  
10 the auditor for the purposes of this Act.

11 SECTION 4. There is appropriated out of the general  
12 revenues of the State of Hawaii the sum of \$ or so much  
13 thereof as may be necessary for fiscal year 2019-2020 for the  
14 department of education to contract with a third-party  
15 consultant that specializes in school finance to perform a study  
16 of the adequacy of education funding in Hawaii.

17 The sum appropriated shall be expended by the department of  
18 education for the purposes of this Act.

19 SECTION 5. New statutory material is underscored.

20 SECTION 6. This Act shall take effect on July 1, 2052.



**Report Title:**

Education; Audit; Adequacy Study; Appropriation

**Description:**

Requires the Auditor to perform an 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. (SB856 HD3)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

