

First Interim Report

**EVALUATION OF THE
ADMINISTRATIVE FLEXIBILITY LEGISLATION
AFFECTING THE DEPARTMENT OF EDUCATION
AND THE UNIVERSITY OF HAWAII
ACTS 320 and 321, SLH 1986**

A Report to the Governor and the Legislature of the State of Hawaii

Submitted by the

**Legislative Auditor of the State of Hawaii
Honolulu, Hawaii**

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FOREWORD

The interrelationship between Hawaii's two major state educational agencies, the Department of Education and the University of Hawaii, and the rest of the state government in terms of administrative management has long been a matter of keen interest to the various parties involved. At issue has been the question of how best to balance the different and sometimes conflicting needs of educational administration and decisionmaking on one hand and of overall management and program accountability on another hand.

Besides establishing the Governor as a strong chief executive for the State and giving the Legislature broad authority to set policy, the Hawaii State Constitution also makes special provision regarding the role of the Department of Education and the University of Hawaii in managing their own internal affairs. The term "administrative flexibility" has been used in reference to the special administrative or management role of the two educational agencies. However, the term has not been clearly defined and actual implementation rests to a great extent upon the enactment of appropriate legislation to set out its limits and how it should operate.

During its 1986 session, the Legislature passed legislation to grant a degree of administrative flexibility to the two educational agencies in the areas of budget execution (Act 320) and fiscal operations (Act 321). However, this was done only on a three-year trial basis. During this trial period, the Office of the Legislative Auditor is responsible for evaluating the impact of the legislation, especially its impact on the quality of education delivered by the two agencies, and to report thereon to the 1987, 1988, and 1989 sessions of the Legislature. The ultimate objective of the evaluation effort is to provide guidance as to whether the legislation should be extended beyond its present expiration date of June 30, 1989.

This report is the first interim report called for under the administrative flexibility legislation. Besides summarizing implementation actions taken to date, it also discusses some of the ramifications involved in evaluating the effects of the legislation.

We wish to acknowledge the cooperation and willing assistance extended to our staff by the officials and other personnel of all the affected agencies.

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Chapter 1

INTRODUCTION AND BACKGROUND

This report is submitted pursuant to Acts 320 and 321, SLH 1986. These two acts granted a degree of administrative flexibility (that is, exemption from or special treatment under various administrative controls imposed upon executive departments and agencies) to the State's two educational agencies—the Department of Education (DOE) and the University of Hawaii (UH). The two acts also directed the Office of the Legislative Auditor to assess and evaluate the impact of this legislation and report back to the Legislature. This is the first of the three annual reports mandated under these acts.

In making this assignment to the Office of the Legislative Auditor, the Legislature specifically directed that the assessment and evaluation be focused on the impact of the flexibility legislation on "the quality and effectiveness of instruction, organized research, public service, academic support, student services, and institutional support program areas" as these may be applicable to DOE and UH, with particular emphasis on the "impact of the general fund transfer authority upon student education."

Objectives of the Evaluation

In line with legislative directives, the objectives of this evaluation are as follows:

1. To identify and assess the nature, extent, and effects of centralized controls on UH and DOE prior to actions to grant administrative flexibility to the two educational agencies.

2. To describe and assess the impact of the flexibility actions on the administrative procedures and operations of DOE and UH.

3. To the extent possible, to assess the impact of the flexibility actions on the quality and effectiveness of the major educational program areas, with particular emphasis on the impact on student education activities supported through the general fund.

4. To identify problems arising out of or associated with the flexibility actions and possible solutions to these problems.

5. To make an overall evaluation of the flexibility actions and to recommend whether such actions should be discontinued, kept in effect as is, or continued with modifications.

Scope of the Evaluation

Pursuant to statutory intent, the main focus of this evaluation is upon the impact of the administrative flexibility granted under Acts 320 and 321, SLH 1986. However, in the case of UH, the scope of the project also extends to include the impact of administrative flexibility granted to UH by executive action of Governor George R. Ariyoshi prior to the passage of Acts 320 and 321. These earlier executive actions were a prelude to and actually set the stage for the enactment of Acts 320 and 321.

In terms of time frame, the scope of this evaluation extends from September 1985, when the Governor first took major action to grant increased administrative flexibility to UH,¹ to the three successive deadlines set forth in Acts 320 and 321. In the case of this first interim report, fieldwork extended up to December 1986.

Inasmuch as the Legislature wishes to ascertain the possible effects of administrative changes on the quality and effectiveness of educational programs, we are also concerned with the broad and complex issues relating to what is meant by program quality and effectiveness in the field of education and how such concepts may actually be measured, if at all.

Organization of the Report

This report is divided into three chapters. Chapter 1 is this introduction. It also provides some background information on the circumstances which led up to the passage of Acts 320 and 321 in 1986. Chapter 2 summarizes the substantive actions taken to implement Acts 320 and 321 relative to UH and DOE as of early December 1986. Chapter 3 discusses the question of determining and measuring program quality and effectiveness in the field of education and some related issues.

1. By a letter of agreement dated September 24, 1985, from the Governor to the President of the University of Hawaii, a number of administrative responsibilities were transferred to the university from the Governor and his central staff departments.

Background Relating to Administrative

Flexibility for Hawaii's Educational Agencies

Hawaii's two educational agencies are headed by executive boards—the elected Board of Education in the case of DOE and the gubernatorially appointed Board of Regents in the case of UH. Both agencies also are accorded a special status under the Hawaii State Constitution insofar as management of their internal affairs is concerned. (See appendix for the constitutional provisions on education.)

At the same time, Hawaii has a strong tradition supporting highly centralized governmental activities and authority. Hawaii's state government performs many functions which are carried out by local governments in most other states. Hawaii is the only state with a single, unified system of elementary and secondary education. Hawaii's governor is among the strongest of state chief executives.

As a result of this centralizing tendency, administrative management of the executive branch revolves around the Governor. In exercising this administrative authority, the Governor has at his command three strong staff departments—the Department of Budget and Finance (B&F), the Department of Accounting and General Services (DAGS), and the Department of Personnel Services (DPS). Undergirding the authority of the Governor and the three staff agencies is a whole body of statutory provisions and departmental rules and regulations which prescribe procedures which must be followed and approvals which must be obtained by executive departments in administering and managing their various programs.

With the two educational agencies given authority and responsibility for their own internal management on one hand and with the Governor and his staff agencies given strong centralized controls on the other hand, serious problems and strong differences of opinion have arisen over where and how the line should be drawn

separating internal management from essential centralized management direction and oversight. The two educational agencies have followed somewhat different courses in their attempts to resolve these problems and differences, and the responses of the executive have, in turn, been distinctively different.

In the case of UH, it was able to win a considerable degree of administrative flexibility through negotiation with the executive. An early start in this direction occurred in 1979 when UH gained the right to make internal organizational changes without having to go through an elaborate review and approval process involving B&F and the Governor. Since that time, it has had only to report such changes after the fact.

The first really major breakthrough took place in September 1985 when Governor Ariyoshi sent a letter to UH delegating a whole list of functions to the university and directing B&F, DAGS, and DPS to work with UH to accomplish the orderly transfer of administrative authority and responsibility for the activities affected. Inasmuch as some of these delegations required statutory change, it was also agreed that appropriate amendatory legislation would be proposed as administration measures to the 1986 session of the Legislature. These legislative proposals were the progenitors of Acts 320 and 321.

For DOE, however, negotiation apparently did not appear to hold the same prospects as for UH. Instead, the Board of Education chose to join with the Hawaii State Teachers Association, the collective bargaining unit representing the State's teachers, in filing legal action against the State as a means of bringing about greater autonomy for DOE through a judicial decision. This case is still pending.

The legislation proposed to the 1986 legislative session to grant increased administrative flexibility to UH was broader than that which finally emerged as

Acts 320 and 321. For example, bills to give UH autonomy in the area of personnel services were not enacted. Similarly, provisions granting more autonomy in the area of budget preparation were deleted from the bill which became Act 320. On the other hand, however, the legislation was expanded to include DOE as well as UH. As stated in one of the accompanying committee reports, this was with the intent that "the same rationale for granting the university administrative flexibility should apply to [DOE] in order to generate consistency in the implementation of the program objectives of formal education."²

Act 320 gives the two educational agencies greater flexibility in the area of budget implementation (allotment control). It mandates B&F to formulate overall allotment ceilings for the two departments instead of passing on individual allotment items, limits the scope of B&F's review of quarterly allotments, and allows UH and DOE to transfer general fund appropriations between programs without having to obtain prior approval.

Act 321 relates to matters primarily affecting the jurisdiction of DAGS. For instance, it eliminates the involvement of DAGS in the preauditing of invoices and purchase orders and empowers DOE and UH to "make disbursements for payroll and other operating expenses" and to "maintain records and documents to support those disbursements." Further, it gives the two educational agencies the discretionary authority to install their own accounting systems and to formulate their own business and accounting forms. In addition, Act 321 transfers the authority to allow

2. House Standing Committee Report No. 824-86 on Senate Bill No. 1780-86, Thirteenth Legislature, 1986, State of Hawaii.

bid waivers under certain emergency conditions from the Governor to the Board of Regents in the case of UH and to the Board of Education in the case of DOE.

In passing Acts 320 and 321, the Legislature also attached the additional requirement that the Legislative Auditor assess and evaluate the impact of the two acts, particularly with regard to their effects on program performance, and report back to the Legislature during each of the three ensuing annual legislative sessions. The report to the 1989 session is to include recommendations regarding whether or not to keep this legislation in effect. Under the terms of both acts, they will automatically expire on June 30, 1989, unless some legislative action is taken to extend or replace them.

When Governor Ariyoshi signed Acts 320 and 321 into law, he expressed reservations regarding the extension to DOE of the same treatment accorded to UH under the legislation.³ Perhaps for this or for other reasons, he did not initiate action to include DOE under the executive delegations which had been given to UH in September 1985. Thus, while both educational agencies are treated alike under Acts 320 and 321, they stand in somewhat different situations insofar as overall administrative flexibility is concerned. The next chapter describes what has actually happened regarding implementation of Acts 320 and 321 relative to UH and DOE in the period from June to December 1986. Due to the shortness of time, it is still too soon to evaluate the results of this legislation. However, Chapter 3 examines some of the problems involved in trying to evaluate such results, particularly with respect to the impact upon educational program performance.

3. Floyd K. Takeuchi, "Ariyoshi gives freer rein to UH, DOE," *The Honolulu Advertiser*, June 7, 1986.

Chapter 2

IMPLEMENTATION ACTIONS ON ADMINISTRATIVE FLEXIBILITY

This chapter summarizes the actions that have been taken to implement administrative flexibility with respect to the University of Hawaii (UH) and the Department of Education (DOE). While the focus is on actions related to the administrative flexibility legislation enacted in 1986 (Acts 320 and 321), notice is also taken of follow-up actions on the Governor George R. Ariyoshi's executive delegations to UH which were formalized by letter in September 1985.

Summary of Findings

We find as follows regarding the implementation of the administrative flexibility legislation:

1. Due apparently in large part to its early attention to and preparation for administrative flexibility, the University of Hawaii has been able to absorb fairly smoothly the transfer of most of the functions covered under Acts 320 and 321. Only the payroll function has not yet been transferred, and here the delay is caused by the university's need to acquire substantial additional resources to carry out the function as part of an expanded and improved human resources system.

2. The Department of Education has not been able to progress as far and as fast as the university in accomplishing the transfer to it of various central agency administrative functions. So far, only the budget execution and preauditing functions and certain purchasing activities have been transferred. The transfer of

vendor payments is now scheduled for July 1, 1987, while plans in the payroll area are still being formulated. Indications are that the department would like to follow the university's lead and inaugurate a comprehensive payroll and personnel information system.

3. In view of the substantial additional resources that will apparently be required to carry out the payroll and personnel information systems now being contemplated by the two educational agencies, it would be worthwhile for the Legislature to review the plans and justifications for the proposed new systems.

Implementation Actions Relating to the University of Hawaii

As recognized by the Legislature during its consideration of the flexibility legislation for UH and DOE, many of the provisions of this legislation had already been implemented administratively with respect to UH as a result of prior executive delegations made to UH by Governor Ariyoshi. In this sense, then, UH had a head start insofar as implementation of Acts 320 and 321 is concerned. This is why it is important to look first at Governor Ariyoshi's executive delegations to UH.

Governor's executive delegations to the University of Hawaii. In September 1985, Governor Ariyoshi delegated a substantial list of administrative functions to UH and instructed the affected staff departments to work with UH in accomplishing the orderly transfer of the relevant administrative authority and responsibility.¹ The functions delegated are as follows:

1. Letter of Agreement from George R. Ariyoshi, Governor, to Albert J. Simone, President, University of Hawaii, September 24, 1985.

1. Inventory and disposal of property;
2. Leasing and renting of space;
3. Acquisition of goods and services, including:
 - a. Telecommunication services and facilities,
 - b. Copier machines,
 - c. Determination of noncompetitive purchases,
 - d. Procurement from the state price list,
 - e. Determination of emergency purchases,
 - f. Negotiations with vendors when no bids or conforming bids are received,
 - g. Consultant contracts,
 - h. Electronic data processing hardware and software for administrative purposes, and
 - i. Printing requirements;
4. Business and accounting forms;
5. Petty cash funds;
6. Payroll and disbursing;
7. Out-of-state travel;
8. Preaudit of payments;
9. Deposit of trust and revolving funds in depositories other than the State Treasury;
10. Position variances (to make changes to the series and classes of positions to respond to the needs and demands of its programs);
11. Execution of the budget (in accordance with statutory requirements and ceilings established by the Governor, involving authority for the transfer

- of funds between programs, transfer of funds within a program by character of expenditure, and transfer of funds between quarters);
12. Preparation of the budget as it relates to determining the operating and capital budget requirements and priorities within ceilings established by the Governor;
 13. All matters related to the administration of civil service personnel within established statutory concepts and recognized merit principles—including the development of legislative proposals under which UH would be allowed to administer its own independent civil service personnel system; and
 14. Establishment of and amendments to tables of organization within established principles and practices of organizational management (a function which had previously been delegated).

Subsequent implementation actions. With this head start, UH was ready to assume on or before July 1, 1986, almost all of the functions covered by Acts 320 and 321. In fact, even prior to the introduction of this legislation, it had prepared its supplemental budget request for FY 1986–87 pursuant to the delegation of authority and responsibility granted under Item 12 in the above listing. However, with the omission of budget preparation from the legislation that passed, UH had to revert to the previous system in the preparation of its budget request for FY 1987–89. Similarly, the broad delegation of responsibility and authority for personnel administration granted under Item 13 in the above listing had to be rescinded when legislation which would have allowed UH to administer its own independent civil service personnel system failed to gain passage during the 1986 legislative session.

In most other areas, however, UH has been in full operational control since the commencement of the current fiscal year. This includes such areas as vendor payments, travel advances, petty cash funds, preauditing, emergency services contracts, sole source contracts, and bid requirement waivers. Although the Department of Budget and Finance (B&F) still reviews UH's allotments, this review is much more limited and cursory than previously was the case.

Delay in transfer of payroll processing. There is one important area, however, where implementation action has not yet been taken to transfer authority and responsibility to UH. This is payroll processing which will apparently remain with the Department of Accounting and General Services (DAGS) for some time to come. The university has developed specifications for its own payroll system, but has delayed implementation action so that this system can be expanded into an overall human resources information system which will include personnel management and position control functions.² The university's goal is to have the payroll processing portion of the overall system operational during FB 1987-89 and to have the rest of the subsystems completed and operable by 1990. To this end, UH included \$1,042,327 and 13 new positions in its budget request for FY 1987-88 and an additional \$285,082 in its budget request for FY 1988-89. However, these budget requests have not been included in the executive budget for FB 1987-89.

The transfer of the payroll processing function, then, depends upon UH gaining the necessary resources to perform the function on its own. Based upon UH's budget requests, substantial resources will be required to accomplish this transfer.

2. University of Hawaii at Manoa, "Human Resources Information System, University of Hawaii--IBM Application Transfer Study," Honolulu, August 1986.

Although the new system is expected to provide other benefits in terms of improved capabilities in the areas of personnel management and position control, a major portion of the costs will still be for payroll processing.

Implementation Actions Relating to the Department of Education

Unlike UH, movement toward increased administrative flexibility for DOE has followed rather than preceded the enactment of Acts 320 and 321, SLH 1986. As a consequence, DOE was caught unprepared to initiate broad-scaled implementation of the legislation immediately following its passage. Instead, implementation has proceeded on an incremental basis. While a few functions have been transferred since the new legislation took effect, others are scheduled for transfer at different times in the future. As indicated in the preceding chapter, no action has been taken to make the same broad executive delegation of administrative authority and responsibility to DOE such as occurred with respect to UH.

Transfers already accomplished. Specific transfers of authority and responsibility to DOE that have already been accomplished are identified and described briefly below.

1. *Budget execution.* Budget execution (which involves the making of quarterly allotments, the establishment of allotment ceilings, and the transfers of funds between programs and spending categories) is one area where implementation action has been taken. However, this is not an area where the flexibility legislation provides for a complete separation between the educational agencies and the central staff departments.

Thus, while Act 320 limits the scope of central review, it still provides for the following central controls: (1) the Governor must establish an allotment ceiling for each allotment period in each fiscal year, (2) any general fund transfers between appropriation categories must be reported to the Governor and Legislature, and (3) DOE and UH cannot initiate new programs or expand ongoing programs beyond levels authorized by the Legislature and Governor.

Accordingly, B&F continues to review allotment requests to ensure their legality, but as in the case of UH, this review is now much more limited and cursory than it was in the past. Moreover, since no spending restrictions were imposed by the Governor during the current fiscal year, all funds that were appropriated by the Legislature are being allotted. As of December 1, 1986, no transfers of general funds between appropriation categories had occurred.

2. *Preauditing.* Pursuant to Act 321, which provides for the removal of DOE and UH from preaudit control by DAGS, preaudit authority and responsibility were transferred to DOE effective July 1, 1986. Hence, as of that date, DOE became solely responsible for preauditing of its expenditures and payroll with regard to the legality and propriety of these outlays.

In actuality, DOE had been performing this function prior to the passage of the flexibility legislation. The preaudit by DAGS simply provided another tier of review, and then only on a spot check basis. The effectuation of this transfer, therefore, did not require any significant procedural changes or the addition of personnel on the part of DOE. The department's Office of Business Services already had a total of 31 positions engaged in preaudit activities (17 preaudit clerks and 2 clerk stenos in vouchering and 10 preaudit clerks and 2 clerk stenos in payroll) at the time of the transfer.

By way of comparison, the Pre-Audit Branch of DAGS, which checks for legality and propriety of expenditures for all state agencies, is authorized a total of 23 positions (7 in vouchering, 8 in payroll, 7 supervisory and clerical, and 1 administrator). In addition, the Uniform Accounting and Reporting Branch of DAGS has a total of 15 authorized positions, but this unit performs a nonduplicatory function of checking for fund control and validating the accuracy of accounting transactions.

In this case, then, the effect of the flexibility legislation has been mainly one of eliminating a second level of review that had been occurring. It has not involved the complete transfer of a function from one agency to another.

3. *Certain purchasing activities.* By memorandum, dated August 22, 1986, DAGS transferred authority and responsibility for certain purchasing activities to DOE. Specifically, DAGS: (1) exempted DOE from its policies and procedures relating to the acquisition of copier machines and to the determination of noncompetitive purchases, and (2) granted to DOE the option of continuing or not continuing to purchase from the commodity contracts and price lists offered by the DAGS Purchasing Division. The department has accepted responsibility for these functions, but with respect to the DAGS price lists, it will continue to purchase from them until such time as it can develop its own lists.

Transfer actions still pending. For DOE, major implementation actions are still pending with respect to the functions of vendor payments and payroll. Initially, DOE scheduled these two functions to be transferred on January 1, 1987, and January 1, 1988, respectively. However, subsequent events have caused delays in the first target date.

With regard to the vendor payment function, DOE turned for assistance to Grant Thornton International, a company previously contracted to develop a petty cash system for the department. The object of the new contract was to expand the petty cash system (which became effective July 1, 1986) to accommodate the vendor payment activity. However, as of December 1986, it appears that the transfer of the vendor payment function will have to be delayed until July 1, 1987, due to the emergence of some previously unforeseen technical problems.

As for the payroll function, implementation actions are even less definite. Like UH, the department is contemplating using this shift in authority and responsibility as an opportunity to develop a more comprehensive and integrated approach to personnel information handling. However, this will require the formulation and definition of the overall project to be carried out and then the development of a definite plan and timetable for actual implementation. Based on present indications, the transfer of the payroll processing function appears unlikely to occur as scheduled, unless an interim system is developed simply to effectuate the transfer.

To enable it to continue moving forward on implementation of the flexibility legislation, DOE is seeking additional resources in its budget request for FY 1987-89. Included in the request are eight temporary positions and funds amounting to \$364,219 for FY 1987-88 and \$389,487 for FY 1988-89. Details of the budget request are set forth in Table 2.1, which is taken from DOE's budget submission to B&F.

Table 2.1

Details of the Department of Education's
Request for Fiscal Biennium 1987-89
to Implement the Provisions of Act 321, SLH 1986

Cost Elements and Objects of Expenditure	FY 1987-88	FY 1988-89
A. <u>Personal Services</u>		
	(1.0)	(1.0)
Accountant V, SR-24B	\$ 24,252	\$ 24,252
	(1.0)	(1.0)
Account Clerk V, SR-14	15,132	15,132
	(1.0)	(1.0)
Pre Audit Clerk IV, SR-17B	16,932	16,932
	(1.0)	(1.0)
Clerk Typist II, SR-08B	12,600	12,600
	(1.0)	(1.0)
Buyer II, SR-15B	15,672	15,672
	(3.0)	(3.0)
Pre Audit Clerk II, SR-13B	<u>36,510</u>	<u>43,812</u>
	(8.0)	(8.0)
Subtotal Personal Services	<u>\$121,098</u>	<u>\$128,400</u>
B. <u>Other Current Expenses</u>		
Services on a Fee Basis	\$ 74,880	\$ 77,950
Office Supplies	52,459	67,018
Postage	112,200	114,545
Telephone and Telegram	<u>1,542</u>	<u>1,574</u>
Subtotal Other Current Expenses	<u>\$241,081</u>	<u>\$261,087</u>
C. <u>Equipment</u>		
Office Equipment	\$ 2,040	---
	(8.0)	(8.0)
TOTAL REQUIREMENT	<u>\$364,219</u>	<u>\$389,487</u>

Source: Hawaii, Department of Education, "FB 1987-89 Operating Budget," December 3, 1986.

Additional Resource Implications of Payroll Transfers

As indicated in the foregoing discussion, the impending transfers of payroll responsibilities to UH and DOE have serious implications in terms of the additional resources that will be required by the two agencies to take on the payroll function as contemplated. It should also be recognized that UH and DOE are thinking of doing more than just taking over the processing of pay checks.

For its planned "Human Resources Information System," UH has included over \$1 million and 13 new positions in its budget request for FY 1987-88 and an additional \$285,000 in its budget request for FY 1988-89. Although the proposed system will include personnel management and position control activities, the bulk of the resource requirements is for handling the payroll function. To date, this budget request has not been included in the executive budget submitted to the Legislature by the Governor.

The plans of DOE have not progressed as far as those of the university, but in our discussions with top departmental administrators we have been told that DOE also feels the need for a comprehensive personnel information system. Hence, DOE is considering following the lead of UH and moving to develop a counterpart to the university's proposed new system. In all likelihood, pursuing this course would be at least as expensive for DOE as for UH, if not more so.

In view of these quite substantial resource requirements needed to take the two educational agencies where they want to go in terms of payroll processing and personnel management information, it would be worthwhile for the Legislature to review the plans in this area and to be assured that the contemplated additional expenditures are fully justified. This is especially true inasmuch as no actions have

been taken yet to transfer the payroll function to the two educational agencies and there is still time to consider the best way to go.

At a minimum, the Legislature should be fully informed concerning the expected costs and benefits of the proposed changes in operations and the extent to which various alternatives have been weighed. This can be accomplished by requesting the two educational agencies to submit for review during the 1987 legislative session their plans and justifications for assuming full responsibility for the payroll function.

Recommendations

With regard to the actions being taken to implement the administrative flexibility legislation, we recommend as follows:

- 1. The Department of Education should proceed as expeditiously as possible to complete by July 1, 1987, the transfer of all functions covered under Acts 320 and 321, except for the payroll function.*

- 2. The Legislature during its 1987 session should request the University of Hawaii and the Department of Education to submit for review their plans for taking on the payroll function. These plans should set forth the objectives, scopes, descriptions, resource requirements, implementation timetables, expected benefits, and assessments of alternatives for the new systems now being contemplated.*

Chapter 3

ASSESSING THE IMPACT OF ADMINISTRATIVE FLEXIBILITY

With less than six months experience with the actual implementation of the administrative flexibility legislation enacted in 1986 (Acts 320 and 321) and with implementation of some important aspects of this legislation not yet under way, it is too soon to arrive at any definitive assessments regarding the impact of this legislation. This is particularly true if primary concern of the assessment is directed toward the ultimate impact of administrative flexibility on the quality of education offered by the two affected agencies, the University of Hawaii (UH) and the Department of Education (DOE).

At the same time, however, it is none too soon to start looking at what is involved in making such an evaluation, at how such an evaluation might be carried out, and at what might be expected in terms of evaluation results. In this chapter, we focus upon some of the questions, problems, issues, and opportunities looming on the horizon with respect to assessing the impact of the 1986 administrative flexibility legislation.

Summary of Findings

Although it is too soon yet to make any definitive evaluations concerning the impact of the administrative flexibility legislation, we do make the following findings regarding such evaluation:

1. Over the next two years we should be able to assess the direct impact of this legislation in terms of its effects on the administrative procedures and business operations of the two educational agencies.

2. Evaluation of the indirect effects of the legislation—that is, its impact on the quality of education—is quite a different matter, however. Due to the complexity of factors influencing the educational process, all indications are that it will be impossible to make any direct correlations between changes in administrative procedures and business operations of the two agencies resulting from this legislation and changes in the quality of education being delivered—particularly within the limited period of one or two years.

3. At the same time, this does not mean that no attempt should be made to evaluate the quality of education in Hawaii. On the contrary, trends nationally are moving toward greatly increased use of educational assessment as a means of achieving improved accountability in the field of education; by focusing on the outcomes of education, attention is directed where it most appropriately belongs.

4. Both the University of Hawaii and the Department of Education should be encouraged to expand and accelerate the very preliminary attention and efforts they have been devoting to educational assessment up to now.

Direct Versus Indirect Effects of Administrative Flexibility

When approaching an assessment of the impact of Acts 320 and 321, it is important to recognize first that such legislation holds the potential of having both direct and indirect effects and that assessment and measurement of the two types