
Audit of the Decentralization Efforts of the Department of Education

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

Report No. 98-4
February 1998



THE AUDITOR
STATE OF HAWAII

The Office of the Auditor

The missions of the Office of the Auditor are assigned by the Hawaii State Constitution (Article VII, Section 10). The primary mission is to conduct post audits of the transactions, accounts, programs, and performance of public agencies. A supplemental mission is to conduct such other investigations and prepare such additional reports as may be directed by the Legislature.

Under its assigned missions, the office conducts the following types of examinations:

1. *Financial audits* attest to the fairness of the financial statements of agencies. They examine the adequacy of the financial records and accounting and internal controls, and they determine the legality and propriety of expenditures.
2. *Management audits*, which are also referred to as *performance audits*, examine the effectiveness of programs or the efficiency of agencies or both. These audits are also called *program audits*, when they focus on whether programs are attaining the objectives and results expected of them, and *operations audits*, when they examine how well agencies are organized and managed and how efficiently they acquire and utilize resources.
3. *Sunset evaluations* evaluate new professional and occupational licensing programs to determine whether the programs should be terminated, continued, or modified. These evaluations are conducted in accordance with criteria established by statute.
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5. *Health insurance analyses* examine bills that propose to mandate certain health insurance benefits. Such bills cannot be enacted unless they are referred to the Office of the Auditor for an assessment of the social and financial impact of the proposed measure.
6. *Analyses of proposed special funds* and existing *trust and revolving funds* determine if proposals to establish these funds and existing funds meet legislative criteria.
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9. *Special studies* respond to requests from both houses of the Legislature. The studies usually address specific problems for which the Legislature is seeking solutions.

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OVERVIEW

THE AUDITOR
STATE OF HAWAII

Audit of the Decentralization Efforts of the Department of Education

Summary

Senate Concurrent Resolution No. 270, S.D.1, H.D.1, C.D.1, of the 1997 legislative session requested the Office of the Auditor to conduct an audit of the decentralization efforts of the Department of Education.

We found that the Department of Education has not provided the level of support schools need to assume their new responsibilities. The department could provide either more training or redesign training content. Learning support centers established by Section 302A-1104, HRS, are not functioning as intended. School principals contend that the department's 1996 reorganization has resulted in less support than when services were provided by district level personnel.

We also found that the Department of Education has decentralized decision making but has not given schools sufficient autonomy and flexibility. SCBM and non-SCBM schools alike are freer to use the funds allocated to them, but the actual proportion of funds over which they have complete control still is relatively insignificant. We reviewed the FY1995-96 expenditures of 21 schools and found that just four percent of the expenditures had no departmental or other agency limitations. We also noted that SCBM decision-making guidelines need clarification. In addition, school-based budgeting has not been adequately reviewed.

Finally, we found that Section 302A-1123, HRS, which authorizes the establishment of student-centered schools, is flawed. The statute fails to define the extent to which the department and the Board of Education remain legally responsible for student-centered schools and the funding method is difficult to implement fairly. The law also fails to specify the department's role in providing the support and information needed by student-centered schools.

Recommendations and Response

We recommend that the department, when giving new responsibilities to the schools, identify the ability of the schools to undertake those responsibilities, and provide the necessary training, information, and support staff. In addition, the department should formally establish the learning support centers, staff the centers with the personnel needed to support school improvement efforts, clarify the responsibilities of the centers, establish procedures for the complexes to govern the centers, and provide the parameters within which the complexes will determine the services to be provided.

We recommend that the Board of Education clarify the definition of "consensus" in SCBM to prevent individuals from derailing school reform efforts. The board also should cease the establishment of categorical funding programs. The board and the department should also periodically conduct formal reviews and evaluations of the school-based budget process.

We also recommend that the Legislature cease the practice of establishing categorical programs. The Legislature should also require the department to provide general funds to schools in one lumpsum.

Finally, the Legislature should consider amending Section 302A-1123 to help shape a charter school system consistent with the requirements of the Public Charter Schools Program as enumerated in federal law. In particular, amendments should: (a) clarify legal responsibilities of the department and the student-centered school boards, (b) improve the funding provision, and (c) clarify the duty of the department to provide assistance to student centered schools.

The department asserts the State's budgetary constraints prevent the department from expanding support staff. The department agrees that it has not fully established learning support centers but contends that the State's economic situation prevents it from operating the centers as originally intended by the Legislature. However, the department has established Teacher Learning Centers.

The board notes that its Committee on Student Services will continue to meet to discuss SCBM governance issues. Discussions with the Hawaii State Teachers Association and the Hawaii Government Employees Association are also planned. Regarding our recommendation to cease the establishment of categorical programs, the Board of Education notes that it established two programs but has no plans to establish additional ones.

The board states that it will be conducting an evaluation of school-based budgeting. The department plans to periodically evaluate the school-based budget process.

The department agrees that except for a few types of funds which the department identifies, funds should be provided to schools in one lumpsum.

The department agrees with our recommendation that the Legislature consider amending Section 302A-1123, HRS. It also asserts that Section 302A-1123 should be amended to provide the full range of civil rights protections found in Section 378-2, HRS.

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Submitted by

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Foreword

Senate Concurrent Resolution No. 270, Senate Draft 1, House Draft 1, Conference Draft 1, of the 1997 legislative session requested the Office of the Auditor to conduct an audit of the decentralization efforts of the Department of Education. We were asked to address such issues as whether schools are organized and supported in an environment of collaboration and whether exemptions from heretofore established procedures and rules are working.

We wish to express our appreciation for the cooperation and assistance extended to us by the officials and staff of the Department of Education during the course of this audit.

Marion M. Higa
State Auditor

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Chapter 1

Introduction

Background

Senate Concurrent Resolution No. 270, S.D.1, H.D.1, C.D.1 of the 1997 legislative session requested the Office of the Auditor to conduct an audit of the decentralization efforts of the Department of Education. The resolution also requested an examination of the extent to which decentralization efforts have resulted in improved accountability for student learning and a study of the effectiveness of a lumpsum budget approach in schools under school/community-based management (SCBM). It also asked the Auditor to make recommendations on how to further SCBM.

Specific issues or concerns cited in the resolution included: (1) possible confusion at the school level about how school communities should organize themselves; (2) school principals and other administrators may not have sufficient support to work in a new collaborative environment; (3) a possibly ineffective waiver process to exempt schools from departmental procedures and the collective bargaining agreement; and (4) actions taken by the department may fall short of empowering schools to make decisions.

Site-based management is a nationwide reform effort

Site-based management is another term for decentralizing decision-making powers to the schools. It attempts to transform schools by involving parents and community members in school decisions. Other states such as Kentucky, Maryland, and Texas now require schools to form site-based or school-based decision-making councils. Large school systems such as those in Denver, Chicago, and Cincinnati also have shifted more responsibilities to schools and their councils.

Most site-based management plans across the country claim that student achievement is a goal of this initiative. However, the evidence linking school-based decision making to improvements in student outcomes is scant.

Other reasons for implementing site-based management are given. Some plans simply shift the balance of authority between the schools and the district or state. These plans give schools more autonomy but require them to be more accountable for their decisions. Other plans broaden the decision-making base by including parents, community members, and school staff. Finally, some plans try to make management more efficient by decentralizing and deregulating it.

Legislative directives to reform education

The Legislature has directed the Department of Education to decentralize authority to the school level and to downsize its state and district offices. Directives to decentralize date back almost a decade. SCBM and school-based budgeting were viewed as potentially promising strategies.

Act 366, Session Laws of Hawaii (SLH) 1989, established the broad framework for SCBM and empowered the Board of Education and other state agencies to facilitate implementation of this concept in the public schools. Under this initiative, a public school participating in SCBM can obtain waivers from state agency rules, policies, and procedures that may limit its ability to achieve educational excellence. The Legislature hoped to enhance student achievement by giving schools more autonomy and flexibility, allowing for more parental and community involvement in school decisions, and empowering the school community to participate in shared decision making.

Three years later, Act 294, SLH 1992, directed the department to develop a modified budgeting plan for direct student/school allocations. In 1993, the Legislature required the department to develop and implement a new budget preparation and allocation process known as school-based budgeting. The basic purpose of school-based budgeting was to give schools greater flexibility in the expenditure of their funds.

Concerns about the slow pace of school empowerment prompted the Legislature to direct the department to restructure itself. Act 272, SLH 1994, provided for the downsizing of state and district offices and for curriculum decision-making at the school level. Such restructuring was intended to give schools necessary authority, resources, and flexibility to focus on instructional issues. The Legislature also believed that as decentralization took hold the department would change from its managerial role to one that supports, facilitates, and monitors school level activities.

The Legislature also felt that public schools needed the flexibility to implement innovative programs and administrative frameworks that best met the needs of their students. Thus, Act 272 also allowed for the establishment of up to 25 "student-centered" schools. These schools are freed from most state rules, laws, and regulations in exchange for being held accountable for student performance. The law also granted student-centered schools substantial fiscal independence by requiring that they be allocated a sum of general funds based on student enrollment. Since the enactment of Act 272, only two student-centered schools—Waiālae Elementary and Lanikai Elementary—have been established.

During this period of reform, the Legislature has almost doubled the general fund appropriations to the department. For FY1987-88, the

department was appropriated \$390 million for 11,559 positions. During the 1997 session the Legislature appropriated \$710 million and an authorized position count of 16,610 positions for FY1997-98.

In the 1993 session, the Legislature consolidated 17 programs into 5 programs to embrace school-based budgeting. The Legislature intended this change to facilitate school-level decision making and maximize the amount of general funds that go directly to schools.

Prior audits of the department

Our prior audits of the department identified a consistent theme—despite department intentions and statements, schools continue to have limited authority and scope to make decisions. Our 1992 study, *A Study of Curriculum, Budgeting, and Repair and Maintenance of Hawaii's Public Schools*, Report No. 92-31, found that the department's proposal for a major restructuring of its program into school-based budgeting was well-intentioned but gave only slightly more decision-making authority to the schools. We agreed with the philosophy of the move toward school-based budgeting but noted that decision making would remain at the state level and schools would have only slightly more flexibility because personnel costs and other categorical requirements would leave schools with little discretionary money. We recommended that the department clarify how it would develop personnel flexibility, identify what additional flexibility would be given to the schools under the proposed school-based budget, and identify what budgeting products it envisioned would result at the school level.

In our 1993 report, *An Update on the Department of Education's Financial Management System and School Information System*, Report No. 93-3, we reiterated this concern, noting that the major cost item for schools was personnel (90 percent of their costs) which remained in the department's central salary account. We maintained that school-based budgeting would not change that fact, and we argued that without the authority to make decisions on personnel costs, schools would have limited ability to manage their programs.

Our report, *Financial Audit of the Public School System*, Report No. 96-8, found that a comprehensive system that integrates the budgeting and accounting functions at the school level would foster fiscal accountability. Without this system, it is impossible to determine the operating costs of individual schools and to measure actual costs against budgeted costs. We noted that the lack of sufficient expenditure information at the school level hinders the progress of school/community based management.

***Department of
Education attempts to
restructure and
decentralize***

Since 1989, the Department of Education has undertaken several initiatives to restructure and provide schools with greater decision-making powers. These initiatives include implementing school/community-based management, developing and implementing school-based budgeting, downsizing the department, and restructuring the provision of services to schools. In addition, the department has been faced with the task of supporting the development of student-centered schools.

Site-based management in Hawaii's public schools takes the form of SCBM and school-based budgeting. Thus, while departmental efforts to decentralize decision making and provide support to student-centered schools have been prompted by the Legislature, these efforts also mirror those found in other states and school systems across the country.

School/community-based management (SCBM)

Following the passage of Act 366, SLH 1989, the Board of Education adopted an SCBM policy and Waiālae Elementary School became the first SCBM school in 1990. By the end of the 1989-90 school year, a total of 28 schools had decided to pursue SCBM status.

Schools face two major milestones in the process of becoming an SCBM school. First, they must submit a Letter of Intent to develop an SCBM implementation plan. A total of 86 percent of Hawaii's public schools have chosen to become SCBM schools. Next, the school submits a Proposal to Implement SCBM to the Board of Education. Almost three-fourths (72 percent) of the schools have Board of Education approved proposals.

Although the Legislature intended that all schools eventually become part of the SCBM movement, school participation in SCBM is voluntary. However, the Department of Education expects all schools to eventually participate in SCBM.

Through the waiver process, SCBM schools are given greater flexibility and responsibility for developing educational programs and school improvement initiatives that meet the needs of students. For example, schools can establish a year-round educational calendar, modify the teacher work week, and revise school attendance policies.

Currently, 45 schools operate on single-track, year-round schedules. These schools spread the regular 177 student days throughout the calendar year. They also have more frequent short breaks and a shorter summer vacation than do schools without year-round schedules.

Lumpsum budgeting

The Department of Education defines lumpsum budgeting as “a system of budgeting in which the funds are allocated to schools in one large amount and the schools are authorized to make the allocation decisions to specific programs.”¹ The department also cites the following organizational principles for lumpsum budgeting:

1. The authority for decisions shall be delegated as close as possible to the individuals who have responsibility for implementing them and who have the greatest stake in their outcome; and
2. Individuals authorized to make decisions shall be held accountable for the results of their decisions.

Departmental reorganization

The state’s economic crisis and legislative interest in moving resources closer to the schools compelled the department to downsize and restructure its state and district offices. The restructuring included moving curriculum services closer to schools by creating new school renewal specialist positions to work directly with schools on curriculum and instruction issues. The department also claimed to have developed learning support centers in each complex under the control of principals in that complex. A complex is a high school and its feeder intermediate and elementary schools.

District offices were downsized and district superintendents were directed to work more closely with school principals on school renewal efforts. District business and personnel service staff were eliminated and their functions were moved to the state level offices of Business Services and Personnel Services. The department believed that business, facilities management, and budget functions were best centralized in order to serve schools more directly.

The department reported the following staffing pattern in state and district offices as shown in Exhibit 1.1.

Exhibit 1.1 Staffing in State and District Offices

Personnel Type	1994-95	1995-96	1996-97
Educational Officers	332	280	203
Resource Teachers	235	83	53
Classified Workers	553	428	421
Total Positions	1,120	791	677

Objectives of the Audit

1. Describe and assess the Department of Education's efforts to decentralize decision making in the public school system.
2. Determine the degree of autonomy and flexibility that schools are currently empowered to employ.
3. Assess the effectiveness of the lumpsum budget approach in promoting school-based decision making.
4. Make recommendations as appropriate.

Scope and Methodology

The audit examined the steps undertaken by the Department of Education to restructure and to decentralize decision making in the public school system. These steps included, but were not limited to, the development of school/community-based management, the transfer of positions between state and district offices, and the development of the school-based budget process. The audit also determined how much discretion schools have over the funds allotted to them and the types of decision-making powers that schools currently exercise. In addition, the audit reviewed the student-centered schools initiative.

We interviewed state-level department administrators who are responsible for developing and implementing restructuring efforts, Board of Education members, representatives of the Hawaii State Teachers Association (HSTA), district-level administrators, school renewal specialists, and regional personnel specialists. We also interviewed a statewide sample of principals at SCBM and non-SCBM schools and conducted site visits to the two student-centered schools in the state.

We surveyed all school principals regarding school autonomy and budgeting issues. A copy of the survey instrument is included as Appendix A. We received responses from 151 principals, a 62 percent response rate. Detailed survey results are included in Appendix B to this report.

Relevant documents, including legislative testimony, budget documents, memoranda, planning documents, organizational charts, status reports, evaluations, Board of Education meeting minutes, and SCBM minutes, were reviewed. We also reviewed department plans and directives relative to restructuring, providing support to schools, and establishing autonomy at the school level.

The criteria for the audit included legislative requirements and literature on school-based decision making. Specific criteria include Chapter 302A, and Chapter 37, Hawaii Revised Statutes, legislative enactments in the past decade directing the Department of Education to restructure and move positions to the schools and to develop school-based budgeting, and research on effective site-based management.

We reviewed the department's compliance with state statutes that relate to school/community-based management, school-based budgeting, restructuring, and student-centered schools.

Our work was performed from July 1997 to October 1997 in accordance with generally accepted government auditing standards.

Chapter 2

Schools Need More Support, Greater Autonomy, and Increased Flexibility

State governments and school systems across the country are embracing site-based management and school-based budgeting reforms to involve educators and community members in school decisions and improve student learning. The Department of Education's efforts to decentralize decision making appear to be aligned with the principles and ideals of these reforms. However, additional steps are needed. Schools lack sufficient support, authority, and flexibility to effectively assume their new responsibilities. In addition, responsibilities of the department and student-centered school boards need clarification and the funding provision to student-centered schools needs to be corrected.

Site-based management gives schools new responsibilities. However, some school personnel may lack the requisite training, information, and other support services to effectively handle those responsibilities. Such training and support must flow to the schools as easily as the expectations that have been thrust upon them.

Hawaii's public school principals report having more authority and increased flexibility to make their own decisions. While schools cannot be fully autonomous, some restrictions can be loosened.

The department is ultimately responsible for monitoring school performance and holding schools accountable to performance standards. The Board of Education is required to establish statewide performance standards (or educational goals) applicable to all public schools. The department's responsibility is to ensure that schools develop programs addressing those standards, and to take corrective action when schools fail to meet board standards.

Summary of Findings

1. The Department of Education has not provided the level of support the schools need to assume their new responsibilities.
2. The Department of Education has decentralized decision making, however schools lack sufficient autonomy and flexibility.
3. Section 302A-1123, Hawaii Revised Statutes (HRS), which authorizes the establishment of student-centered schools, is flawed.

The Department of Education Has Not Provided Sufficient Resources to Schools

In response to legislative directives, the Department of Education has implemented school/community-based management and school-based budgeting to provide more decision-making authority to schools. These steps mirror educational reform efforts nationwide to grant schools greater control over their resources. Hawaii's schools appear to have more flexibility and autonomy than they had in the past. However, providing schools with new responsibilities and more powers can be counterproductive if those schools do not have sufficient and reliable access to information, training, and other support systems.

Schools have more responsibilities

Schools have traditionally been faced with the basic responsibility of providing instruction to enable schools to meet statewide achievement standards. Schools now face additional responsibilities such as budgeting, facilities maintenance, and personnel development. In addition, SCBM schools must also involve the school community in their decisions.

The devolution of authority to the schools has given school principals a wide range of new responsibilities. Such responsibilities include paying the school's electricity bills, fixing the air conditioning, repairing fences, ensuring that buildings meet fire safety standards, coordinating custodial shift work, coordinating storeroom orders, and sending out bids for contractors. These new responsibilities force the principal to become a facilities manager and a budget analyst as well as an instructional leader.

However, there is no clear picture of the extent of those responsibilities. There is no document that provides a clear description of the overall scope of responsibility facing schools in Hawaii.

The department provides some support

The Department of Education has provided some support that schools need to assume their new responsibilities and decision-making powers. District offices now provide support services to the schools rather than manage them. District staff assist schools in their improvement efforts rather than dictate the direction or scope of those efforts.

Also, while downsizing district offices, the department created new positions, school renewal specialists to assist schools. Finally, principals report that they have received training with regard to implementing SCBM and exercising flexibility in budgeting.

The district role has changed

District offices have fewer managerial functions than they did before. Their focus is to facilitate "school renewal" or "school improvement."

However, district administrators continue to supervise principals and assure that schools comply with applicable state and federal guidelines.

As the districts' role has changed, their organizational structure and size have also changed. District offices were downsized and restructured to enable the district superintendents to focus on school supervision. Since the 1994-95 school year, the seven district offices have lost all of their personnel specialist and business specialist positions, over 40 district educational specialist positions, almost 120 resource teacher positions, and over 50 clerical positions.

A new aspect of the districts' changing role has been the establishment of 35 school renewal specialist positions assigned to work within specific school complexes. These specialists are typically housed at schools and provide support to schools and complexes according to the expressed needs of the schools.

Although approximately 90 percent of these positions were filled by district or state educational specialists, the school renewal specialist position is different from the district educational specialist position. School renewal specialists are "generalists" who do not have authority over programs, schools, or individuals. Although they are formally evaluated by the district superintendents, the school renewal specialists are accountable to the schools to whom they provide services.

Some specialists handle district-wide responsibilities or monitor federal programs. Such responsibilities include overseeing science fairs and math leagues as well as arranging district-wide spelling bees. The demands of district-wide responsibilities may detract school renewal specialists from their primary responsibility of responding to school needs.

The department provides some training

Principals responding to our survey indicated that the department is generally providing training to those schools that need it and that the training is useful. Exhibit 2.1 summarizes the nine types of training or information assessed by the principals in the survey, the proportion of schools needing training, the proportion that needed the training or information and actually received it, and the proportion of schools receiving the training or information who found it to be useful.

Services are not sufficient

As positive as these responses are, they also point to areas in which the department could either provide more training or redesign content to more effectively meet school needs. Almost all principals indicated that they needed training or other information on student performance guidelines. However, of the 88 percent who reported receiving the necessary training or information, just 63 percent found it to be useful. A similar proportion

**Exhibit 2.1
Training or Information Provided to Hawaii's Public Schools**

Type of training or information needed	% of schools reporting a need for training or information	% needing the training or information and receiving it	% finding the training or information useful
student performance guidelines	95	88	63
SCBM formation	93	98	86
measures to hold schools accountable	90	63	64
budget and accounting information	92	94	88
school-based budgeting	87	93	90
personnel management	87	87	92
training for teachers on school governance	83	53	76
training for parents on school governance	82	44	71
information on lessons achieved in other schools	74	60	84

of the respondents felt that the training/information on school accountability was useful. Since schools are given more decision-making powers and must be more accountable for those decisions, they should also have the training and other support that will enable them to succeed.

Relatively few principals reported obtaining training or information for teachers and parents on school governance. Given the importance of SCBM, providing resources to help schools address this issue could be given greater consideration. Such training would appear to be crucial for effective collaboration between school staff and parent or community members.

Also, the department has not provided other services to meet the needs of schools. The Legislature required the department to establish learning support centers at the complex level, but the department has not completed this requirement. In addition, some administrative services previously provided by district personnel are now provided centrally by state personnel. Schools report adverse effects from this change.

Learning support centers are still a concept

Section 302A-1104, HRS, requires school-level support for curriculum and instruction to be provided through learning support centers governed by schools within each complex. The statute stipulates that the centers assist school personnel in the delivery of instructional services by providing support through curriculum development, student assessment, staff development, and resource allocation.

But these centers are not functioning as intended by statute. District and school-level employees are generally unaware that the learning support centers exist. Only 26 percent of the principals responding to our survey (38 out of 144 principals answering the question) affirmed that their school complex had a learning support center associated with it. Just three-fourths of those 38 principals verified that the centers were governed by schools in the complex.

District administrators' descriptions of the staffing patterns of the learning support centers were inconsistent. Some district administrators said that special education diagnostic personnel staffed the centers along with the school renewal specialists. Others described learning support centers as synonymous with the school renewal specialist positions.

Envisioning a full range of curriculum and instructional support, the Legislature called for the department to establish learning support centers. Thus far, the department has created school renewal specialist positions. Such positions provide some of the curriculum and instruction support intended by the Legislature, but they do not provide the full range of support that schools need.

The department has not established the learning support centers as intended by the Legislature. Specific responsibilities need to be assigned to the centers, and schools need to be informed about the centers' levels of operation.

Personnel and business services are more centralized

The Department of Education's reorganization was intended to create "a leaner, more productive organization that will provide essential services efficiently and innovatively." Some positions were eliminated. Others were deployed from the district to the state level as services were consolidated and centralized.

Centralized administrative offices and other units such as district offices and complexes are governed by a standard of service provision that calls for services to schools to be responsive, accessible, integrated, and direct. District offices primarily support curriculum and instruction improvement at the school level. Former district facilities management, business

management, and personnel management services are now centralized at the state level. School principals report that centralizing those services has been counterproductive. They contend that the reorganization has resulted in a level of support that is less responsive, less accessible, less integrated, and less direct than when services were provided by district level personnel.

Schools report lacking the support they need

Principals report that district downsizing has left school personnel with fewer resources to call upon for assistance or guidance, particularly with regard to non-instructional issues. Half of the principals reported that the district offices now are unable to provide support or provide less support than before. Over one-third noted that district offices have fewer services or personnel than in the recent past. Eleven percent specifically mentioned less business support from the district office or none at all.

We also asked the principals to comment on how this change has affected their schools. They most frequently reported that school personnel now have more work to accomplish. Others indicated that they cannot obtain the information, services, or support that they need, and noted that it takes more time to obtain information or resources.

The transfer of district positions to the state level has left many school principals feeling ill-equipped to carry out their new responsibilities. Less than 10 percent of the school principals reported any positive benefit from the change in the districts' structure and size. Finally, neighbor island schools expressed concern about additional costs in contacting the various offices in Honolulu and obtaining needed training.

In August 1997, the department finalized the results of a *Restructuring Survey* to obtain feedback from school principals and state and district educational officers about the adequacy and effectiveness of the department's services. The results essentially mirror those from our audit survey. For example, the department's survey found that schools were handling more tasks because of the district cutbacks and that the districts did not have the staff to meet the needs of the schools in a timely manner. If the department centralizes services from the district to the state level, it should ensure that those services are responsive, accessible, integrated, and direct.

Accountability needs to be clarified

Schools are expected to assume more responsibilities and are being given greater decision-making powers. Our audit survey shows that school personnel are overwhelmed by those responsibilities and feel that the department's support services are inefficient and inadequate. In addition, several accountability questions need to be answered.

The department notes that, “In exchange for greater decision-making autonomy and flexibility, schools are expected to accept greater accountability for the outcomes from the decisions that they make.”¹ However, the department has not clarified the following issues: what schools are accountable for achieving, to whom schools are accountable, the possible consequences schools face, and who at the school level is accountable for the decisions made by SCBM councils.

Board of Education policies are equally unclear about these issues. The board has adopted a brief SCBM policy that specifies what SCBM is trying to achieve, identifies who is to be involved in the decision-making process at the school level, and requires the department to review and approve requests to become SCBM schools.

The policy indicates that schools are expected to accept greater accountability for achieving the performance achievement standards established by the Board of Education, but the policy does not stipulate what it means by accountability, nor does it provide guidance on how to measure achievement of the standards. In addition, it does not identify how SCBM schools are more or less accountable than non-SCBM schools. We found no documents that clarified these accountability issues.

Schools Need More Autonomy and Flexibility

The Department of Education has in recent years “promised” a variety of outcomes from two decentralization initiatives—SCBM and school-based budgeting. Although the schools have autonomy and flexibility in certain areas, the expectations for increased autonomy and flexibility have been only partially met.

The department expected SCBM to empower individuals in the school community through collaboration and shared decision making. This expectation has been met. In addition, the waiver/exception process available to SCBM schools was expected to give those schools the flexibility to unburden themselves of state agency and collective bargaining constraints. School principals report success in this regard.

Finally, school-based budgeting was designed to give schools more control and authority over their expenditures. The promise of school-based budgeting has not been achieved. Schools do not have sufficient control over their expenditures.

Some accomplishments are noted

SCBM is designed to bring decision making closer to the school level. Decision makers in the school community include students, teachers, administrators, classified staff, parents, and community members. By

broadening the decision-making arena, SCBM attempts to create a sense of ownership among its participants. The principals who responded to our survey believed that such ownership expectations have been achieved.

Two-thirds of the principals reported that SCBM has created a sense of ownership and accountability among those members of the school community directly affected by educational decisions. A similar proportion of principals indicated that SCBM has enabled the school community to play a significant role in making important decisions that affect student learning. They also acknowledged that the waiver/exception process provides schools with new flexibility to challenge rules and regulations that may stifle initiative.

The range of decision-making powers is still limited

Despite these changes, the schools' decision-making powers are still limited. SCBM schools can obtain waivers and exceptions from burdensome rules and regulations, but non-SCBM schools do not have that ability. SCBM schools and non-SCBM schools alike are freer to use the funds allocated to them, but the actual proportion of funds over which they have complete control still is relatively insignificant. In addition, although schools do not have a personnel ceiling, they are not completely free to hire those staff they believe are best suited for the job, or to fire those deemed to be ineffective.

In 1992, the Department of Education noted that "the immediate purpose of lumpsum budgeting is to give each school more control and authority over its own budget."² Other goals included increased ownership of decisions, improved decisions, and increased accountability. However, the department acknowledged at that time that lumpsum budgeting would not give schools complete autonomy because most federal funds and some state funds are categorical or earmarked for specific programs or purposes.

School control over expenditures is relatively insignificant

The department intended to provide schools with greater flexibility in the use of their funds. In practice, the actual proportion of the expenditures over which schools have control is relatively insignificant. However, principals believe that the lumpsum budget process has provided schools with greater budget autonomy and flexibility. When asked to assess the degree to which lumpsum budgeting has increased their flexibility and autonomy over their school budget, one out of five principals reported greater autonomy, while 70 percent reported some autonomy, and just 8 percent felt that they had little or no autonomy increase.

In 1992, when the department proposed to implement lumpsum budgeting, we noted that personnel costs and other categorical requirements would

leave schools with little discretionary money. Although \$446 million is in the lumpsum portion of EDN100, most of that amount is for personnel costs and is not under the direct control of the schools.

We reviewed the FY1995-96 expenditures of 21 schools and found that just four percent of the schools' expenditures had no departmental or other agency limitations. Schools have the ability to use this four percent in the manner that best suits their needs. They can move money between programs. For example, a school may use its allotment for Basic Needs (program ID 15110) to meet other school needs.

However, the remaining 96 percent of the expenditures are outside their complete control. Eleven percent of the schools' expenditures are federal funds, trust funds, and state special funds. Such funds have specific purposes. State categorical funds account for 15 percent of the expenditures. Other expenditures come from non-EDN100 moneys and are expended on behalf of the schools on such items as food services, custodial services, electricity, and workers' compensation (12 percent of the total expenditures). Schools have limited control over the use of these funds because of their designated nature. Finally, 58 percent of their expenditures are the costs of salaried personnel and substitute teachers in non-categorical EDN100 programs. Schools do not exercise control over these expenditures.

Other restrictions are noted

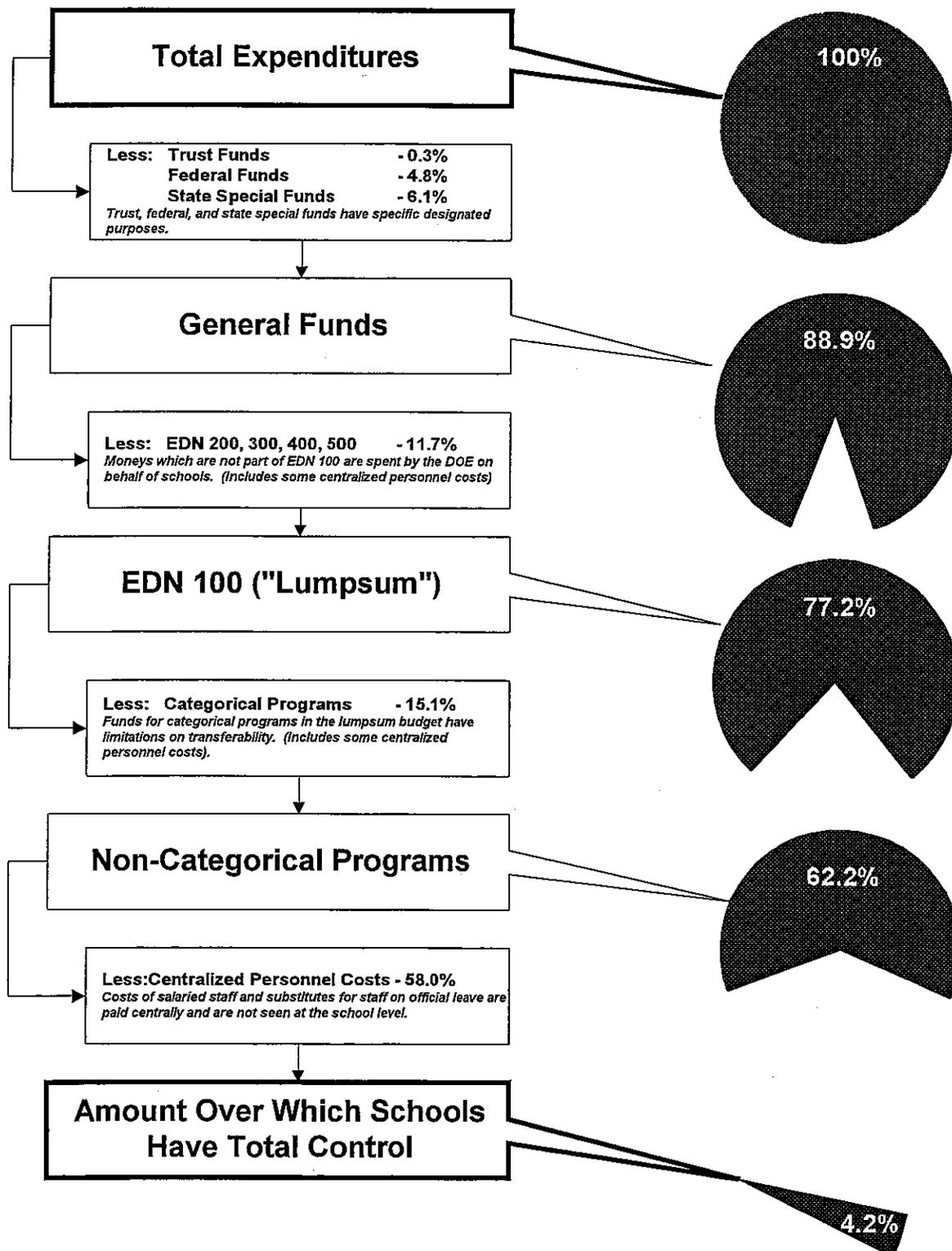
School principals identified those personnel decisions that a school should be able to make, but cannot at present. Most often mentioned was the inability to hire the best candidates in their judgment. Others commented that they could not release ineffective teachers, or could not set work schedules or planning time for teachers.

These responses also indicate that schools will have difficulty obtaining full control over personnel issues. Schools are constrained by regulations covering the number and types of positions available to them. In addition, teacher salaries and class size ratios are governed by collective bargaining agreements.

Some principals noted that some program and testing decisions cannot be made at the school level. Nearly four out of ten principals reported that they are restricted in the use of alternative tests, or that the Stanford Achievement Test is mandatory. Other principals reported that they could not decide whether to offer mandated programs such as Hawaiian studies.

The superintendent of education has also placed at least one option "off-limits" for schools to pursue as an exception to the collective bargaining agreement. From recent negotiations with the Hawaii State Teacher's Association (HSTA), an additional seven instructional days were added to

Exhibit 2.2
Budget Control in a Sample of 21 Schools



the 1998-99 school year. The superintendent informed the schools that they could not apply for any waivers or exceptions to modify the use of these seven days. HSTA believes that the superintendent has violated the SCBM law by this action.

SCBM decision-making policies and guidelines need clarification

The Board of Education's waivers and exceptions policy states that these requests must reflect a consensus of the school's community. However, the schools have no clear and uniformly accepted definition of consensus. Consequently, reform efforts can be easily derailed by individuals in the school community. Without clarity, waivers can be challenged by minority members of a school council and school reform can be delayed.

Board of Education and Department of Education documents use such terms as "shared decision making," "collaborative decision making," and "consensus" to identify the spirit of the SCBM initiative. However, the absence of clear definitions only weakens the waiver/exception process and frustrates decision-makers. Decisions are delayed and small groups of individuals can stop initiatives supported by the vast majority of the school community.

The board's Waivers and Exceptions policy does not define consensus. The board's other policy on SCBM is a one-page document requiring the department to implement SCBM in all public schools. The department must establish procedures for review and approval of requests to become SCBM schools. The policy indicates that SCBM requires the collaborative involvement of the principal, teachers, support staff, parents, students and other community members. However, the policy does not specify what is meant by collaborative involvement.

The department's SCBM implementation guidelines are also unclear. Guidelines stipulate that school participation is voluntary, but that eventually all schools are expected to participate in SCBM. The guidelines state that requests for waivers and exceptions must reflect a consensus of the school's community. The guidelines define consensus as "an accord or general agreement and exists when participants whose support is needed to implement any decision agree and express a commitment to support its implementation. Everyone should have an opportunity to be heard and to have their points of view considered."³

However, the guidelines do not clarify what should happen when a minority in the school community actively disagrees with a proposed decision. For example, in some schools a small group of teachers who oppose a decision can block an option agreed upon by everyone else. In

May 1997 the Pearl City High School SCBM council voted to modify the school schedule with longer mid-term breaks. Out of approximately 125 teachers, six objected to the new schedule and effectively killed the proposal.

Two-tier negotiations provide a viable option

Schools may also modify specific provisions of the teachers' collective bargaining agreement by entering into what is called a "two-tier negotiation." A memorandum of understanding between the Board of Education and the Hawaii State Teachers Association allows up to 21 schools in the public school system to negotiate school specific agreements that may modify the master collective bargaining agreement between the board and the union. These schools are known as "two-tier" schools. Under this memorandum of understanding, schools may modify their agreement regarding teaching conditions and work hours, provided that the modification is ratified by a two-thirds majority vote of the teachers in the schools.

School-based budgeting needs to be routinely assessed

The effect of school-based budgeting has not been reviewed adequately by the Board of Education or the Department of Education. The board is responsible for establishing goals and priorities for the department's programs, approving the budget, and monitoring school success. However, the Board of Education has not undertaken a formal review of school-based budgeting.

In 1997 the board established a budget and fiscal accountability committee to monitor the financial operations of the public schools. Among its tasks, the committee is assigned the responsibility of monitoring the costs of the public schools, ensuring that maximum amounts reach the classroom, and reviewing policy implications of school-based budgeting. Thus far, the committee has failed to formally review school-based budgeting. Consequently, the Legislature, the Board of Education, and the Department of Education do not have the information necessary to evaluate the effectiveness of school-based budgeting.

The Student-Centered Schools Statute is Flawed

Student-centered schools are Hawaii's version of what is known more widely as "charter schools." Charter schools are funded with public moneys but are allowed to operate independently, free from most state rules and regulations. In exchange for wide-ranging freedom such as power over their curricula and budget, charter schools are held accountable for student performance and other goals specified in their own educational plans or "charters." Proponents of charter schools argue

that providing schools with autonomy while holding them accountable for results will encourage the innovations in management and instruction needed to yield educational excellence.

Section 302A-1123, Hawaii Revised Statutes, authorizes the creation of up to twenty-five student-centered schools exempt from all state laws except those relating to collective bargaining, procurement, discrimination, and health and safety. The law grants these schools fiscal independence by providing them a lumpsum allocation of general funds based upon enrollment instead of the itemized allocations for particular items and programs in other schools. The law requires that the student-centered school implementation plans comply with the Hawaii Content and Performance Standards and that the schools be evaluated by the department after four years of operation. Based on the department's findings, the state Board of Education may revoke the school student-centered status if it finds State Content and Performance Standards are not being met. Since the passage of the law in 1994, only two schools, Waialae Elementary and Lanikai Elementary, have become student-centered.

Weaknesses in Hawaii's student-centered schools statute threaten to stifle the initiative. The statute fails to define the extent to which the department and the Board of Education remain legally responsible for student-centered schools and the funding method is difficult to implement fairly. The law also fails to specify the department's role in providing the support and information needed by student-centered schools. These weaknesses have contributed to conflict and mistrust between the student-centered schools and the department and hindered further development of the initiative.

Amending the law to address these deficiencies will lay the groundwork for a clearer and more productive relationship between student-centered schools and the department. A provision clarifying issues of liability and compliance is needed. A formal process of budget negotiation, development of criteria to determine which funds and functions are to remain with the Department of Education or other departments and which are to be transferred to the schools, and a method for dealing with the funding inequities created by the current funding method are also needed. The department's responsibility to provide technical support to student-centered schools also requires clarification.

The department has responsibilities but liability is not addressed

While the law exempts student-centered schools from most state laws, it is silent on the issue of whether the department, as custodian of the statewide public school system, continues to be legally responsible for these schools. Article X of the Constitution of the State of Hawaii requires the state to "provide for the establishment, support and control of a statewide system of public schools." Section 302A-1128, HRS, holds the Department of

Education “responsible for the conduct of all affairs pertaining to public instruction.” In addition, Section 302A-1102, HRS, gives the department responsibility for “overall administration of statewide educational policy, interpretation and development of standards of compliance with state and federal laws and coordination and preparation of a statewide budget for the public schools.” The student-centered schools statute, Section 302A-1123, HRS, does not indicate whether these broad duties of the department continue to apply in its relationship to student-centered schools. The scope of the department’s responsibility and liability is therefore unclear.

The department has demanded that student-centered schools adhere to rules and regulations that the department views as part of its legal duties. These include various reporting and procedural requirements and compliance requirements attached to federal funding.

Student-centered schools have argued that the department has no authority to demand compliance with such rules and procedures. The department argues that although student-centered schools have some degree of independence, under the law the department is responsible and accountable for administration of the entire school system. It also notes that if student-centered schools do not comply with federal regulations, federal funding for the entire school system may be jeopardized.

Given such disputes, the department has required student-centered schools to execute a Memorandum of Understanding (MOU) that clearly defines the legal responsibilities of the schools and the department. However, this requirement has led to further conflict. Both schools initially resisted executing a memorandum altogether, noting that such an agreement was not required under the law. Even after the schools agreed, the process of negotiating the specific provisions of these documents proved difficult. The schools and the department have requested the assistance of the attorney general in drafting the agreements. In the case of Lanikai Elementary, the process has involved more than a year of negotiations, still without an agreement. Neither party has the authority to require participation or cooperation of the other in this process.

The funding provision is difficult to implement

The funding provision of the student-centered schools statute is difficult to implement. Section 302A-1123, HRS, specifies that:

Student-centered schools shall receive an allocation of state general funds on a per student basis that is equal to the statewide per pupil expenditure for average daily attendance...All federal and other financial support for student-centered schools shall be equal to all other public schools; provided that if administrative services are provided to the school by the department, the school shall reimburse the department for the actual costs of the administrative services in an amount that does not exceed 6.5 per cent of the school’s allocation.

The department leaves some program funds out of the calculation of statewide, per pupil expenditures. Expenditures for centrally administered services provided to all schools—such as teacher improvement services, multi-media services, and curriculum development—are counted as “administrative services” by the department and are not counted as part of the statewide, per pupil expenditure.

The department and the schools disagree over allocations

The student-centered schools and the department disagree over which particular items are to be left out of the calculation of the average, statewide, per pupil expenditure used to determine student-centered school allocations. For example, since Waiialae Elementary conducts its own teacher training and curriculum development, the school feels it should receive a per pupil share of the funds appropriated to the department for those purposes. The department views these items as part of a package of “administrative services” for which the department should remain responsible. It argues that funds for these central support services cannot be separated out if it is to fulfill its duty to provide the services to all schools.

Each student-centered school negotiates a separate agreement with the department regarding the items to be included in the calculation of the statewide, per pupil expenditure used to determine its allocation. These budget negotiations are divisive and time consuming. Representatives of Lanikai Elementary and department officials met ten times between January and July 1996 to discuss budget issues. Lanikai enlisted the aid of legislators and a former department official in this process. The parties were unable to agree on an acceptable funding formula and Lanikai was forced to accept an itemized allocation for the 1996-97 school year instead of the lumpsum allocation given to student-centered schools.

Smaller schools are at a disadvantage

The funding provision of Section 302A-1123, HRS, also fails to account for inequities that may result from differences in school enrollment. The funding formula described in statute bases allocations for student-centered schools solely upon the school’s enrollment. However, not all school costs are dependent upon the number of students in a school. Some are “fixed costs” that are about the same for all schools regardless of enrollment. For a smaller school with lower enrollment, fixed costs represent a relatively larger portion of the school’s total allocation. Allocating funds strictly on a per pupil basis may thus leave smaller student-centered schools with inadequate funding.

Some funds are controlled by other departments

An additional deficiency of the funding provision is that it fails to consider the fact that some educational expenditures are controlled by departments other than the Department of Education. For example, funds for some student health programs are controlled by the Department of Health, funds for student transportation and school repair and maintenance are controlled by the Department of Accounting and General Services and funds for school legal services are controlled by the attorney general. The student-centered school statute does not specify whether these departments, like the Department of Education, must allow student-centered schools to assume responsibility for these services and the funds attached.

The law fails to address the need for technical assistance and information

Student-centered schools require special technical support. The complicated nature of budget and allocation issues dictates that student-centered schools have complete and accurate information on expenditures and enrollment statewide. They may also need guidance in assuming responsibility for programs and services that were previously provided by state and district offices. Section 302A-1123, HRS, does not address this issue.

In the absence of statutory guidance, the department provides fragmented information and technical assistance to the student-centered schools. Student-centered school staff report that they deal with officials scattered throughout the department and call upon different individuals for the same assistance. If the schools fail to receive budget assistance from the department's Budget Office, they may turn to someone in the Office of Business Services, a former department official or legislators familiar with the issue. Furthermore, no one in the department is assigned exclusively to assist these schools. Those in the department who assist student-centered schools do so in addition to their regularly assigned responsibilities.

Department officials and school administrators confirm that assistance to student-centered schools is fragmented and the method of delivery inefficient. The schools believe that technical assistance is inadequate and that the department is generally unsupportive of their efforts. They acknowledge that there are "allies" in the department to whom they may turn, but note the level of cooperation varies among individuals. Some department personnel who assist student-centered schools acknowledge that services and assistance are provided on an ad-hoc basis.

Flaws hinder further expansion of the initiative

With the passage of Act 272, SLH 1994, authorizing the creation of student-centered schools, the Legislature expected that a variety of student-centered schools would emerge in Hawaii. Yet since the passage of the act, only two student-centered schools have been established.

Potential for expansion of the student-centered schools initiative exists. Waialae and Lanikai Elementary in association with HSTA and the Hawaii Business Roundtable organized a workshop for schools interested in the initiative. The October 1997 workshop covered topics including the student-centered school application process, benefits and drawbacks of becoming a student-centered school, and key issues to be addressed once student-centered status is obtained. A total of 41 schools expressed interest in the workshop and 15 schools sent representatives to attend.

Federal funds for expansion may be jeopardized

Additional funding for the student-centered schools initiative would promote its expansion. Federal funds to support state charter school efforts have been available through the U.S. Department of Education's Public Charter Schools Program since 1994. The program defines an "eligible applicant" as "an authorized public chartering agency participating in a partnership with a developer to establish a charter school."⁴

Given the structure of the state's charter school system, it is unclear whether Hawaii's student-centered schools represent a "chartering agency...in partnership with a developer" as required by the Public Charter Schools Program. The relationship between Hawaii's student-centered school boards (the "developers") and the department (the "authorized public chartering agency") is not clear under Section 302A-1123, HRS. Moreover the nature of the relationship between the department and the schools has been contentious. Both Lanikai and Waialae Elementary have received federal funding through the program for the 1997-98 school year. However, whether these and future student-centered schools will continue to qualify for federal assistance under the Public Charter Schools Program remains unclear.

Conclusion

The Department of Education, in response to community and legislative imperatives, has taken a few significant steps to decentralize decision making in the public school system. Parts of these initiatives are providing schools with somewhat more autonomy and flexibility than they had in the past. However, improvements in several areas are needed. Schools need greater authority and sufficient resources to exercise that authority. They need more flexibility in use of their funds. They need a larger "lumpsum" within which they can transfer funds as needed. Finally, the student-centered schools initiative needs a clearer statute so that schools choosing this route receive the support of the department.

Recommendations

1. The Department of Education should, when giving new responsibilities to the schools, identify the ability of the schools to undertake those responsibilities, and provide the necessary training, information, and support staff.
2. The department should formally establish the learning support centers, staff the centers with the personnel needed to support school improvement efforts, clarify the responsibilities of the centers, establish procedures for the complexes to govern the centers, and provide the parameters within which the complexes will determine the services to be provided.
3. The Board of Education should clarify the definition of consensus to prevent individuals and/or parties from derailing school reform efforts via SCBM.
4. The board also should cease the establishment of categorical funding programs.
5. The board and the department should exercise their oversight responsibilities by periodically conducting formal reviews and evaluations of the school-based budget process.
6. The Legislature should cease the practice of establishing categorical programs.
7. The Legislature should also require the department to provide general funds to schools in one lumpsum.
8. The Legislature should consider amending Section 302A-1123, HRS, to help shape a charter school system consistent with the requirements of the Public Charter Schools Program as enumerated in Title X, Part C of the Improving America's School's Act. In particular, amendments should:
 - clarify the legal responsibility and liability of the department and the student-centered school boards;
 - improve the funding provision by allowing for a formal process of budget negotiation and review, specifying criteria to determine which funds and functions are to remain with the department, and identifying how funding inequities created by the per pupil allocation are to be addressed; and
 - clarify the duty of the department to provide information and technical assistance to student centered schools.

Appendix A
Decentralization of Schools Survey

STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917



MARION M. HIGA
State Auditor

(808) 587-0800
FAX: (808) 587-0830

August 12, 1997

Dear Principal:

The 1997 Legislature has requested our office to conduct an audit of the decentralization efforts of the Department of Education. As part of this audit, we are asking public school principals to identify the kinds of decisions that schools can and should be able to make independently, to assess the level of support they have received from the state and district levels, and to provide us with information about SCBM.

Your response to the enclosed survey will be an important part of an accurate and objective assessment by our office. **Please complete and return the survey in the enclosed envelope by AUGUST 29, 1997.**

Please feel free to offer any additional comments that you deem necessary. All responses will be kept confidential.

Thank you for your assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Marion M. Higa'.

Marion M. Higa *for*
State Auditor

**DECENTRALIZATION OF SCHOOLS SURVEY
CONDUCTED BY THE OFFICE OF THE AUDITOR**

Please complete and return this survey in the enclosed envelope by August 29, 1997

A. BACKGROUND

1. Your district:

- Honolulu Windward Maui Kauai
 Central Leeward Hawaii

2. Type of school:

- Elementary High School Intermediate/High School
 Intermediate Elementary/Intermediate Elem./Inter./High School

3. What was your position during the last (1996-1997) school year?

- Principal at this school Vice Principal
 Principal at another school Other _____

4. Your school: (Check one)

SCBM school

Not an SCBM school

a. Do you have an SCBM letter of intent and/or implementation proposal pending? Yes No

b. If not, briefly explain why not _____

* * Non-SCBM schools, please move to section C ("Decision Making & Support")

B. FOR SCBM SCHOOLS ONLY

1. How long has your school been an SCBM school? _____ years

2. What are the most dominant issues at your SCBM meetings? (Check all that apply)

- | | |
|---|---|
| <input type="checkbox"/> Council procedures/by-laws | <input type="checkbox"/> Student assessment/testing |
| <input type="checkbox"/> Mission statement | <input type="checkbox"/> Staff development |
| <input type="checkbox"/> Council training/team building | <input type="checkbox"/> Curriculum |
| <input type="checkbox"/> Day-to-day school management | <input type="checkbox"/> Hiring of personnel |
| <input type="checkbox"/> Special events | <input type="checkbox"/> Staff evaluation |
| <input type="checkbox"/> Parent programs | <input type="checkbox"/> Deployment of personnel |
| <input type="checkbox"/> Student discipline | <input type="checkbox"/> School budget |
| <input type="checkbox"/> Uniforms/dress code | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> School schedule/calendar | <input type="checkbox"/> Other _____ |

3. Has SCBM created a sense of ownership and accountability among those members of your school community who are directly affected by important educational decisions? Yes No Unable to answer at this time

Please explain your answer. _____

4. Does SCBM enable your school community to play a significant role in making the important decisions that affect student learning? Yes No Unable to answer at this time

Please explain your answer. _____

5. Is the waiver/exception process effective for challenging rules, policies and procedures that adversely affect your school? Yes No Unable to answer at this time

Please explain your answer. _____

6. Should the department and the schools continue to devote time and resources to fully implement SCBM? Yes No Unable to answer at this time

Please explain your answer. _____

7. What steps (if any) need to be taken to improve the implementation of SCBM in the schools?

C. DECISION MAKING & SUPPORT

1. What are the most important **BUDGET** decisions affecting programs, facilities, personnel, professional development, etc. that can currently be made at your school? What are the most important budget decisions that your school *should* be able to make, but cannot make at present?

a. School **DOES** decide

b. School **SHOULD** but **CANNOT** decide

2. What are the most important **PERSONNEL** decisions affecting hiring procedure, staff discipline, staff rewards, work schedules, etc. that can currently be made at your school? What are the most important personnel decisions that your school *should* be able to make, but cannot make at present?

a. School **DOES** decide

b. School **SHOULD** but **CANNOT** decide

3. What are the most important **CURRICULUM** decisions affecting testing, school schedule, class offerings, etc. that can currently be made at your school? What are the most important curriculum decisions that your school *should* be able to make, but cannot make at present?

a. School **DOES** decide

b. School **SHOULD** but **CANNOT** decide

C. DECISION MAKING & SUPPORT (CONT.)

4. a. To what degree has "lumpsum" budgeting (i.e. - the lumpsum allocation to your school under EDN 100) given your school increased flexibility and autonomy to control your school's budget?
- Great autonomy Some autonomy Little or no autonomy Unable to answer at this time

b. How can "lumpsum" budgeting be improved? _____

5. For each area (questions a - i), answer the three separate questions to assess DOE efforts to provide your school with support and/or guidance:

	Has your school needed it, either now or in the past? →	Was it provided by the DOE? →	If provided, was it useful?
a. Training on "lumpsum" budgeting	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. Budget and accounting information	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
c. Training and information regarding personnel management	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
d. Training on SCBM formation	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
e. Student performance guidelines	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
f. Measures to hold schools accountable for student performance	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
g. Training for teachers on school governance	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
h. Training for parents on school governance	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
i. Information regarding the lessons and achievements of other schools	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

D. ROLE OF DISTRICTS

1. Describe the role of the district office in the following respects.

a. What is the fundamental role of the district office now?

b. In what ways have you seen the role of the district office change in the last few years (or as far as you can tell)?

c. How has this change in role affected your school?

2. Does your school complex have a "learning support center" associated with it? Yes No Don't know

(If YES, answer 3 and 4 below)

3. Is the "learning support center" governed by the schools in your complex? Yes No

4. Please rate the kinds of support that the learning support center provides to your school?

	Provided?	If provided, rate the support			
		Poor	Fair	Good	Excellent
a. Curriculum development	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Staff development	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Student assessment	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Resource allocation	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

E. Please provide any other comments or information regarding decentralization which may be useful.

Appendix B
Principal Responses to Audit Survey

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 1
 BACKGROUND OF RESPONDENT: DISTRICT, SCHOOL, AND PREVIOUS POSITION

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
DISTRICT			
Honolulu	24	24	24
Central	16	17	10
Windward	9	11	0
Leeward	17	16	24
Maui	12	10	21
Hawaii	17	16	21
Kauai	5	6	0
Number of Respondents	151	122	29
TYPE OF SCHOOL			
Elementary	66	70	48
Intermediate	12	11	14
High School	13	11	21
Elementary Intermediate	2	2	3
Intermediate High School	5	3	14
Elem/Inter/High School	2	2	0
Number of Respondents	151	122	29
POSITION PREVIOUS YEAR			
Principal at this school	96	97	93
Principal at another school	1	1	0
Vice principal	3	2	7
Number of Respondents	151	122	29

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 2
STATUS OF SCHOOL WITH REGARD TO SCBM

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
SCBM STATUS			
SCBM School	81	100	0
Not an SCBM School	19	0	100
Number of Respondents	151	122	29
IS AN SBCM LETTER OF INTENT OR PROPOSAL TO IMPLEMENT PENDING?			
Yes	45	0	45
No	48	0	48
No answer	7	0	7
Number of Respondents	29	0	29

Figures represent percent of respondents

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
REASON FOR NOT PURSUING SCBM			
In the process of developing intent/proposal	38	0	38
Staff concerns	24	0	24
Did not answer	21	0	21
Parent/community concerns	10	0	10
SCBM is not necessary/SCBM is a waste of time	7	0	7
Other	7	0	7
Number of Respondents	29	0	29

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 3
How long has your school been an SCBM school?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
Less than one year	2	3	0	0	0
One year	11	12	14	8	11
Two years	21	20	36	23	11
Three years	14	17	0	8	11
Four years	18	15	29	23	22
Five or more years	33	33	21	38	44
Number of Respondents	122	86	14	13	9

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 3A

What are the most dominant issues at your SCBM meetings?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
School schedule or calendar	58	63	67	50	22
Curriculum	44	41	58	58	33
Council procedures or by-laws	32	30	42	42	22
Staff development	28	28	42	33	11
Parent programs	28	28	33	17	44
School budget	27	28	25	25	33
Student assessment or testing	27	23	25	33	56
Council training or team building	27	25	50	25	22
Special events	27	28	42	8	33
Uniforms or dress code	23	15	42	50	33
Mission statement	17	19	8	8	22
Day to day school management	12	11	8	25	0
Student discipline	12	6	8	33	33
Deployment of personnel	8	6	8	17	11
Hiring of personnel	7	3	8	25	22
Staff evaluation	5	3	0	17	22
Number of Respondents	122	86	14	13	9

Figures represent percent of respondents
 Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 4

Has SCBM created a sense of ownership and accountability among those members of your school community who are directly affected by important educational decisions?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
Yes	67	72	57	46	67
No	11	7	21	8	33
Unable to answer at this time	17	15	14	46	0
Yes and no	2	1	7	0	0
Did not respond	3	5	0	0	0
Number of Respondents	122	86	14	13	9

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 4A

Has SCBM created a sense of ownership and accountability among those members of your school community who are directly affected by important educational decisions?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
WHY SCBM CREATED SENSE OF OWNERSHIP AND RESPONSIBILITY					
All role groups are involved or participate	48	44	40	80	60
The school/community sees positive outcome	20	22	0	20	20
Participants accept responsibility	17	16	40	0	20
Only limited impact due to staff/community characteristics	15	18	20	0	0
Role groups want to collaborate	7	9	0	0	0
Other	2	2	0	0	0
Number of Respondents	60	45	5	5	5

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 4B

Has SCBM created a sense of ownership and accountability among those members of your school community who are directly affected by important educational decisions?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
WHY SCBM DID NOT CREATE SENSE OF OWNERSHIP/ RESPONSIBILITY					
There is not enough involvement/ownership by community	41	40	0	100	67
Conflicts among role groups	25	40	33	0	0
Only limited impact due to staff/community characteristics	17	0	33	0	33
No change - worked well before SCBM	8	20	0	0	0
Don't know yet/just started the process	8	0	33	0	0
Number of Respondents	12	5	3	1	3

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 5

Does SCBM enable your school community to play a significant role in making the important decisions that affect student learning?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
Yes	69	70	71	69	56
No	16	14	14	23	33
Unable to answer at this time	10	12	7	8	0
Did not respond	5	5	7	0	11
Number of Respondents	122	86	14	13	9

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 5A

Does SCBM enable your school community to play a significant role in making the important decisions that affect student learning?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
ENABLED COMMUNITY TO PLAY SIGNIFICANT ROLE					
Cited an important/ decision or outcome	52	47	50	83	67
Process empowers/involves all role groups	24	26	33	17	0
Yes, but there are some difficulties or constraints	21	21	17	17	33
Council is informed and gives input	9	12	0	0	0
Other	3	5	0	0	0
Number of Respondents	58	43	6	6	3

Figures represent percent of respondents
 Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 5B

Does SCBM enable your school community to play a significant role in making the important decisions that affect student learning?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
WHY DID NOT ENABLE COMMUNITY TO PLAY SIGNIFICANT ROLE					
No significant actions/ not tackling issues	35	42	0	0	67
Community role not changed/change could be made w/out SCBM	20	25	0	0	33
Council members stop progress/cannot reach consensus	15	17	50	0	0
Too soon to tell/no evidence	10	0	50	33	0
Community is too diverse	10	8	0	33	0
BOE/DOE won't give school enough autonomy	5	0	0	33	0
Other	5	8	0	0	0
Number of Respondents	20	12	2	3	3

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 6

Is the waiver/exception process effective for challenging rules, policies, and procedures that adversely affect your school?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
Yes	69	69	71	77	56
No	8	9	7	8	0
Unable to answer at this time	19	19	21	8	33
Yes and no	2	1	0	8	11
Did not respond	2	2	0	0	0
Number of Respondents	122	86	14	13	9

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 6A

Is the waiver/exception process effective for challenging rules, policies, and procedures that adversely affect your school?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
WHY WAIVER/EXCEPTION PROCESS IS EFFECTIVE					
Cited own success with waivers/exceptions	57	50	44	80	100
Process gives schools flexibility, empowers schools	28	31	33	20	0
Process helps build consensus and ownership	7	11	0	0	0
Other	7	6	11	10	0
Works but can be improved	5	6	0	10	0
Board approves but unions block decisions	3	0	11	10	0
Works at our school	2	3	0	0	0
Number of Respondents	58	36	9	10	3

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 6B

Is the waiver/exception process effective for challenging rules, policies, and procedures that adversely affect your school?

	TOTAL	Type of School		
		Elem.	Inter.	High School
WHY WAIVER/EXCEPTION PROCESS IS NOT EFFECTIVE				
Does not give control to the schools	38	33	0	100
Requests have been denied	25	33	0	0
Other	25	17	100	0
Process takes too long	13	17	0	0
Gives certain role groups too much power/micromanagement	13	17	0	0
Unions block school decisions	13	17	0	0
Number of Respondents	8	6	1	1

Figures represent percent of respondents
 Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 7

Should the department and the schools continue to devote time and resources to fully implement SCBM?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
Yes	51	53	71	23	33
No	30	30	21	46	22
Unable to answer at this time	12	10	0	23	33
Yes and no	2	1	7	0	0
Did not respond	5	5	0	8	11
Number of Respondents	122	86	14	13	9

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 7A

Should the department and the schools continue to devote time and resources to fully implement SCBM?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
WHY DEPARTMENT SHOULD CONTINUE					
Schools continue to need support for effort	36	40	0	100	67
Fosters collaboration/focuses involvement	20	23	22	0	0
It works	20	10	44	50	33
Empowers segments of school/community	18	20	22	0	0
Other	7	6	11	0	0
Number of Respondents	44	30	9	2	3

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 7B

Should the department and the schools continue to devote time and resources to fully implement SCBM?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
WHY DEPARTMENT SHOULD NOT CONTINUE					
SCBM should not be mandated/other ways are effective	41	50	0	20	100
SCBM does not work/does not give control to schools	21	25	0	20	0
Too cumbersome and time consuming	21	15	67	20	0
Schools have enough resources to make it work	10	5	33	20	0
Other	10	15	0	0	0
Not sure it if works	3	0	0	20	0
Number of Respondents	29	20	3	5	1

Figures represent percent of respondents
 Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 8

What steps if any need to be taken to improve the implementation of SCBM in the schools?

	TOTAL	Type of School			
		Elem.	Inter.	High School	Mixed
Help/training for administrators/staff/teachers	21	18	18	10	67
Modify/abolish consensus requirement/principals need autonomy	15	15	18	20	0
More money/staff	14	18	9	0	0
More community and parent support/commitment	10	8	9	30	0
Improve/streamline the waiver/exception process	9	8	27	0	0
Provide clear guidelines	9	7	0	30	17
Other	9	8	18	0	17
Share information from other schools	8	10	9	0	0
State/BOE stay out of school's business/more school autonomy	7	8	0	0	17
Don't mandate SCBM/let schools decide	7	7	0	10	17
Continue on present course/give it more time	6	7	9	0	0
Get unions to cooperate	5	3	0	10	17
More moral support, SCBM needs to be valued by State/BOE	3	3	0	0	17
Evaluate SCBM	3	3	0	0	17
Abolish SCBM	2	0	9	10	0
Clear direction from the state	1	0	9	0	0
Number of Respondents	87	60	11	10	6

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 9

What are the most important budget decisions affecting, programs, facilities, professional development, etc. that can currently be made at your school?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
Staff development	25	26	18
Determining priorities for expenditures	21	19	27
Lumpsum budgeting	18	16	27
Curriculum, programs	16	17	9
Buying and selling positions/additional positions	15	16	9
Supplies/equipment/textbooks	13	14	5
Almost all issues	11	13	5
Repair and maintenance	10	9	14
Priority funds/IRA positions	10	8	18
Carryover of funds	8	7	14
Personnel	6	7	5
Other	6	6	5
EDN 100	5	5	5
Basic needs/regular education money	5	5	5
Almost no positions, all have constraints	4	4	5
Transferring funds	3	4	0
Part-time/support personnel	3	2	9
Fundraising	2	1	5
Allocation of positions within the school	1	1	0
Administration expenses	1	1	0
Grant writing	1	0	5
Number of Respondents	126	104	22

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 10

What are the most important budget decisions that your school should be able to make, but cannot make at present?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
Use of categorical funds/ content area funds	32	31	37
Use of/number of/types of positions	23	23	21
CIP/major R+M work/ facilities	22	23	16
Bid list restrictions/ choice of vendors	10	12	5
School should make all decisions	9	9	11
Nothing school should but cannot decide	6	6	5
Use of/which funds that can be carried over	5	4	11
Amount of funds for programs	4	4	5
Other	4	4	5
Criteria for allocations	3	3	5
Telecommunications	3	4	0
Utilities	2	1	5
School should make more decisions but has few resources	2	1	5
Accumulation of funds for large purchases	1	1	0
Use of federal/special funds	1	1	0
Budget for athletics	1	1	0
Overtime pay for clericals	1	1	0
Number of Respondents	96	77	19

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 11

What are the most important personnel decisions affecting hiring procedure, staff discipline, staff rewards, work schedules, etc. that can currently be made at your school?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
Hiring/who to hire	39	39	39
Master schedule/work schedule	21	20	22
Hiring from the list provided	16	14	22
All/almost all positions	9	11	4
Teacher assignments	7	6	13
General flexibility within state/DOE guidelines	7	7	4
Decisions are dictated by contracts/regulations	7	6	9
Some part-time personnel	6	5	9
Staff rewards/incentives	6	6	4
Discipline - verbal, written reprimands	5	4	9
Staff development	4	4	4
Classified personnel	4	5	0
Other	4	4	4
IRA/School priority fund positions	3	1	9
Almost no decisions	3	4	0
Certificated personnel	2	1	4
Basic positions	1	1	0
Buying and selling positions	1	0	4
Seniority/tenure	1	1	0
Staff evaluations	1	1	0
Number of Respondents	107	84	23

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 12

What are the most important personnel decisions that your school should be able to make, but cannot make at present?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
Hire best candidate	26	23	38
Releasing ineffective teachers	16	16	17
Work schedules/planning time	12	9	21
Return of probationary teachers before tenured teachers	11	13	4
Personnel needs/teacher-student ratios	10	6	25
Most things are decided by union contract	9	9	8
Employee discipline	8	8	8
Classified personnel	8	9	4
How to use staff based on school needs	7	6	13
Staff rewards/salaries	7	8	4
Hiring procedures	7	7	8
Minimum teacher qualifications	5	6	0
Personnel assigned to school	4	3	4
Nothing school should but cannot decide	4	5	0
Teacher evaluation	3	3	0
School-based staff development	3	1	8
Filling openings with someone other than displaced teacher	3	3	0
Which positions should be reduced	2	2	0
Access to entire pool	2	2	0
Overtime pay for clerical staff	2	1	4
Substitute teacher	2	2	0
Other	2	1	4
Hire private contractors	1	1	0
Number of Respondents	110	86	24

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 13

What are the most important curriculum decisions affecting testing, school schedule, class offerings, etc. that can currently be made at your school?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
Course offerings, programs, activities	40	40	40
Instructional schedule/calendar	33	33	35
Assessment/student evaluation/student expectations	19	20	15
Curriculum	19	18	20
All/almost all curriculum decisions	18	19	10
Strategies, methods of instruction	14	16	5
Materials/textbooks/equipment/resources	11	10	15
Use of alternative/multiple assessments	9	10	5
School focus/School Improvement Plan	6	7	5
Staff development	5	3	10
All decisions within budgetary constraints	3	1	10
Other	2	0	10
Which courses are required	1	1	0
Number of Respondents	108	88	20

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 14

What are the most important curriculum decisions that your school should be able to make, but cannot make at present?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
Type of tests/SAT is mandatory	39	37	46
Whether to offer mandated programs	13	14	8
Instructional minutes, time allocations	10	8	15
Testing dates	10	8	15
School schedule/calendar	10	6	23
Nothing school should but cannot decide	10	8	15
Other	8	8	8
Promotion guidelines	6	4	15
Objectives/standards currently dictated by state	6	8	0
Whether to teach Hawaiian Studies	5	6	0
How to address Hawaii Content Performance Standards	5	6	0
Staff development/travel expenses	5	6	0
Work schedule/teacher assignments	3	4	0
School should make all decisions	3	2	8
Graduation, diploma requirements	2	2	0
Improving curriculum with additional/different personnel	2	2	0
Attendance policies	2	0	8
Number of Respondents	62	49	13

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 15

To what degree has lumpsum budgeting (i.e. - the lumpsum allocation to your school under EDN 100) given your school increased flexibility and autonomy to control your school's budget?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
Great autonomy	20	21	15
Some autonomy	70	69	78
Little or no autonomy	8	8	7
Unable to answer at this time	1	2	0
Did not answer	1	1	0
Number of Respondents	145	118	27

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 16
How can lumpsum budgeting be improved?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
Reduce categories or restrictions	23	24	19
Place more funds under lumpsum	18	17	25
More timely allocation to schools	13	13	13
All monies should be in a lumpsum	13	14	6
Drop restrictions on personnel use	10	8	19
More money to schools	8	9	0
Other	8	9	0
Eliminate program designations, include all school funds	7	7	6
Improve carryover provisions/longer carryover period	6	6	6
Move funds more freely, greater flexibility	5	5	6
Better response/support from DOE/improve computer system	5	5	6
Keep utilities at state level	3	3	0
Let school justify spending based on SIP	2	2	0
Provide more training to school staff	2	2	0
Have Federal money in a lumpsum	1	1	0
Number of Respondents	104	88	16

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 17

Has your school needed training on lumpsum budgeting, either now or in the past?
 Was it provided by the DOE?
 If provided, was it useful?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
SCHOOL NEEDED TRAINING ON LUMP SUM BUDGETING			
Yes	87	86	93
No	12	13	7
Did not respond	1	2	0
Number of Respondents	147	120	27
DOE PROVIDED TRAINING			
Yes	93	92	96
No	6	7	4
Did not respond	1	1	0
Number of Respondents	128	103	25
TRAINING WAS USEFUL			
Yes	90	91	88
No	7	5	13
Yes and No	1	1	0
Did not respond	3	3	0
Number of Respondents	119	95	24

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 18

Has your school needed budget and accounting information, either now or in the past?
 Was it provided by the DOE?
 If provided, was it useful?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
SCHOOL NEEDED BUDGET AND ACCOUNTING INFORMATION			
Yes	92	92	93
No	6	7	4
Somewhat	1	0	4
Did not respond	1	1	0
Number of Respondents	145	118	27
DOE PROVIDED INFORMATION			
Yes	94	94	92
No	5	6	4
Did not respond	1	0	4
Number of Respondents	134	109	25
INFORMATION WAS USEFUL			
Yes	88	88	87
No	6	5	9
Yes and no	2	1	4
Did not respond	5	6	0
Number of Respondents	126	103	23

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 19
 Has your school needed training and information regarding personnel management, either now or in the past?
 Was it provided by the DOE?
 If provided, was it useful?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
SCHOOL NEEDED TRAINING/ INFO ON PERSONNEL MANAGEMENT			
Yes	87	87	85
No	12	13	11
Did not respond	1	0	4
Number of Respondents	145	118	27
DOE PROVIDED TRAINING/ INFORMATION			
Yes	87	88	78
No	13	12	17
Did not respond	1	0	4
Number of Respondents	126	103	23
TRAINING/INFORMATION WAS USEFUL			
Yes	92	93	83
No	5	2	17
Yes and no	1	1	0
Did not respond	3	3	0
Number of Respondents	109	91	18

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 20

Has your school needed training on SCBM formation, either now or in the past?
 Was it provided by the DOE?
 If provided, was it useful?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
SCHOOL NEEDED TRAINING ON SCBM FORMATION			
Yes	93	94	89
No	5	3	11
Did not respond	2	3	0
Number of Respondents	146	118	28
DOE PROVIDED TRAINING			
Yes	98	99	92
No	1	1	0
Did not respond	1	0	8
Number of Respondents	136	111	25
TRAINING WAS USEFUL			
Yes	86	89	74
No	9	6	22
Did not respond	5	5	4
Number of Respondents	133	110	23

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 21
 Has your school needed student performance guidelines, either now
 or in the past?
 Was it provided by the DOE?
 If provided, was it useful?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
SCHOOL NEEDED STUDENT PERFORMANCE GUIDELINES			
Yes	95	96	93
No	5	4	7
Number of Respondents	145	118	27
DOE PROVIDED GUIDELINES			
Yes	88	89	84
No	9	8	12
Did not respond	3	3	4
Number of Respondents	138	113	25
GUIDELINES WERE USEFUL			
Yes	63	62	67
No	29	30	24
Yes and no	2	2	5
Did not respond	6	6	5
Number of Respondents	122	101	21

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 22

Has your school needed measures to hold schools accountable for student performance, either now or in the past?
 Was it provided by the DOE?
 If provided, was it useful?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
SCHOOLS NEEDED MEASURES TO HOLD SCHOOLS ACCOUNTABLE			
Yes	90	90	92
No	10	10	8
Number of Respondents	143	117	26
DOE PROVIDED MEASURES			
Yes	63	64	58
No	33	31	38
Yes and no	1	1	0
Did not respond	4	4	4
Number of Respondents	129	105	24
MEASURES WERE USEFUL			
Yes	64	61	79
No	28	30	21
Yes and no	1	1	0
Did not respond	6	7	0
Number of Respondents	81	67	14

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 23

Has your school needed training for teachers on school governance,
 either now or in the past?
 Was it provided by the DOE?
 If provided, was it useful?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
SCHOOL NEEDED TEACHER TRAINING ON SCHOOL GOVERNANCE			
Yes	83	82	89
No	15	16	11
Did not respond	1	2	0
Number of Respondents	144	117	27
DOE PROVIDED TRAINING			
Yes	53	54	46
No	44	43	50
Did not respond	3	3	4
Number of Respondents	120	96	24
TRAINING WAS USEFUL			
Yes	76	71	100
No	13	15	0
Did not respond	11	13	0
Number of Respondents	63	52	11

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 24
 Has your school needed training for parents on school governance,
 either now or in the past?
 Was it provided by the DOE?
 If provided, was it useful?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
SCHOOL NEEDED PARENT TRAINING ON SCHOOL GOVERNANCE			
Yes	82	83	81
No	16	17	15
Did not respond	1	1	4
Number of Respondents	142	115	27
DOE PROVIDED TRAINING			
Yes	44	47	32
No	53	49	68
Did not respond	3	3	0
Number of Respondents	117	95	22
TRAINING WAS USEFUL			
Yes	71	73	57
No	19	16	43
Did not respond	10	11	0
Number of Respondents	52	45	7

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 25

Has your school needed information regarding the lessons and achievements of other schools, either now or in the past?
 Was it provided by the DOE?
 If provided, was it useful?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
SCHOOL NEEDED INFO ON LESSONS/ACHIEVEMENTS OF OTHER SCHOOLS			
Yes	74	75	70
No	25	24	30
Did not respond	1	1	0
Number of Respondents	141	114	27
DOE PROVIDED INFORMATION			
Yes	60	60	58
No	38	37	42
Did not respond	2	2	0
Number of Respondents	105	86	19
INFORMATION WAS USEFUL			
Yes	84	83	91
No	8	8	9
Did not respond	8	10	0
Number of Respondents	63	55	11

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 26
What is the fundamental role of the district office now?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
Provide general support Liaison between schools and DOE/provide information	48	48	48
Provide guidance, leadership, direction	19	21	11
Administrative, personnel, and legal support	18	22	4
Supervision of schools/ monitor schools	18	17	22
Manage district initiatives, coordinate schools	14	13	22
Provide support in curriculum/spec. educ. /federal programs	10	10	11
Public relations/field complaints	10	11	7
Don't know/unclear	10	8	15
Ensure achievement of DOE goals and mission	6	6	7
Provide moral support/ personal support	3	3	4
Other	3	3	0
Does not have a role	3	3	0
	2	2	4
Number of Respondents	146	119	27

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 27
 In what ways have you seen the role of the district office change
 in the last few years?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
Has provided less support limited support/ unable to support	50	51	46
Fewer services and/or personnel	36	38	29
District provides less or no business support	11	9	18
Functions have moved to state level	10	12	4
Other	7	9	0
District has less authority/is less directive	6	6	7
Services provided are less personalized	5	7	0
Has become more supportive	5	6	0
No longer effective	5	3	11
Role has not changed	4	4	4
District provides different services	3	4	0
District now has no role	3	4	0
Implementation of school renewal specialist positions	2	2	4
Now coordinates rather than provides direct support	1	1	4
Number of Respondents	148	120	28

Figures represent percent of respondents
 Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 28
How has this change in role affected your school?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
More work for school personnel	37	42	11
Cannot get information services/support needed	28	31	15
Takes more time to obtain information/resources	17	17	19
School has to fend for itself	16	16	15
Rely on state office for everything/isolated/depersonalized	12	10	19
School is empowered/has more autonomy	7	6	11
Had to make internal changes to cope	6	7	4
Other	6	5	7
More paperwork	5	4	7
Confusion/more mistakes/errors	4	5	0
More stress/frustration	4	5	0
Minimal or no impact	2	2	4
Generally negative impact	2	3	0
Costs more to get information/services	1	1	4
Less mail/less paperwork	1	2	0
Greater attention or emphasis on the complex	1	1	0
Number of Respondents	145	118	27

Figures represent percent of respondents
Columns may add to more than 100 percent due to multiple responses

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 29

Does your school complex have a learning support center associated with it?
 Is the learning support center governed by the schools in your complex?

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
ASSOCIATED WITH SCHOOL			
Yes	26	28	18
No	61	59	68
Don't know	13	12	14
Number of Respondents	144	116	28
GOVERNED BY SCHOOLS			
Yes	76	73	100
No	24	27	0
Number of Respondents	38	33	5

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 29A

(IF SCHOOL COMPLEX HAS A LEARNING SUPPORT CENTER) Please rate the kinds of support that the learning support center provides to your school.

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
PROVIDED CURRICULUM DEVELOPMENT SUPPORT			
Yes	71	67	100
No	21	24	0
Did not answer	8	9	0
Number of Respondents	38	33	5
CURRICULUM DEVELOPMENT RATED			
Fair	33	41	0
Good	44	41	60
Excellent	15	9	40
Did not answer	7	9	0
Number of Respondents	27	22	5

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 29B

(IF SCHOOL COMPLEX HAS A LEARNING SUPPORT CENTER) Please rate the kinds of support that the learning support center provides to your school.

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
PROVIDED STAFF DEVELOPMENT SUPPORT			
Yes	74	70	100
No	21	24	0
Did not answer	5	6	0
Number of Respondents	38	33	5
STAFF DEVELOPMENT RATED			
Fair	18	22	0
Good	64	65	60
Excellent	14	9	40
Did not answer	4	4	0
Number of Respondents	28	23	5

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 29C

(IF SCHOOL COMPLEX HAS A LEARNING SUPPORT CENTER) Please rate the kinds of support that the learning support center provides to your school.

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
PROVIDED STUDENT ASSESSMENT SUPPORT			
Yes	45	36	100
No	39	45	0
Did not answer	16	18	0
Number of Respondents	38	33	5
STUDENT ASSESSMENT SUPPORT RATED			
Fair	33	23	60
Good	39	46	20
Excellent	17	15	20
Did not answer	11	15	0
Number of Respondents	17	13	4

Figures represent percent of respondents

PRINCIPAL RESPONSES TO AUDIT SURVEY

TABLE 29D

(IF SCHOOL COMPLEX HAS A LEARNING SUPPORT CENTER) Please rate the kinds of support that the learning support center provides to your school.

	TOTAL	SCBM STATUS	
		SCBM School	Not an SCBM School
PROVIDED RESOURCE ALLOCATION SUPPORT			
Yes	44	42	60
No	47	48	40
Did not answer	8	10	0
Number of Respondents	36	31	5
RESOURCE ALLOCATION SUPPORT RATED			
Poor	6	8	0
Fair	38	31	67
Good	38	46	0
Excellent	19	15	33
Number of Respondents	16	13	3

Figures represent percent of respondents

Notes

Chapter 1

1. Hawaii, Department of Education, *Lumpsum Budgeting*, Honolulu, October 1992, p. 1.

Chapter 2

1. Testimony on School/Community-Based Management (SCBM) submitted to the Joint House and Senate Education Committees Informational Briefing, October 2, 1995.
2. Hawaii, Department of Education, *School/Community-Based Management Implementation Guidelines*, Revised 4-16-91, Guideline 5.4.
3. Letter to Marion M. Higa, State Auditor, from Charles T. Toguchi, Superintendent, Department of Education, December 21, 1992.
4. *Title X, Part C, Improving America's School's Act*, Federal Register: May 14, 1997 (Volume 62, Number 93).

Responses of the Affected Agencies

Comments on Agency Responses

We transmitted drafts of this report to the Board of Education and Department of Education on January 16, 1998. A copy of the transmittal letter to the Department of Education is included as Attachment 1. The Board of Education's response was incorporated into the department's response which is included as Attachment 2.

The department asserts the State's budgetary constraints prevent the department from expanding the level of support staff needed to assist schools to assume new responsibilities. The department agrees that it has not fully established learning support centers in each complex but contends that the State's economic situation prevents the department from staffing and operating the complex learning support centers as originally intended by the Legislature.

With regard to our recommendation that the Board of Education clarify the definition of consensus, the board notes that its Committee on Student Services has met and will continue to meet to discuss SCBM governance issues. Discussions with the Hawaii State Teachers Association and the Hawaii Government Employees Association are also planned. Regarding our recommendation to cease the establishment of categorical programs, the Board of Education notes that it established two categorical programs but has no plans to establish additional ones.

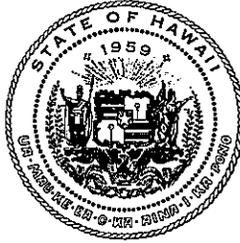
Regarding our recommendation to periodically conduct formal reviews and evaluations of the school-based budget process, the board states that its Select Committee on Budget and Fiscal Accountability will be conducting an evaluation of the effectiveness of school-based budgeting. However, it feels that given current collective bargaining agreements, granting schools more autonomy over their own budgets may be problematic. The department plans to periodically conduct formal reviews and evaluations of the school-based budget process.

The department agrees that except for a few types of funds which the department identifies, funds should be provided to schools in one lumpsum.

The department agrees with our recommendation that the Legislature consider amending Section 302A-1123, HRS. It also asserts that Section 302A-1123 should be amended to provide the full range of civil rights protections found in Section 378-2, HRS. Since the latter point was not a part of our audit work, we did not change our recommendation.

ATTACHMENT 1

STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917



MARION M. HIGA
State Auditor

(808) 587-0800
FAX: (808) 587-0830

January 16, 1998

COPY

The Honorable Herman M. Aizawa
Superintendent of Education
Department of Education
Queen Liliuokalani Building
1390 Miller Street
Honolulu, Hawaii 96813

Dear Dr. Aizawa:

Enclosed for your information are three copies, numbered 6 to 8 of our draft report, *Audit of the Decentralization Efforts of the Department of Education*. We ask that you telephone us by Wednesday, January 21, 1998, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit them no later than Monday, January 26, 1998.

The Board of Education, Governor, and presiding officers of the two houses of the Legislature have also been provided copies of this draft report.

Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Marion M. Higa'.

Marion M. Higa
State Auditor

Enclosures

BENJAMIN J. CAYETANO
GOVERNOR



HERMAN M. AIZAWA, Ph.D.
SUPERINTENDENT

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

OFFICE OF THE SUPERINTENDENT

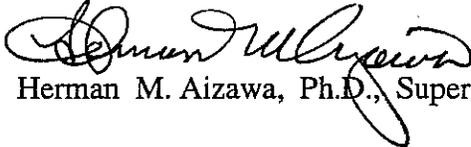
RECEIVED

DATE: January 28, 1998

JAN 28 3 20 PM '98

MEMO TO: Ms. Marion M. Higa, State Auditor

OFF. OF THE AUDITOR
STATE OF HAWAII

FROM: 
Herman M. Aizawa, Ph.D., Superintendent

SUBJECT: **RESPONSE TO AUDITOR'S REPORT :**
Audit of the Decentralization Efforts of the Department of Education

Thank you for the opportunity to comment. The Board of Education and the Department of Education have both reviewed the Auditor's findings and recommendations. This response to the Auditor's report includes comments from both the Superintendent of the Department of Education and the Chairperson of the Board of Education.

We are pleased that the Auditor's report recognizes the major actions taken by the Department and the Board towards meeting the requirements of laws enacted by the Legislature, focused on decentralizing decision-making; empowering schools; and implementing school-based budgets. These actions have been achieved despite a 40% reduction in the Department's state and district office staff over a two-year period (page 5). The 677 remaining employees in state and district offices represent only 4% of the total staff in the Department. This is well under the 6.5% cap/limit placed on the Department by the Legislature in Act 272, SLH 1994. In contrast, 16,624 Department employees are now directly serving schools. The Auditor's report also states:

The Department of Education's efforts to decentralize decision-making appear to be aligned with the principles and ideals of [site-based management and school-based budgeting] reforms. (p. 9)

In response to Legislative directives, the Department of Education has implemented school/community-based management and school-based budgeting to provide more decision-making authority to schools. (page 10)

The Department fully agrees with the Auditor's recommendation that the Legislature should consider amending Section 302A-1123, HRS regarding "student-centered" schools, to clarify legal responsibilities; liability issues; support services responsibilities; and funding provisions. The Department's staff has taken the initiative to work closely with legislators on improving legislation on this subject, dating back prior to and including the 1997 Legislative session; during the summer months; and now in the current 1998 session. In addition, the two existing "student-centered" schools have been active with legislators to express their needs and concerns. We would appreciate the Legislature's assistance to resolve these issues.

As in any management process, the decisions made by the Board and the Department may encounter criticism and may require improvements. The Auditor's recommendations indicate areas for such improvements. Our comments on those recommendations are as follows:

Recommendation:

1. *The Department of Education should, when giving new responsibilities to the schools, identify the ability of the schools to undertake those responsibilities, and provide the necessary training, information and support staff.*

Department Response:

In Act 272, SLH 1994, the Legislature required that the Department decrease its state and district office staffing. The number of personnel available to carry out required functions and operations was drastically reduced. Given this situation, with the reduced staffing levels, the Department did the best job it could to provide necessary training and information. Despite a 40% reduction in state and district staffing, the Department recognized the need for training and support services, and took steps to ensure that those would be made available. The Department's staff should be commended for their efforts in "doing more with less." As noted in the Auditor's report:

The Department of Education has provided some support that schools need to assume their new responsibilities and decision-making powers. District offices now provide support services to the schools rather than manage them. District staff assist schools in their improvement efforts rather than dictate the direction or scope of those efforts...Also, while downsizing district offices, the department created...school renewal specialists to assist schools. Finally, principals report that they have received training with regard to implementing SCBM and exercising flexibility in budgeting. (page 10)

As to the quality of training services provided, the Auditor states:

Principals responding to our survey indicated that the department is generally providing training to those schools that need it and that the training is useful. (page 11)

Despite these comments, the Auditor is of the opinion that our training efforts were "not sufficient," and focuses on only the two lowest percentages out of nine training categories surveyed. In our view, the statistics validate that our efforts were in fact favorably received and beneficial (page 12):

<u>Type of training or information needed</u>	<u>% finding the training or information useful</u>
<i>SCBM information</i>	86 %
<i>budget and accounting information</i>	88 %
<i>school-based budgeting</i>	90 %
<i>personnel management</i>	92 %

Regarding the level of support staff, the Department had developed plans to establish and fully staff complex learning support centers. However, those plans were interrupted when the State's budgetary crisis emerged, and the Legislature required that Department personnel be shifted from state and district offices to the school level. The Department then organized a restructuring plan, in which

school renewal specialists were established, who at the district level, are responsible for providing support for schools. In shifting personnel to the school level, and considering the State's continued budgetary constraints, we will not be able to expand the level of support staff to the degree necessary to fully comply with the Auditor's recommendation. Please also refer to our comments on Recommendation #2 below.

Recommendation:

2. *The department should formally establish the learning support centers, staff the centers with personnel needed to support school improvement efforts, clarify the responsibilities of the centers, and provide the parameters within which the complexes will determine the services to be provided.*

Department Response:

While we agree that school-level support for curriculum and instruction should be provided through complex learning support centers, due to the budgetary constraints and the re-assignment of state and district personnel to the classrooms and schools (such as the district resource teacher and district educational specialist positions), the Department has been unable to fully implement this concept. Learning support centers (as formal locations in each complex) have not been fully established in each complex. The only personnel available at this time are the school renewal specialists, behavioral management resource teachers, and diagnostic evaluation teams. It is our belief that, until such time that other funding of support personnel is provided, this concept cannot be implemented as intended.

However, the services of the complex learning support centers have been augmented by technical assistance and expertise from state level specialists; university staff; other local and national consultants; and most importantly, by school/complex level colleagues. The most meaningful learning/teaching support has been proven to be in collegial sharing, experience, analysis, and development of collaborative curriculum and instructional strategies. These discussions do take place in schools and complexes, and we encourage those efforts which, in effect, would bring results similar to that if there were formal elaborate complex learning support centers established in all complexes. In our view, with the current economic condition of the State, we cannot staff and operate the complex learning support centers as originally anticipated by the Legislature in 1994.

In an attempt to provide focused school-level support, and consistent with the Department's focus on literacy, six (6) Teacher Learning Centers (TLC) were established in 1996-97. The Centers, which are located in schools implementing Success Compact on a school-wide basis, serve in essence as training and learning support sites. The Centers provide training to school staffs from various schools, including visitations and observations of classroom practices in regular classes on-site. TLC's are located as follows:

Honolulu District	Kapalama Elementary
Central District	Iliahi Elementary
Leeward District	Lehua Elementary
Windward District	Kapunahala Elementary
Maui District	Wailuku Elementary
Kauai District	Kaumualii Elementary
Hawaii District	Hawaii District opted to give priority to the development of a Teacher Support Network to encourage networking other practitioners as schools/complexes strive to become individual Teacher Learning Centers.

Recommendation:

3. *The Board of Education should clarify the definition of consensus to prevent individuals and/or parties from derailing school reform efforts via SCBM.*

Board response:

In the belief that decisions are best made by those persons who will be most directly affected, the Board has attempted to provide schools with the greatest autonomy and flexibility possible with regard to School/Community-Based Management (SCBM). The Board's Committee on Student Services, however, did meet twice last year to discuss SCBM governance issues and will continue to do so on a regular basis. Discussions with the Hawaii State Teachers Association and the Hawaii Government Employees' Association are also planned.

Recommendation:

4. *The Board should cease the establishment of categorical funding programs.*

Board response:

Since the implementation of lumpsum budgeting by the Department in 1994, the Board has found it necessary to establish only two categorical funding programs to assure the attainment of specific state objectives: (1) Hawaiian Studies; and (2) Gifted and Talented. Total funding for both programs amount to less than 1.25% of the general funds allocated to EDN 100. Currently the Board has no plans to establish any additional categorical programs.

Recommendation:

5. *The board and the department should exercise their oversight responsibilities by periodically conducting formal reviews and evaluations of the school-based budget process.*

Board response:

The Board's Select Committee on Budget and Fiscal Accountability will be conducting an evaluation of the effectiveness of school-based budgeting. However, given the collective bargaining agreements currently in effect, granting the schools further autonomy over their own budgets may be problematic.

Department response:

The Department's school-based budgeting process has been reviewed and scrutinized by the Legislature and the Department of Budget and Finance since its inception. Funds to secure external evaluations have been severely limited due to the State's economic condition. In addition, state and district staffing has been reduced by 40% over the past two years. Despite these circumstances, the Department will attempt to periodically conduct formal reviews and evaluations of the school-based budgeting process.

Recommendation:

6. *The Legislature should cease the practice of establishing categorical programs.*

Department comment:

The Department agrees with the position that the Legislature should cease the practice of establishing categorical programs. In this way, the schools would have the flexibility to use funds according to the needs addressed in their school improvement plans.

Recommendation:

7. *The Legislature should also require the department to provide general funds to schools in one lumpsum.*

Department response:

The Department agrees that funds should be provided to schools in one lumpsum, except for items such as:

- Funds established to meet specific Federal requirements, State laws, specialized programs
- Special education funds due to the Felix Consent Decree and the Individuals with Disabilities Education Act (IDEA) compliance requirements [In *Education Week*, Feb. 19, 1997, an article entitled “*Special Education Rules Pose Problems for Charter Schools*” raises concerns about schools having difficulty coping with the multitude of state and federal special education laws and regulations.]
- English for Second Language Learners program (ESLL), which was the former Students of Limited English Proficiency program (SLEP), because of federal civil rights requirements
- Vocational education, which has federal compliance requirements as well as being a Grade 9-12 program
- Specialized sites such as Keakealani, Kokee Discovery Center, and Challenger Center that are not part of any school
- Alternative learning centers and Olomana which service at-risk students

Recommendation:

8. *The Legislature should consider amending Section 302A-1123, HRS, to help shape a charter school system consistent with the requirements of the Public Charter Schools Program as enumerated in Title X, Part C of the Improving America’s School’s Act. In particular, amendments should:*

- *clarify the legal responsibility and liability of the department and the student-centered school boards;*
- *improve the funding provision by allowing for a formal process of budget negotiation and review, specifying criteria to determine which funds and functions are to remain with the department, and identifying how funding inequities created by the per pupil allocation are to be addressed; and*
- *clarify the duty of the department to provide information and technical assistance to student-centered schools.*

Department response:

The Department fully agrees with the Auditor's recommendation that the Legislature should consider amending Section 302A-1123, HRS regarding "student-centered" schools, to clarify legal responsibilities; liability issues; support services responsibilities; and funding provisions. The Department's staff has taken the initiative to work closely with legislators on improving legislation on this subject, dating back prior to and including the 1997 Legislative session; during the summer months; and now in the current 1998 session. In addition, the two existing "student-centered" schools have been active with legislators to express their needs and concerns. We would appreciate the Legislature's assistance to resolve these issues.

In addition to the Auditor's recommendation, a current civil rights loophole should be closed. In the civil rights field, the current law exempts student-centered schools from all applicable State laws except those regarding religious, racial, or sexual bias. HRS 378-2 provides protection against discrimination beyond religion, race and sex; namely, age, color, ancestry, disability, marital status, arrest and court record, and sexual orientation. Section 302A-1123 should be amended to provide the full range of these protections found in HRS 378-2.

HMA:EK

