

**BUDGET REVIEW AND ANALYSIS
OF THE
LOWER EDUCATION PROGRAM
(DEPARTMENT OF EDUCATION)**

A Report to the Legislature of the State of Hawaii

**Submitted by the
Legislative Auditor of the State of Hawaii**

**Report No. 83-10
February 1983**



FOREWORD

Pursuant to provisions in the legislative appropriations acts of 1981 and 1982, the Office of the Legislative Auditor has undertaken a budget review and analysis program aimed at providing the Legislature with additional assistance and perspectives in its consideration of program and budget requests coming before it for action.

In this initial effort, attention was focused on selective aspects of the two components of the major program of formal education—namely, lower education (encompassing primarily the Department of Education), and higher education (which is virtually synonymous with the University of Hawaii).

The results of our examination of the lower education program are presented in this report. Our review and analysis of the higher education program has been presented in a separate report.

We wish to acknowledge the cooperation and assistance extended to our staff by officials and staff members of both the Department of Education and the Department of Budget and Finance.

Clinton T. Tanimura
Legislative Auditor
State of Hawaii

February 1983

TABLE OF CONTENTS

<i>Chapter</i>		<i>Page</i>
1	INTRODUCTION	1
	Purpose and Focus of Budget Review and Analysis	1
	Background on the Lower Education Budget	2
	Organization of This Report	3
2	BUDGET PREPARATION AND EXECUTION IN THE DEPARTMENT OF EDUCATION	5
	Summary of Findings	5
	Budget Preparation	6
	Budget Execution	11
3	REVIEW AND ANALYSIS OF SELECTED PROGRAMS	13
	Regular Instruction Programs	13
	Early Provisions for School Success Program	15
	Hawaiian Studies Program	19
	Hawaii English Program	21
	Holomua Project	23

Chapter 1

INTRODUCTION

Purpose and Focus of Budget

Review and Analysis

This budget review and analysis effort was undertaken in response to provisions contained in the legislative appropriation acts of 1981 and 1982, which directed the Legislative Auditor to initiate a program of budget review and analysis. The overall purpose of this effort is to assist the Legislature in gaining a better understanding of the program and budget requests coming before it for consideration.

More specifically, the objectives of budget review and analysis are:

1. To assess the processes by which budgets are developed and executed, with emphasis on quality of review and analysis at key decision points.
2. To identify and assess significant internal and external factors which influence or constrain budget preparation and execution.
3. To identify areas where the Legislature has expressed specific interest or concern and determine and assess the adequacy of the executive's responses.
4. To identify significant budget changes and evaluate the justifications or explanations provided to support those changes.
5. To examine and evaluate the content and presentation of existing budget information, provide additional or supplemental information, or suggest alternative means of presentation.

Program size and prior legislative interest and concern were the main criteria used in selecting the first programs for examination. On this basis, the major program area of formal education was selected for review. The program area consists of two programs—higher education and lower education—both of which are extremely large and important, and it was decided to focus initial attention on these two programs.

The lower education program conducted by the Department of Education is reviewed and analyzed in this particular report; the higher education program has been reviewed and analyzed in a separate report submitted to the Legislature.

Background on the Lower Education Budget

The lower education program consists of 19 programs for which legislative appropriations have heretofore been made. The operating budget for the 1981-83 biennium totaled approximately \$818 million. Included were programs of instruction, administration, support services, and public service. This sum financed the operation of 230 schools, 47 public libraries, and adult education at 216 sites. In addition, the authorized construction budget totaled \$38 million.

Three sources of funding finance the lower education operating budget: the state general fund, by far the most important source; federal funds; and special funds. In fiscal year 1982-83, state funds comprised 85 percent of operating expenditures; federal funds, 11 percent; and special funds, 4 percent.

Federal funds are of several kinds. The most highly publicized among them is impact aid—cash reimbursements to states for the education of children of parents connected with federal employment. Also significant is federal funding for various compensatory programs—programs to compensate for difficulties brought about by socio-economic, cultural, and language differences. Other federal funding is through the federal commodities support and cash subsidy for the school lunch program and the new block grants for education under the Education Consolidation and Improvement Act of 1981.

Special funds consist largely of revenues from pupil and teacher purchases of school lunches. Of much less magnitude are the special funds from summer school, driver education underwriters' fees, and adult education.

The executive budget request for the lower education operating program totals \$856.8 million for the 1983-85 biennium, including \$425.1 million for FY 1983-84 and \$431.7 million for FY 1984-85. In addition, \$40.5 million is being requested for the biennium to finance capital improvements.

Organization of This Report

This report consists of three chapters. Chapter 1 is this introductory and background chapter; Chapter 2 focuses upon the budgeting process of the Department of Education; and Chapter 3 reviews and analyzes a number of specific programs.

Chapter 2

BUDGET PREPARATION AND EXECUTION IN THE DEPARTMENT OF EDUCATION

The budgeting process of the Department of Education (DOE) as well as other government organizations is comprised of two broad phases: (1) budget preparation, the process of developing, reviewing and preparing the budget for submission; and (2) budget execution, the process of expending funds which have been appropriated and monitoring the expenditure of those funds. In this chapter, we summarize our review and analysis with respect to these two phases.

Summary of Findings

We find that:

With respect to budget preparation—

1. While the budget ceiling imposed by the Department of Budget and Finance (B&F) should have provided the Department of Education with the incentive to review the current services portion of its budget and determine trade-offs among current programs and current service levels, virtually the entire focus in the department's budget review was on workload increases and program change requests. Consequently, the resultant budget merely continues current services levels with workload increases and program changes tacked on.

2. DOE's budget approved by the Board of Education was consistent with B&F's budget ceiling, but the budget for the second half of the biennium does not fully account for inflation. The ramification is that the Legislature may be asked at some time to cover inflationary costs not accommodated in the 1984-85 budget.

3. There was no systematic evaluation of requests for funding from private organizations. Moreover, DOE did not follow the applications, review, and recommendation procedures specified by Chapter 42, Hawaii Revised Statutes, for those purchases of services which had been built into its operating budget.

With respect to budget execution—

1. The Board of Education does not have a meaningful role in budget execution. The expenditure plans, which lay out how funds are to be expended consistent with appropriations made by the Legislature, are not submitted to the board for approval, nor is the board otherwise informed of how funds will actually be applied to the districts and the schools.

2. The board is not provided with expenditure information periodically during the budget execution period. If it did have expenditure information, the board would be in a better position to monitor implementation progress of the department's programs and hold the department more accountable for program execution.

Budget Preparation

The role of schools in budgeting is limited to preparing and submitting budgets for supplies and equipment, or what are known as "B" costs and "C" costs, respectively. Schools are not asked to submit new program proposals or changes in programs although program changes might be involved in their proposed purchases through "B" and "C" funds. Budgeting for teaching personnel costs or "A" costs, by far the largest cost element in instructional programs, is done centrally by the state office, which takes into account the key factors of projected enrollment, the teacher/pupil ratio of one teacher to 26.15 students in accordance with the collective bargaining agreement, and teacher salaries in projecting personnel service costs. Budgeting for personnel positions of the district and state office is also done centrally by the state office.

The influence of the departmental budget ceiling. For the 1983–85 biennium, the Department of Budget and Finance provided DOE (as well as all other executive departments) with a departmental ceiling under which it was to develop its budget. Previously, budgets prepared by DOE and approved by the Board of Education often exceeded the amounts which were ultimately accommodated in the Governor's executive budget submissions to the Legislature, and final budget cutting devolved to B&F. At other times, differences were negotiated between the executive and DOE, but not without some conflict.

The new procedures of working within a ceiling imposed by B&F was welcomed by department officials as well as the Board of Education. One board member observed that

a budget ceiling was exactly what the board had been asking for all these years. It was felt that accountability for the budgeting of education programs could now be placed more squarely where it belonged—on the department and on the Board of Education.

Theoretically, the imposition of a departmental ceiling should have had two effects: (1) it should have caused the department to conduct a searching review of current service programs to determine whether under the ceiling, current service levels could be traded off for new programs or significant changes to existing programs; and (2) it should have resulted in a budget which met the ceiling and, therefore, could be accommodated intact in the executive budget.

However, only the second effect materialized. The budget approved by the Board of Education, after some negotiation with B&F over the initial budget ceiling, did meet the ceiling, and consequently, the budget for lower education programs in the executive budget can be identified as the Board of Education's budget.

In DOE's development of the budget and the board's review and approval of it, however, the focus was on program expansion requests rather than a thorough review of current services and a determination of potential trade-offs between current services and program changes. To be sure, DOE's review of program changes was more systematic and broadly based than it has been in the past. A budget review committee, consisting of the seven district superintendents, the planning director, the budget director, and three assistant superintendents of business, personnel services, and instructional services, met for two weeks of all-day meetings to review the program expansion requests totaling \$50 million. The budget committee ultimately pared the requests down to items totaling \$27 million for the biennium, ranked them in priority order, and submitted them to the state superintendent, who then with the state budget office further reduced the requests to 12 items totaling \$10 million for the biennium. The 12 expansion proposals were ultimately approved by the board and were included in both the Board of Education budget and the executive budget.

In all this, current programs and their service levels were not subjected to scrutiny. This condition is not one associated with only the latest budget development cycle but is a condition of long standing. Not since the late 1960s and early 1970s, when the department performed analysis of the various curriculum areas, has there been any systematic review and analysis of current programs to determine their effectiveness,

whether the service levels of such programs should be changed, and the alternatives available.

While the review of current services should be a continuing process, with or without a budget ceiling imposed by B&F, its necessity is especially apparent during tight fiscal periods, as the next fiscal biennium is projected to be. Even if the education budget, in its aggregate amount, is funded by the Legislature, there is the possibility that expenditures might have to be reduced after the budget is passed. If that condition develops, it may not be as simple a matter as deleting program expansion expenditures since such proposed expansion expenditures are small in relation to the total budget. If cuts mandated by the executive exceed program expansion expenditures by any significant magnitude, the department would be hard pressed to make sound decisions on where the cuts should be applied, given the almost total paucity of analysis of current service programs. The Board of Education should require the department to establish a system for current services review, not only against the contingency of budget reductions but as an ongoing process for sound budget development, whatever the financial condition of the State might be.

Accounting for inflation. The department did not budget for inflation for all of its programs for the second year of the budget biennium, i.e., FY 1984-85. The ceilings established by B&F did take into account inflation allowances, but we find such situations as the following:

- (1) In the Regular Instruction Program, the budget for textbooks for FY 1984-85 is \$1,669,539, 1.9 percent less than the budget for FY 1983-84; the second year's budget for instructional equipment is \$1,492,606, 1.7 percent less than the first year's budget.
- (2) In the Other Regular Instruction Program, the budget for supplies for FY 1984-85 is \$7,508,773, just seven-tenths of 1 percent over the FY 1983-84 budget.
- (3) In the Instructional Media Program, which involves school library books, magazines, and audio-visual materials, the budget for FY 1983-84, \$342,855, which is already 10.3 percent less than the current year's budget, is increased by seven-tenths of 1 percent to \$345,352 for FY 1984-85.

The apparent reason for not fully accounting for inflation for all programs and essential costs was to provide budgetary "room" for the program expansion requests. The budgetary ceiling could accommodate the program expansion requests or it could accommodate inflation but not all of both.

Our view is that underbudgeting for instructional necessities only postpones the day of reckoning. By deferring budgeting for inflation, the department will have to appeal for more funds at some future time, or it will have to make do with less than what is apparently needed. Neither eventuality would reflect sound budgeting.

Purchases of service from private organizations. Under Chapter 42, Hawaii Revised Statutes, new requirements and procedures are in force over grants and subsidies to private organizations and purchases of service from those organizations proposing to conduct programs for a public purpose. Generally, the statute specifies the qualifying standards for private organizations, the procedures for applying for funds, state agency responsibilities for reviewing and making decisions on the requests, and the requirements for monitoring and evaluation. In a separate report, (Report No. 83-4, January 1983), we submitted a status report on the implementation of the law generally. In this section, we examine specifically the department's compliance with the new requirements in preparing the education budget.

In September 1982, the Board of Education approved for transmittal to the Department of Budget and Finance five requests for funding from private organizations. These five requests totaled \$885,848 for the biennium; four of the five requests had previously been funded by the Legislature. Originally, seven requests had been received, but two of the requests were determined to relate more closely to health programs and were routed to the Department of Health. The five requests approved by the board were ultimately not included in the executive budget, in accordance with B&F's recommendations.

While the issue of the five requests might appear to be moot in view of B&F's rejection, the ease of their approval within DOE tells something of the process. None of the requests appear to have been critically reviewed even though, as noted above, four of the five programs had previously been funded and are ongoing programs. Possibly the greatest contributing factor to the lack of critical review of the requests was B&F's decision to allow the department (as well as other departments) to submit funding

recommendations for private organizations outside of the department's budget ceiling. By instructing that these requests remain outside of the budget ceiling, B&F made it possible for the department to treat them simply as add-ons to its regular budget. There was no incentive for the department to review and critically analyze the requests within the context of the objectives and content of the education programs to which the requests were related.

Moreover, some funding recommendations were simply included in the budget and were not subjected at all to the applications and review process required by Chapter 42. These include proposed funds for United Cerebral Palsy, Meiric-Dutton Learning Center, and the Special Education Center of Oahu, which have been budgeted for in the special education program budget. We find no basis for excluding these funding recommendations for purchases of service from the standards and procedural requirements of Chapter 42.

Finally, while some of these private organization programs have been conducted for several years, there is no evidence of evaluation procedures to determine the effectiveness with which state funds have been utilized or procedures for the monitoring of actual expenditures. Clearly, DOE needs to have more systematic procedures, for budgeting as well as evaluation, both of which are requirements under Chapter 42.

Recommendations

We recommend that:

- 1. The Board of Education require DOE to establish a system for the review of current services and that such review be used as a continuing basis for budget development, current service trade-offs against program expansions, and budgetary adjustments in the event of revenue shortfalls.*
- 2. DOE disclose to the Legislature the full extent of inflation costs which have not been accounted for in the 1984-85 budget, how it intends such costs to be covered, or what the ramifications on programs will be if inflation costs are not fully accommodated.*
- 3. DOE review more critically the requests for funds from private organizations and apply the requirements of Chapter 42, Hawaii Revised Statutes, to all proposed funds*

for private organizations, including those purchases of service which have been included in DOE's operating budget.

Budget Execution

The budget execution process involves planning for expenditures after appropriations have been made followed by the actual expenditure of funds. The process in DOE is similar to that in other executive departments. DOE must conform to the expenditure controls exercised by the Department of Budget and Finance and the accounting requirements of the Department of Accounting and General Services. In this chapter, we assess DOE's budget execution process with particular focus on the role of the Board of Education and the reporting and monitoring of expenditures.

Minimal role of board. The board is informed of the contents of the appropriations act after the close of the legislative session, but its approval is not sought for the department's expenditure plans which show how funds are programmed to be expended. This omission should be viewed in the context that the appropriations made by the Legislature invariably involve some changes to the budget which the board had previously approved. Neither the departmental allotments as received from B&F nor the allocations made by the state budget branch to the various other offices and the districts have been matters for board consideration. The school-by-school allocations, which are made by the districts, are thus also beyond the knowledge of the board. In short, the board neither knows of, nor approves of, the department's plans for spending the appropriations—not even the program expansion items that it may have requested of the Legislature.

If the board's policymaking authority involves, as it should, consideration and decisions on the budget prepared by the department before it is submitted to the executive and the Legislature, its policymaking authority should also be exercised over the department's expenditure plans after the budget is enacted. Much of the educational policy is made through the budget, and the proof of the budget is in its execution. While over-control of expenditures by the board can be counter-productive, a reasonable level of control would be for it to review; modify, if necessary; and approve the department's expenditure plans before funds are allocated to and expended by the various DOE units.

The monitoring of expenditures. Another important aspect of the board's authority and responsibility is to monitor the progress of the department's implementation of programs during the budget execution period. Timely and periodic information on actual expenditures when compared with allotments and appropriations, could reveal a great deal on how well the department is doing in implementing its programs.

No expenditures for a particular program or expenditures well below the planned levels would, for example, alert the board to likely implementation problems for which the board could then seek clarification or resolution. While the day-to-day control over expenditures should be a departmental responsibility and pretty much a matter of departmental routine, the periodic reporting of those expenditures should provide the board with a better basis for holding the department accountable for its conduct or programs.

The frequency of reporting should be tuned to the board's needs, but it would appear that quarterly reporting, corresponding with the quarterly allotment periods, would be sufficient for the board to monitor expenditures and the implementation progress of programs to which the expenditures relate.

Recommendation

We recommend that the board review and approve the department's expenditure plans before the budget is executed and that it monitor the department's expenditures and program implementation during the budget execution period through the review of periodic expenditure reports.

Chapter 3

REVIEW AND ANALYSIS OF SELECTED PROGRAMS

In the previous chapter, we reviewed the budgetary process of the Department of Education (DOE) generally. This chapter summarizes our review and analysis of several specific programs or projects, which have been of continuing legislative interest or of comparatively recent development. These include the Regular Instruction programs, the Early Provisions for School Success program, the Hawaiian studies program, the Hawaii English Program, and the Holomua Project. Findings and recommendations are presented in the particular section in which the program is discussed.

Regular Instruction Programs

The Regular Instruction Program (or what is identified in the budget as EDN 105) is by far the largest budget category for which the Legislature makes appropriations. Teacher salaries and funds for all textbooks, classroom equipment, and supplies for regular classrooms are budgeted in this one program. The general fund budget request for 1983–85 for this program is \$344.5 million which amounts to 46 percent of the general fund request for lower education.

A close adjunct is the Other Regular Instruction Program (identified in the budget as EDN 106). This budget category also represents curriculum in the regular schools but the components are specific programs or projects, such as the school priority fund, Hawaiian studies, the new early provisions for school success program, and the Hawaii English Program. In all, the budget category is comprised of 18 individual programs or projects for which the 1983–85 general fund budget request is \$55.6 million.

Summary of Findings

We find that:

1. The budget category for Regular Instruction, comprising nearly half of the lower education budget, is too large a category for meaningful program and budget decisions to be made. Supplemental budget displays, which would identify the specific

programs for which funds are being requested under Regular Instruction, could be useful to the Board of Education and especially to the Legislature in its review of the appropriation decisions to be made.

2. The budget category for Other Regular Instruction, which currently is a catch-all for 18 miscellaneous programs and projects, likewise obscures the budgetary decisions to be made. Supplemental displays for each of the programs and projects covered by the budget category would provide a firmer basis for decisionmaking.

The need for supplemental budget displays. The Regular Instruction program is the core of DOE's budget. This one program includes all the learning disciplines which comprise the DOE Foundation Program—social studies, math, science, foreign languages, health, physical education, art, music, guidance, practical arts, and vocational-technical education. How resources are to be allocated among these programs is not, however, revealed through the budget.

A lump sum category of the magnitude represented by the Regular Instruction budget has the effect of weakening the authority of the decisionmakers: the board in its review of departmental recommendations and the Legislature in making appropriations for lower education. When details are lacking as to the specific programs and purposes for which the Regular Instruction budget will be applied, real authority is exercised after the appropriations are made, when administrative officials decide how the specific resource allocations will be made.

The Legislature has wrestled with lump sums in education before, especially in the second half of the 1960s when the entire Department of Education budget was one lump sum. In the early 1970s, it appropriated funds by subject matter, so much for language arts, math, etc., but funds thus appropriated could not be subjected to budgetary controls at the elementary education level, because of the problem of allocating costs to the amalgam of subjects taught by elementary teachers. Later in the 1970s, the Legislature appropriated Regular Instruction funds by individual schools with the view that eventually, the entire lower education budget could be brought under a school-by-school format. This would have required a commitment and agreement that the basic management unit in the school system is the individual school, which was to be accorded greater budgetary authority, but no such commitment or agreement was arrived at.

While the large budget category of Regular Instruction does not appear to facilitate analysis and the making of appropriation decisions, ultimately it is for the Legislature to decide whether it has sufficient details to make decisions. One alternative it might consider is to require supplemental displays which disaggregate the Regular Instruction budget, and which would show the funds budgeted for elementary education as one category and for secondary education, the funds which are budgeted for the various curriculum areas. Instead, or also, the Legislature could ask for supplemental displays by schools. Even if the Legislature continues to appropriate funds through the Regular Instruction budget category, supplemental displays would assist it in arriving at and expressing legislative intent more precisely, especially if such intent involved the funding of particular curriculum areas or specific groupings of schools.

The Other Regular Instruction program could also be brought into sharper focus with details of the specific programs and projects covered by the category, including their objectives, the levels of attainment being sought, the target group being reached, and the full costs of the programs, including future costs beyond the immediate budget biennium. Some of the information is available from DOE's operating budget worksheets, but the information is not a formal part of budget submission.

Recommendation

We recommend that the Legislature require DOE to prepare supplemental budget displays for the Regular Instruction and Other Regular Instruction budget categories, beginning with the 1984 supplemental budget, if one is submitted, or with the next full budget preparation cycle.

Early Provisions for School Success Program

In the 1982 legislative session, legislators interested in improving the first years of schooling requested DOE to present viable new programs for the Legislature to consider. DOE offered four alternatives from which the Legislature chose the Early Prevention of School Failure (EPSF) program, a nationally known program, which was modified and renamed the Early Provisions for School Success (EPSS) program prior to implementation.

Based on the theory that early identification of problems in children and early provisions of appropriate help will be the most efficient and effective use of educational

resources, the program is directed toward children in kindergarten. Assessment of where they stand on a variety of skills, followed by direct assistance from a support teacher who supplements the regular kindergarten teacher, is expected to identify and help children who might otherwise get off to a poor start in their schooling.

The Legislature appropriated \$1,875,346 for 1982-83, augmented by collective bargaining increases for personnel cost adjustments, for a total of \$2.2 million. The funds were for the following costs: (1) substitute teachers to free the regular kindergarten teachers to do the assessment at the start of the school year and the post test at the end; (2) 100 support teachers for the entire school year; and (3) in-service training of the support teachers, principals, and regular kindergarten teachers. In this section, we assess implementation progress.

Summary of Findings

We find that:

1. The short lead time to prepare for the program led to some implementation problems. These include lack of clarity of the role of the support teachers; the need to take into account enrollment shifts in the allocation of support teachers; some concerns, as voiced by school administrators, over in-service training; and the lack of an evaluation design prior to program implementation, thus hindering evaluation data collection at the school level.

2. The DOE's expansion plans are not clear, and the 1983-85 budget request does not reveal the totality of the program.

Implementation problems. Considering that DOE had such a short period of time to prepare for the program prior to its installation in the Fall of 1982, it is not surprising that some problems would emerge. It is not too late to correct them, if not in this school year, then in preparation for the Fall of 1983.

Support teachers. The most expensive component of the EPSS program is the provision of 100 support teachers who were provided to alleviate some of the additional responsibilities EPSS placed on the regular classroom teachers. The roles and expectations of the support teachers appear to be unclear. State office instructions pretty much left the support teacher's role to be worked out between the support teacher and the

regular classroom teacher. Consequently, there was some confusion as to exactly what was expected of the support teacher.

After the school year started, numerous questions were raised in a Windward District workshop concerning the specific activities the support teacher was expected to perform and the teacher's role within the classroom setting. In the absence of statewide guidelines, Leeward District developed its own guide for support teachers. Some school administrators were also unclear as to how the support teachers were to be utilized. Possibly, some of these problems have since been resolved within the individual school and individual classroom in the current school year, but to prevent future confusion, more definite statewide guidelines are clearly needed.

Support teachers were allocated for school year 1982-83 on the basis of projected enrollment figures, with one support teacher allocated for every five kindergarten classes. No reserve was built into the allocation plan to allow for enrollment shifts. Consequently, when Maui District experienced an enrollment increase, the district was short one support teacher and must now draw on district resource teachers to provide support teacher services. A support teacher allocation plan which takes into account enrollment shifts would alleviate this type of problem.

In-service training. Concern has been expressed in the schools over whether the support and regular kindergarten teachers were adequately trained in the hectic months before the program was implemented. Many school administrators complained of the "rushed" implementation of the program, and others went so far as to state that their teachers were not adequately trained because of the insufficient lead time prior to implementation. The DOE personnel at all levels seem to agree that teachers are the most important component to any program, making quality in-service training a major factor to consider in future conduct of the EPSS program. DOE should obtain feedback from the current support teachers and regular classroom teachers involved, as well as school administrators, so that in-service training for the next round of program implementation can be structured to take into account actual experiences and resolve the problems encountered.

Evaluation design. Evaluation is necessary to determine whether this program is producing the results expected. However, as of several months into the current school year, the districts and school still did not have details of a program evaluation design.

Without timely formulation and communication of an evaluation design, schools do not know what kinds of data to collect. We understand that as of January 1983, a draft design for evaluation had been prepared. It needs to be formalized so that timely evaluation can be conducted.

Because the program is apparently headed for expansion, evaluation is especially critical to assess whether the larger, future costs can be justified by the results produced and the additional, future benefits anticipated. Firm deadlines should be established for evaluation, which should be completed early enough to permit adjustments to be made to the design of the program in the next school year and to permit program effectiveness conclusions to be drawn before any decision is made to expand the program.

Potential program expansion. The biennial budget request for 1983–85 for EPSS was developed of necessity in June 1982—even before program implementation began. The request calls for identical funding of \$2.2 million for each of the two fiscal years, which basically continues current service levels.

While the program is currently focused on children at the kindergarten level, it is our understanding, from discussions with state officials, that DOE plans to expand the program to encompass grades K–3. However, it cannot be discerned from the 1983–85 budget request when program expansion is scheduled to take the place, what the program components will be, how they will be programmed for installation, and what the full cost implications will be if the program is expanded.

It would not be premature to require DOE to prepare a multi-year program and financial plan for the program so that the totality of the program and its full costs will be revealed even as the Legislature considers funding the program at current levels.

Recommendations

We recommend that:

- 1. DOE, in preparation for the next school year, if not in the current year, address the implementation problems which have been encountered, including clarifying the role of the support teachers and taking into account enrollment shifts in their allocations, assuring the adequacy and timeliness of in-service training, and completing an evaluation design for the program and proceeding with its execution.*

2. *The Legislature require DOE to submit a multi-year program and financial plan for EPSS so that the totality of program expansion and its full cost implications will be revealed.*

Hawaiian Studies Program

A 1978 Constitutional amendment mandated a Hawaiian education program in the public schools. Although some Hawaiiana study was already a requirement in the curriculum, and elective courses were available in the high schools, this mandate was interpreted both broadly and narrowly as a new program. In broad application, Hawaiian studies was seen as something for all students to be implemented as quickly as possible. But it was also narrowly viewed initially as a language program—partly to capitalize on the decreasing numbers of elders who spoke the native Hawaiian language and partly to use language as a vehicle to teach understanding and appreciation of Hawaiian culture. The overall scope of the program, incorporating those units of study and courses already in place as well as the new elements, was not clarified. The DOE sought and received new positions in the districts and funds to hire elders (kūpuna) to teach the Hawaiian language in the elementary schools. Three state office personnel have been assigned full-time to the program since 1980–81.

The Hawaiian studies program has been funded solely by the general fund, with expansions each year. Since 1980–81, the program has been appropriated as follows:

1980–81:	\$297,092 for three state personnel and kūpuna
1981–82:	\$407,289 for three state personnel, seven district coordinators and kūpuna
1982–83:	\$458,218 for three state personnel, seven district coordinators and kūpuna

In 1982–83, the DOE and supporters of the program pressed for the creation of a second tier of kūpuna—i.e., a supervisory kūpuna level to orient new kūpuna into the program—in addition to the existing district coordinators. The Legislature resisted in view of the fact that DOE had yet to present a program plan. Instead, the 1982 Legislature reiterated an earlier request that DOE evaluate its present Hawaiian studies program and develop a comprehensive program design.

Summary of Finding

We find that even with the Hawaiian studies program design prepared and submitted by DOE, the design lacks several important components, including interface with the Office of Hawaiian Affairs (OHA), identification of kūpuna and inventory of their availability for future participation in the program, and an evaluation design which measures the effects of the program on students.

Program design inadequacies. One of the more obvious omissions in the program design prepared by DOE is the lack of any component defining program relationships with the Office of Hawaiian Affairs. Nowhere in DOE's program design is there any identification of the role that OHA might play, either in rendering current assistance or in advising on future program development. Yet, OHA's own program plan and 1983-85 budget request for education indicate that one of its objectives is to "promote the study of Hawaiian culture, history, and language as mandated by Article X, Section 4 of the Hawaii State Constitution, at all levels of education." Obviously, given its mission and the potential scope of its programs, OHA could be a valuable resource, but the program design does not reflect it.

Further, the program design does not provide for an inventory of available kūpuna, especially over the longer term, or how the department intends to secure people with the requisite qualifications some years down the road. The kūpuna appears to be the cornerstone of the Hawaiian studies program, at least at the elementary level. Yet, the number of kūpuna will dwindle in number as the years go by if something else is not in place. In OHA's view, as expressed in its budget plans, "the alternatives are to let the Hawaiian Studies Program diminish with the slow reduction of the number of kupuna available or to undertake to replenish the dwindling supply of kupuna." OHA's approach would be to integrate and train makua (parents) into future knowledgeable kūpuna by establishing a training course for makua through the community college continuing education program. If this is the approach to be taken by DOE, its program design should provide for it.

Finally, the program design lacks an evaluation design component which measures the effects of the program on students. The program design views evaluation in terms of input—whether a program guide was completed, whether training materials and sessions were offered, etc.—and not in terms of output—whether because of the Hawaiian studies program, students indeed become more aware of their place in Hawaiian culture, whether

they develop an intercultural understanding of Hawaiians if they are not Hawaiians, and whether they become aware and knowledgeable about the Hawaiian language as a tool for understanding Hawaiian culture, etc. Moreover, such evaluations as have been done deal only with such aspects as the suitability of the program guide and the role of district coordinators, not with program results.

Recommendation

We recommend that DOE review the Hawaiian studies program design for adequacy, especially in the context of the role of the Office of Hawaiian Affairs, the identification and inventory of available kūpuna and providing for their future availability, and an evaluation design which measures the results of the program on students.

Hawaii English Program

The inception of the Hawaii English Program (HEP) dates back to 1965 when a curriculum survey revealed inadequacies in the language arts program. The availability of federal funds made feasible the customized development of a program as a joint DOE-University of Hawaii effort. The elementary portion was developed first, with the Board of Education adopting it as the language arts curriculum in 1970. The secondary portion was ready for initial implementation in 1977. Development costs totaled approximately \$8.3 million, most of it federally funded. State appropriations to install and maintain the program have amounted to \$15.5 million since 1970.

The elementary portion of HEP consists of three subprograms: language skills, language systems, and literature. HEP-Secondary consists of four subprograms: literature, language systems, skills workshop, and skills lab. All of the subprograms require materials of various kinds and some equipment, and entail some in-service training of teachers new to HEP.

Despite the fact that the initial Board of Education decision to adopt HEP made its use mandatory in the elementary schools, there were objections from teachers that HEP was not entirely appropriate for all students. Schools were eventually given the option of using all or parts of HEP-Elementary. HEP-Secondary was an option from the time it was available for the seventh grade in 1977. Installation of the twelfth grade materials is scheduled to begin in 1983-84 in those schools which choose to participate.

Summary of Finding

We find that utilization of the Hawaii English Program has decreased over the years, especially the language skills and language systems subprograms for elementary grades. Consequently, for at least the past two years, not all of the appropriations for HEP have been needed and expended. For the foregoing reasons, the 1983-85 budget request requires careful scrutiny.

Declining utilization. At one time, all of the HEP subprograms were mandatory for all elementary schools. Over the years and since HEP became optional, utilization has declined. For example, the language skills subprogram, which is intended to teach the basic skills of listening, speaking, reading, and writing, was being used in 1981-82 as a basic program in only 84 schools, representing 49 percent of all elementary schools. Other schools used it as a supplementary program only and have turned to other curriculum materials as their basic program. In terms of the percentage of students who were being taught language skills through HEP exclusively in 1981-82, the percentage of elementary students had declined statewide to 21.5 percent of the total elementary enrollment.

The language systems subprogram has also declined in utilization, with 91 schools, or 53 percent, using it in 1981-82. The other subprogram, literature, has not shown marked decreased usage: 150 schools or 87.7 percent were using the literature subprogram in 1981-82. The relatively high usage of the literature package is due to the nature of the substitute used by the schools in place of the HEP skills package. The substitute does not contain a literature element; hence, teachers are using the HEP literature package as a supplement.

Past over-budgeting; the 1983-85 budget request. The decreasing utilization has become apparent in the expenditure of budgeted funds for HEP, particularly in the purchase of HEP-Elementary books and materials. For FY 1980-81, there was a balance of \$95,318; for FY 1981-82, a balance of \$66,025; for this year, the balance may be in the neighborhood of \$100,000. Apparently, each year's balance is credited against the following year's account, but this amounts to over-budgeting in each particular fiscal year.

For the 1983–85 fiscal biennium, the current services budget request for HEP is \$643,584 for each year of the biennium. Of this amount, \$525,745 is for materials each year. The request may be more than what is needed unless usage shifts significantly upward or large replacements of equipment must be made. These do not seem likely. Therefore, taking into account whatever balance is applied to the next fiscal year's expenditures and the general trend of declining HEP utilization, the HEP books and materials budget for 1983–85 may be excessive.

Recommendations

We recommend that DOE provide the Legislature with updated information on HEP books and materials, including their estimated utilization, costs for the next biennium, and the balance that can be applied to offset the budget request amounts.

Holomua Project

The Holomua Project is a high school project in the Hawaii District which was originally created with federal funds. The project combines vocational experience in the community with instruction in life skills and basic academic skills. Instruction is conducted either on or off the high school campus by project personnel. More specialized subject matter courses are taken by the students from among the mainstream curriculum offerings. The eight project personnel, including those teaching the basic and life skills courses, are civil service employees.

The project was federally funded from September 1976 to August 1979. When federal funds were no longer forthcoming, the project's advocates sought state general funds and have continued to receive them on an annual basis. The appropriations have ranged from \$90,000 to \$97,000 per year. Between 1979 and 1981, the appropriations were made to EDN 106, Other Regular Instruction Program. In 1982, the Legislature placed the appropriation for the Holomua Project in the grants section of the appropriations act.

Students from several Hawaii District schools participate in the project. They numbered 123 annually while the project was federally funded, then 92 in 1980–81 and 40 as of September 1982.

Summary of Findings

We find that:

1. The Holomua Project has been permitted to drift along after federal funds were terminated without a clear position being taken by the board and the department as to its place in the regular curriculum.
2. The validity of the evaluation report used to justify the project's existence under federal funding and its continuation under state funding is questionable.
3. DOE has exceeded the appropriation limits that the Legislature has set for the project.

Relationship to curriculum. The Holomua Project is currently in its seventh year. It has continued without a clear position by either the board or the department as to whether the project or its concepts has a valid place in the DOE curriculum and what that place is. The 1981 Legislature, concerned that the project had requested state funding for the second year with no definitive position or plans by DOE, required the department to report to the 1982 session on two points: (1) the status of the project within the DOE framework and (2) integration of Holomua concepts into regular school programming. The department prepared a response which was subsequently submitted to the 1982 Legislature.

We conclude from our review of this response that there is still no recognition of where the project or its concepts fits in the existing curriculum. The response itself was sent by the department to the board merely for transmission to the Legislature through the executive. The response did not urge or seek a commitment from the board that it support even a limited, careful expansion. Nor did the response urge the adoption of any of the alternatives. It presented no cost estimates. It did not offer an ideal configuration. It did not identify the characteristics of a community or a student population that would be necessary for expansion or integration to be feasible. The board itself was confused whether it was an alternative education program, compensatory education program, or a vocational training program, or something else.

Thus, the Holomua Project is still in limbo with the department unwilling or unable to make a commitment whether the project has a place in DOE's curriculum which merits state funding.

Evaluation. Project Holomua was evaluated following the end of the federal grant. The evaluation was paid for by project funds and was conducted by the Youth Development and Research Center, School of Social Work, University of Hawaii-Manoa. The evaluation report is cited by project proponents to justify funding.

Our review of this evaluation report leads us to conclude that the evaluation cannot be relied upon as the sole basis for continuing or expanding the project, for the following reasons: (1) both *substantive* outcomes and *process* outcomes were lumped together in arriving at the conclusion that the project was a success. However, an examination of the substantive outcomes alone shows that the preponderance was for "partial achievement," "failure to achieve," and "inconclusive findings." Process or input objectives were "achieved"—but these included providing transportation for students, participation of the lay community, establishment and operation of a learning program, etc. Process and input objectives are not valid program objectives—they reveal nothing about how well or how cost effectively a program has been conducted; (2) the claimed "success rate" of 72 percent for the project was arrived at by combining the *fully* and *partially* achieved objectives with no minimum floor to claim "partial" achievement; and (3) there was a high turnover of students so a number of the outcome objectives could not be measured as originally planned.

Holomua might well be a worthy project, but the basis for its continuance was not validated by the evaluation.

Expenditures exceed appropriations. The Legislature has appropriated state general funds for the Holomua Project for four consecutive years. The appropriations ranged from \$90,000 to \$111,600 with no permanent position counts authorized. The first three years the appropriations were made to EDN 106, the Other Regular Instruction Program. Despite the Legislature's specifying the amounts appropriated, the DOE has expended more than what was appropriated for this project.

The project has operated with eight temporary civil service staff members in temporary positions. Each year, the project personnel have prepared expenditure plans but if the appropriations were not sufficient to pay for the salaries shown in the expenditure plans, neither the number of positions nor the salaries were reduced to the appropriation level. Instead, funds from the DOE central salary account were used to

cover the difference. In 1981-82, the excess expenditure was at least \$33,531-45 percent over the personnel budget in the appropriation. Apparently, the classification of the staff positions into the civil service system and their subsequent reclassification upward have contributed to the large overages.

In effect, despite the Legislature's setting of program expenditure limits through appropriation levels, those limits have been exceeded. The true cost of Holomua has been significantly more than the Legislature appropriated.

DOE has yet to come to grips with funding for the next biennium. Holomua was previously funded through EDN 106, Other Regular Instruction, as part of DOE's regular operating budget. However, in 1982, the Legislature placed the project appropriation in the grants section of the supplemental appropriations act. This apparently resulted in some confusion as to whether future funding should be governed by Chapter 42, Hawaii Revised Statutes, concerning transfer of funds to private organizations. However, Holomua is not a private organization project; it is a government project. With Holomua's supporters apparently intending to secure appropriations directly from the Legislature, DOE should be required to make a commitment whether the project merits continuing state funding, rather than to keep the project in limbo on a year-to-year basis.

Recommendation

We recommend that DOE declare to the Legislature whether the Holomua Project is an integral part of the curriculum and whether it merits continued State funding in the next biennium.