

**CARE  
REPORT TO THE  
GOVERNOR**



**CITIZENS ACHIEVING REFORM  
IN EDUCATION  
STATE OF HAWAI'I  
DECEMBER 15, 2003**

# CARE Report to the Governor

December 15, 2003

## --Executive Summary--

**Introduction.** Education is one of the most precious gifts that one generation can give to the next. But by most measures, Hawai'i has long failed to provide the quality education our children deserve and our people expect. Numerous studies over 30 years have recommended decentralization and local control. The missing ingredient has been the public determination and political will to move beyond mere talk to decisive action.

**Clarify Roles.** To have systemwide accountability, the roles of the Governor, Legislature, School Boards and Schools must be clarified. So long as responsibility is diffused, no one can be held accountable. When accountability roles are ambiguous, the quest for quality, let alone excellence, is frustrated.

**More Money to the Classroom.** Replacing the existing Board of Education (BOE) and Department of Education (DOE) with a decentralized governance structure will require fewer administrators and get more money to the classroom. Excess DOE employees with teaching credentials can return to the classroom. Others can be assigned to schools or to positions in other departments of state government. Schools should receive their budgets in a lump sum and use the money to achieve student success.

**Local Control.** Placing control of the money at the school level will require that there be effective support and timely oversight. A state board is too far removed; SCBM Councils have a conflict of interest and there could be a tendency to micromanage. Local school boards are used across the nation to provide support and oversight to schools. Members will be elected by popular vote in each district.

**Principals as Leaders.** Principals will function as true leaders, much like CEOs do in other organizations. They will be expected to maintain the confidence of teachers, parents and staff, and be held accountable for student success. No longer will they have a guaranteed position as principal, but each will retain the right to return to the classroom as a teacher.

**Open and Fair State Funding.** Funding will continue to come exclusively from the State, but will be distributed in an open and fair manner. An Education Standards Board will be responsible for this and also for rigorous statewide standards and systemwide oversight. Its members will be appointed by the Legislature and confirmed by the Governor. Neither the Legislature nor the Governor will have a direct role in developing education budgets.

**Charter Schools.** Public charter schools will receive fair and adequate funding for facilities as well as operations, and employees will be free to join or not join a union. The current cap will be raised to make room for 25 new start-up public charter schools. The law will also provide for multiple charting authorities.

**School Choice.** Students will be free to attend the public school of their choice, as long as there is room. Children in the neighborhood get first preference. Parents, not taxpayers, will pay the cost of transportation.

**Timetable.** The entire plan can be implemented fully by the fall of 2005.

# SECTION I: INTRODUCTION

---

## I. Why Change is Needed

Education is one of the most precious gifts that one generation can give to the next. Every culture in Hawai`i recognizes education as the key to success, not only for individuals, but for society as well.

Education enables people to reach their highest potential. Education enables each of us to be productive and earn a living. An educated workforce supports a vibrant economy, especially in an information age. An educated citizenry is the basis of our democratic way of life.

We all value education. However, for several decades, Hawai`i's public school system has failed to provide the kind of quality education that our children deserve and the people of Hawai`i expect.

By most measures, Hawai`i's public school students perform well below the national average and sometimes at the lowest levels. High student dropout rates and high turnover of new teachers indicate dissatisfaction with the current system among both students and educators.

Hawai`i's failure to improve student achievement is not caused by the people working in public education. Hawai`i has one of the highest percentages of highly qualified teachers in the nation, and we are blessed with dedicated and professional principals and other educational support staff.

Numerous reports and studies conducted by state offices, commissions, task forces, independent consultants and community groups reached the same conclusion -- that the system by which we operate public education in Hawai`i is fundamentally flawed. Responsibility is scattered on the state level among the Department of Education (DOE), Board of Education (BOE), Legislature and Governor. Whatever policies, priorities or programs the DOE sets in place can be modified or even overturned by the Legislature. Intertwined responsibilities of eight different executive agencies lead to paralyzing complexities and delays in many daily operations of the DOE and at the schools.

The DOE keeps schools from determining much of their own direction and approach. It controls the budgets and staffing for every school, and gives schools no real control over their own budgets, expenditures or important decisions that should be made at the school level. Schools are ordered to follow statewide programs, which often are replaced by new initiatives. This endless stream of changing edicts from on-high leaves school personnel apathetic, frustrated, discouraged, and even angry.

The single statewide BOE is so far removed from the people of Hawai`i that it is virtually non-existent for most people, particularly for those on the neighbor islands and rural O`ahu.

A grave side effect of this stifling centralization has been the creation of a wide gulf between our public education system and the people it is supposed to serve. This gap has resulted in many people choosing to keep their children out of public schools in favor of private institutions.

Private schools add value to the community, but too many parents cite the perceived poor quality of public education as their primary, if not sole, reason for selecting a private school. When a high percentage of parents lose faith in or abandon completely the public system, public schools are left with less community and parental support than they need to succeed.

The classroom is where the quality of education is ultimately determined, by what happens there between teachers and students. Our unwillingness to empower schools and local communities has created an education system that is so highly centralized and distant from the classroom that it can never achieve success. We must change that system.

Hawai`i needs to place more control over public education with those responsible for its success or failure, the teachers and principals who have daily contact with students. To expect a DOE whose power base will be threatened to change itself, is naïve and unrealistic. School communities and citizens must play a larger role in this change process than is envisioned by the DOE's central office.

Restructuring our education system, by itself, will not guarantee improved student achievement. But the lack of restructuring will guarantee continued failure. Adopting new programs, no matter how attractive, will not improve the quality of education so long as the system is fundamentally flawed. Changing the system itself is the essential first step toward large-scale improvement.

None of these proposals is new. Proposals to cut red tape and let people help choose how their children learn have been made for decades. The missing ingredient has been the public determination and the political will to move beyond talk to decisive action.

## **II. The DOE has Resisted Efforts to Decentralize the System**

Decentralization is the shifting of money and authority for decision-making from the DOE bureaucracy to the school level.

Even though public opinion and educational research have supported decentralization for years, the DOE has managed to maintain a tight grip on virtually all the money, and to deny the schools a say in critically important decisions.

The Legislature has tried to change this through School Community-Based Management (SCBM) and Charter School laws. Yet these efforts have been ineffective, largely because the Legislature must rely on the DOE to implement laws that it enacts.

Any effort to decentralize that must rely upon those who will lose authority, is bound to fail. This was verified by the 1991 Berman Report, which found that the DOE was not carrying out the intent of SCBM.

*“[DOE] officials are not used to operating in a decentralized system that requires grassroots participation. Consequently, they continue to send signals that are in conflict with the expressed decentralization intent of SCBM. It thus seems to many that the DOE is not really interested in true reform, only in a process that looks like decentralization.”*

Given the history of the past 30 years, it would be unwise to expect the DOE to restructure itself, even if the Legislature were to mandate that it do so.

## **SECTION II: FINDINGS & RECOMMENDATIONS**

---

### **I. Responsibility and Accountability**

To have systemwide accountability, the roles of the Governor, Legislature, School Boards and Schools must be clarified. So long as responsibility is diffused no one can be held accountable. When no one is accountable, the quest for quality, let alone excellence, is frustrated.

### **II. Statewide Funding**

Hawai'i funds public K-12 education using state tax revenue. CARE strongly supports statewide funding. The Legislature should be responsible for determining the total state dollars devoted to the schools; the Governor should be responsible for releasing such total funds in a manner that meets the fiscal requirements of the State. Neither the Legislature nor the Governor should have a role in determining how funds will be expended. This should be the responsibility of the individual schools.

### **III. State Education Standards Board**

The CARE committee recommends that a State Education Standards Board be created to establish and maintain statewide equity in the education system. The Education Standards Board will *not* be responsible for the operation or management of the schools. The Education Standards Board will be responsible for:

1. Allocating state funds for K-12 education in a fair, open and equitable manner through a Weighted Student Formula (WSF). Hawai'i should adopt an allocation method that takes into account the different learning needs and circumstances of students. The transition will be more orderly if certain steps are followed. CARE recommends the following:
  - a. Develop and institutionalize a formula which establishes the categories of students receiving additional funds and the proportional differences between each category. For example, additional amounts could be allocated for students with greater needs, like special education and English as a second language.
  - b. While the ultimate goal is to allocate education funds based upon student need, it is important to do so with community input, support, and in a fashion that does not abruptly alter existing school operations. This can be done by beginning with a formula that is fiscally neutral (i.e., by starting with one that mirrors existing program and staff allocations).

The DOE currently allocates funds by programs that are directed at serving particular students. This is essentially a formula, but its details are not common knowledge even to the staff, let alone the public. A fiscally neutral WSF begins by simply making existing allocations public. It does not move money from a wealthy neighborhood to a poor neighborhood, and it does not move money from a regular program to a special education program. However, over time and with the public's involvement, the weights and student categories can be changed to reflect changing conditions and values.

c. The key concept is that the process for establishing the formula must always be an open process. The public must know about and have access to the decision-making process in order to maintain confidence in the way individual schools are funded. Changes should be made to formula only after people have had a chance to be heard.

2. Maintaining statewide academic standards.
3. Establishing and maintaining reporting standards for fiscal accountability, graduation and retention rates, and performance standards.
4. Ensuring the publishing of report cards and audits on District and school performance.

CARE initially suggested at public forums that the State Education Standards Board be appointed by the Governor in order to maintain a clear line of accountability for the Board's performance. During those sessions, several alternatives emerged, including an elected board; a half-appointed, half-elected board; a board composed of members of the local school boards (either elected or appointed by the local school board majority); or a board appointed by the Legislature.

An elected board raised concerns about size and representation. Too large a board will be costly and ineffective; neighbor islands felt any elected state board would deny them parity and/or leave them with "canoe districts" (ones that include more than one island).

A board consisting of local school board representatives could enhance collaboration and ensure the state board is sensitive to local issues. However, such a board could also raise potential conflicts of interest, since the state, under No Child Left Behind, has the potential to intervene in a district responsibility.

Since the Legislature appropriates the education funding, it is reasonable to have the Legislature also appoint the Education Standards Board since it is responsible for the allocation of those funds. Further, since the Governor has the responsibility for the release of those funds, it is appropriate for the Governor to confirm the appointments to the Education Standards Board.



## **IV. School Empowerment**

The CARE committee recommends moving responsibility and authority for educating students to the school level.

Schools are places in which the core work of public education occurs, in which student learning takes place. Schools must be given control over the bulk of education resources granted them by the WSF, and the control over their deployment to achieve results. Schools should be given freedom, money and flexibility to design and implement the best education programs for their particular students. This should include control over hiring decisions, staffing patterns and professional development.

Schools should receive their budget allocations in a lump sum. Each school then should be charged the actual costs for supplies, equipment and services. CARE recommends that staff costs be charged to the schools as the average salary plus benefits. This approach follows current practice and is therefore less disruptive. It also encourages principals to hire the best person for the job, rather than the least expensive.

The quality of education in a classroom is determined by the interaction of a teacher with students. Research shows that the school principal greatly influences teachers at the school, and the principal has the greatest overall impact on the quality of education at the school.

In order to improve student achievement, there must be a clear responsibility for such achievement. Principals should be held responsible for the academic progress of the students in their school.

Principals must be empowered, trained and supported to act as collaborative and resourceful leaders who involve teachers, staff, parents and the rest of the community in improving school success. They should be evaluated based on student progress (measures include improvement in test scores, attendance, drop-out rates, progress towards graduation and how well disciplinary matters are handled), teacher retention, program planning, budget management, and matters covered by satisfaction surveys of students, teachers, staff and parents.

Good leaders need widespread support. Effective principals need school and community teams to shape and implement school programs. Teams like SCBM Councils are one example of methods for inclusive decision-making; teams of teachers developing curriculum are another. Empowering schools will provide decision makers at the school level, like SCBM Councils, with the ability to help shape their individual schools. However, in some cases consensus will not be achieved and inaction may result in stagnant student achievement. Leadership must be able to move a school forward, particularly if the leader is being evaluated based upon the students' success.

The principal should function as the leader of the school education community, much like the CEO of any well-run enterprise. Principals in Hawai`i are union members. Former Dean of the University of Hawai`i College of Education John Dolly has called that “a bizarre tradition.” Even so, for practical reasons it may be best for now to simply eliminate the aspect of union membership that is totally incompatible with that position, which is tenure in a particular school or school system.

Principals should be placed on performance contracts, and school districts should have the right to replace a principal who is not performing at an acceptable level. Priority rights to school assignments should be abolished. Principals who have tenure as teachers will retain this tenure.

Raising the level of leadership expected from principals requires an increase in their time commitment. Principals should be placed on 12-month contracts (they are currently 10-month employees) with a negotiated pay increase.

## **V. Local School Boards**

CARE recommends that Hawai`i move schools closer to their communities by forming seven or more local school boards. Each local school board should appoint a Superintendent who will be held responsible for the operation, management and oversight of schools within their area. The local district will be responsible for the selection, support, monitoring and evaluation of schools, principals and staff within their district.

Entrusting schools with control over the bulk of education's funds requires effective support and timely oversight. A single, statewide board of education cannot do this for hundreds of schools located in widely different communities across seven different islands. Local school boards will be more effective in monitoring the individual schools, especially since the schools will be given control over the money and power to determine their educational programs and structure.

School-based bodies, such as SCBM Councils, can provide school-level support. However, a school also requires administrative support. To place administrative support at the SCBM Council level would be duplicative, expensive, and distract the Councils from their true purpose, which is to advise schools on school-level decisions.

Furthermore, SCBM Councils cannot provide the necessary oversight function, as there is an inherent conflict of interest in leaving a school and SCBM Council to evaluate their own fiscal responsibility and budgetary management.

Finally, SCBM Councils only retain the authority delegated to them. So long as Hawai`i's schools are governed by a single board of education that has, over the course of 30 years, demonstrated clear opposition to any real or sustained delegation of authority, school empowerment will remain an illusion.

Creating local school boards is the right way to provide the support and oversight that schools need in order to succeed in this new world. This is why they are the mechanism by which public schools are governed in all 49 of the other states.

Local school boards lead to greater involvement by parents and other community members in public education. While SCBM and PTA Councils are means to involvement in schools themselves, parents and communities also need access to the administrative decisions that shape the direction for all schools in the district. A statewide board of education has little or no relevance for most parents.

School districts that are too large suffer reduced student achievement, staff dissatisfaction and parent alienation. Studies have found that students in smaller school districts have higher achievement than those in larger school districts, even accounting for differences in economic status. Several studies concluded that large districts actually have a negative impact on students from low-income families. Hawai`i, with over 182,000 students, is the only public school district in the nation that attempts to govern every school in the state. It is the only district in the nation that operates schools on seven different islands. And it is the 10<sup>th</sup> largest public school district in the entire United States.

Local studies have pointed out that Hawai`i's highly centralized, state-run public education system has become removed from the very citizens it was intended to serve. Surveys suggest, and we believe, that a strong majority of people favor replacing the BOE and DOE with a system of smaller school districts governed by locally elected school boards and lean administrative staffs. Several past reports have recommended adopting local school boards in one form or another, and both the House and Senate supported local school boards in the recent past.

In the past, there have been calls for four local school boards/districts (one per county); seven (one per existing DOE district); 15 (one per existing DOE complex area); and 44 (one per existing DOE school complex – a high school and all its feeder schools).

CARE recommends a minimum of seven local school boards, one per existing DOE district. The Committee members believe it would be prudent to begin this transition with a smaller, rather than a larger, number of boards. Members of each local school board should be elected by popular vote of the qualified voters in each respective district.

Committee members recommend that a process be established by which a community could petition either its own district or the Education Standards Board to become an independent district governed by a local school board. Establishing such a process will enable communities to grow their capacity for self-governance without being constrained by the need for another constitutional amendment. Potential districts could include non-contiguous districts for schools of innovation and charter schools.

## **VI. Public Charter Schools**

The CARE committee recommends that public charter schools receive a per-pupil allocation equivalent to the allocation in traditional public schools with the same students. In addition, the fact that public charter schools do not receive any allocations for facilities should be addressed. Public charter schools should receive a facilities allocation, perhaps on a pro rata or per capita basis.

Currently, state law does not permit the creation of any new start-up charter schools. The limit on new start-up charters should be raised. While eliminating the cap entirely may not be feasible, the addition of 25 new charter schools is a reasonable start. In addition, staff at new start-up charter schools should be given the option to accept or reject collective bargaining.

Currently state law recognizes only one chartering authority – the existing statewide Board of Education. Hawai`i is the only state where the single board responsible for the operations and management of every traditional school is also the sole chartering authority. This is a clear conflict of interest. Hawai`i should create multiple chartering authorities.

## **VII. School Choice**

The CARE committee recommends that parents be allowed to choose the school that their children will attend, as long as there is sufficient capacity.

Currently Hawai`i does permit “geographic exceptions.” However, these are decided in a private fashion on a case-by-case basis. CARE recommends adopting an open process that facilitates public school choice.

Districts should determine the student capacity for each school, with first priority given to students living in the geographic area of the school. Remaining seats must first be given to students with legal rights to them, such as provided under No Child Left Behind. Any remaining open seats should be allocated using an open lottery system.

Transportation to schools of choice should be the responsibility of families exercising such choice.

## **SECTION III: OTHER ISSUES**

---

### **I. Transition and Timing**

While there are many details that will need to be worked out during the legislative session, we believe these recommendations can be fully implemented by the fall of 2005.

### **II. Training for Principals and School Board Members**

The transition to this new system will require training of principals and school board members. However, Hawai'i is very fortunate in having public-private partnerships that augment professional development of principals. Several organizations are currently working with the DOE on principal training, and a mainland foundation has expressed interest in supporting the training of principals in a restructured system. There also is an excellent program for the training of school board members.

### **III. Collective Bargaining**

At present in Hawai'i collective bargaining for school personnel is at the state level. In all other 49 states, collective bargaining for school personnel is at the local and district level. With the implementation of local school boards, the issue of collective bargaining at the local school board level will have to be addressed.

### **IV. DOE Employees**

The new Education Standards Board and local school boards will require administrative staffs, which could be drawn from among administrative personnel currently at the DOE, all of whom have civil service status. There currently are thousands of DOE administrators with teaching credentials. They could be allowed to return to the classroom and thereby help to lower the existing teacher/student ratio. The rest could be assigned to schools or in another position in state government.

### **V. Hawai'i State Public Library System**

Currently the Hawai'i State Public Library System is operated under the State Board of Education. With the formation of local school boards, the governance of the State library system will need to be addressed.

# **APPENDICIES**

---

- A. Summary of written comments received in CARE public forums
- B. Outline of previous studies recommending restructuring Hawai`i's public education system
- C. CARE Committee and Process
- D. Financial and Personnel Data

## **Appendix A: Summary of Written Comments Received at CARE Public Meetings**

---

Approximately 1250 people attended the ten CARE forums that were held during the month of November 2003. Forums were held in all seven school districts and were publicized through newspapers, radio, mailed notices, and emails, as well as personal invitations and word of mouth. The make up of the attendees ranged from teachers, principals, parents, legislators, concerned citizens with no children in school, and community leaders, to students, union representatives and members of the Board of Education.

In addition to the hundreds of oral questions that were asked and answered at the forums, approximately 250 questions and comments were submitted in writing. Concerns about cost, funding for education, the existing BOE, weighted student formula, training and union issues were expressed in the written comments. Although the information is still being categorized and evaluated, it is clear that most citizens want to change the current system in one way or another.

The following is the breakdown of the attendees by location:

<u>AREA</u>	<u>ATTENDANCE</u>	<u>WRITTEN QUESTIONS/COMMENTS</u>
Kahului	160	25
Lahaina	68	20
Kaua`i	120	14
Hilo	120	42
Kona	80	20
Mililani	148	19
Enchanted Lake	149	21
Honolulu	184	40
Koko Head	174	49
Ma`ili	92	20

# Appendix B: Summary of Previous Reports Recommending that Hawai`i's Public Education System be Restructured

---

## 1. 1973 Legislative Auditor Report

In 1973 the Hawai`i State Legislative Auditor published a Management Audit of the Department of Education. At that time the Department of Education sought community input through District School Advisory Councils. The Auditor found that advisory councils were not an effective means of decentralizing authority since "advice" could be ignored by the central authorities. The Auditor recommended that the DOE and Board of Education address concerns about the ability of communities to have input into the public education system and examine the issue of decentralizing public education.

### 1973 Legislative Auditor Report

"The bulk of the work of [District School Advisory] Councils...is simply transmitting information and concerns, local in nature, to the board of education and district superintendents. ... The mere transmission of information and concerns does little to improve the education system."

## 2. 1974 Governor's Ad Hoc Commission on Operations, Revenues and Expenditures

After in-depth study, the Commission arrived at the conclusion that improvement in the quality of education required systemic changes among the DOE, Legislature and Governor; between the DOE and schools; and between the DOE and the public. The report recommended that each school complex act as the administrative unit responsible for budgeting, hiring, allocating resources and conducting assessments. Further, the Commission recommended that each complex administrative unit be advised by an elected parent council.

The Commission viewed the complexes as semi-autonomous administrative units operating within a single district, but the envisioned a greatly revised role for the central DOE.



### 3. 1988 Berman Report

In 1988 the Berman Report found that centralization of education historically had served some good purposes, but that education had changed and that Hawai'i needed to remove organizational barriers which reduced the quality of education. The three major organizational weaknesses identified were:

- a. Public education lacked a clear mission, in part because of the ambiguous authority between the Board, the DOE, the Legislature and the Governor;
- b. The centralization within the DOE led to lack of clear responsibility and accountability and made it hard to exercise leadership at the school level; and
- c. Parents and community members found it difficult to influence their schools and the education system, creating a lack of involvement, identification and trust.

#### 1988 Berman Report

- Locally-elected Community School Boards at the Complex level
- School Boards oversee school plans and programs
- School Boards hire principals, faculty and staff
- Principals hired on 4-year contract, phase out transfer rights
- State Board and DOE administers public education, but focus on equitable funding, standards, goals, evaluation and personnel
- Parents allowed to choose any public school within reasonable geography

### 4. 1991 Berman Report

In 1991 the Business Roundtable brought Berman back to Hawai'i to analyze the steps taken to restructure the education system. While Berman praised the fledgling steps taken to implement School Community Based Management (SCBM), the 1991 Report clearly stated, "SCBM alone will not change the broader governance structure of Hawai'i public education."

The 1991 Report recommended the following:

- a. The BOE focus on broad educational goals (standards);
- b. The DOE ensure equity, accountability and adequate advance planning;
- c. The existing 7 districts provide technical assistance to schools; and,
- d. New Community School Boards be established at each complex, and be given authority and control over complex development plans, school budgets and the hiring of principals and teachers.

## 5. 1992 Task Force on Educational Governance

Like every previous report, this Task Force identified the organizational structure of the education system as the primary barrier to improving what goes on in the classroom and ultimate student achievement. Specifically, the Task Force found the conflicting authorities between the DOE, Legislature and Governor, as well as the highly centralized authority within the DOE to be the main problems.

Overlapping responsibilities at the state level between the BOE, DOE, Legislature and Governor and overlapping responsibilities between the DOE and other administrative agencies created confusion, delays and lack of accountability at the state level.

The DOE's own highly centralized system was found to control too many decisions at the central level and spread responsibility for program implementation between too many levels to be effective. Approximately 92% of the people surveyed by the Task Force wanted to replace the existing Board of Education.

Like the Berman Report, the Task Force did not view SCBM as an alternative to decentralizing the administrative authorities and governance of the DOE. SCBM is a school-level advisory group, and the Task Force specified that the governance and entire administration of the public school system needed to be addressed. The Task Force endorsed adopting local school boards defined by county lines. However, given that the public had varying views regarding the number of school boards, the Task Force recommended that the public be given the right to choose the type of governance structure they preferred.

The 1992 Task Force recommended giving voters the choice between the following three structures for public education:

1. Elected local boards of education along county boundaries;
2. Appointed state board of education; or
3. Elected state board of education

### **1992 Task Force on Educational Governance**

“After nearly seven months of intensive study and deliberation, the Task Force concluded that the State’s existing highly centralized system has distanced Hawai`i’s people from their schools and has become unable to respond appropriately to the State’s continually changing and developing educational needs ... The Legislature should pass a referendum to give voters a choice of three alternative structures for the board(s) of education.”

## **F. 1997 Economic Recovery Task Force**

The 1997 Economic Recovery Task Force was convened to address the serious stagnation in Hawai`i's economy. The Task Force identified the four major issues that affect our state economy, and the steps Hawai`i must take in order to revitalize its economy. Number four was the quality of public education, and the recommendation was to make structural changes to improve the education system.

The Task Force believed “that it is critical to adopt county-based school boards. School management must be closer to the community that it serves.” The group recommended replacing the statewide school board with four County school boards appointed by the Governor, each with its own superintendent with a statewide superintendent serving as coordinator. Academic standards would be set by the state, and individual schools given greater autonomy over their budgets.

### **1997 Economic Recovery Task Force**

- Adopt county-based school boards and move school management closer to the community it serves
- Individual schools given more autonomy and budgetary control
- Maintain state standards

## **Appendix C: The CARE Committee and Process**

---

The CARE Committee is composed of business leaders, principals, teachers, adjunct faculty from the University of Hawai`i College of Education, university-level administrators, a former (mainland) public school district superintendent and (local) private school president, parents and citizens who are also members of (but not representing) the Hawai`i State Board of Education, the Hawai`i State Parent Teacher & Student Association and the Hawai`i State Teacher's Association. Committee members identified themselves as Democrats, Republicans and Independents.

The CARE Committee studied a variety of prior reports that addressed: recommended changes to Hawai`i's public education system; Department of Education's expenditures and staffing; Hawai`i's student achievement; and, the impact of district size on student achievement.

The CARE Committee held a series of meetings across the state to discuss restructuring Hawai`i's public education system. To focus these meetings, CARE developed a draft proposal and sought comment from a variety of sources, including:

- Ten large-group public meetings across the state;
- Numerous small-group meetings with principals and teachers on O`ahu, Maui, Kaua`i, Moloka`i, and Hawai`i;
- Small community group meetings; and
- Invited comments via e-mail, a website and a published address and phone number.

After gathering this input, CARE members held conference calls to discuss the initial proposal, the input, and the ultimate recommendations. Members strived to honor the original intent to focus on student achievement, clarify responsibilities and raise public and community confidence, support and involvement in public education.

CARE members will continue to work on the issues that must be decided as part of this restructuring. In some cases CARE will provide information for public debate, outlining alternatives and describing the consequences those choices entail. In some cases CARE will make recommendations based on what the group sees as the best choice for Hawai`i. In all cases CARE's intention is to raise public awareness and involvement in this important debate about how our public schools will be operated and managed in the future.

Name	Position
Marc Benioff	CEO, Salesforce.com
Nancy Cullen	Public School Staff; Member, Parents Teachers Students Association
Eddie Flores Jr.	President, L&L Drive-Inn
Melanie Hanohano	Teacher, Kailua Elementary School
David Heenan	Trustee, Campbell Estate
Wilson Kekoa Ho	Chairman, Waimanalo Neighborhood Board
Tareq Hoque	Founder, Landmark Enterprises
Stan Kawaguchi Chair	Manager of Pacific Area for Parsons Brinckerhoff (retired)
Georgina Kawamura	Director, State Department of Budget and Finance
Kelly King	Former Member, Board of Education; PTSA Member
Barbara Kuljis	Co-founder of America's Promise Hawai'i
Maryanne Kusaka	30-year Public School Teacher; Former Mayor of Kaua'i
Rod McPhee	Former Superintendent of Glencoe School District; Former President of Punahou School
April Nakamura	Social Studies Teacher, McKinley High School
Keola Nakanishi	Director, Halau Ku Mana Public Charter School
Mike O'Neill	CEO, Bank of Hawai'i
Diana Oshiro	Charter School Principal; Former Senior Administrator, Department of Education
Mary Ann Raywid	Graduate Affiliate Faculty of the University of Hawai'i
Madge Schaefer	Maui Community Activist
Laura Thielen	Member, State Board of Education
Rose Tseng	Chancellor, UH-Hilo
Lynn Watanabe	Member of P-20 Council; Co-founders of America's Promise Hawai'i
Sue Wesselkamper	President, Chaminade University
Gene Zarro	Board Member, Kihei Charter School
Jon Znamierowski	Principal, Waimea Middle School

## **Appendix D: Financial & Personnel Data**

---

### **Financial Analysis of Hawai`i Public Schools:**

On November 24, 2003, Dr. Bruce Cooper, Professor of Education at Fordham University, and Dr. William Ouchi, Professor of Organizations at UCLA, released the results of a months-long study of Hawai`i's Department of Education (DOE) entitled, "Financial Analysis of Hawai`i Public Schools."

Professor Cooper, a widely recognized authority on school finance, has in past years worked closely with Hawai`i State Auditor Marion Higa and her counterparts in other states. Professor Ouchi, the nation's preeminent expert on education organizations, has studied every large school district in the country.

In written and oral testimony before the House and Senate Education Committees on December 2, 2003, the Superintendent expressed agreement with most of the study's key findings.

According to the Cooper/Ouchi Report:

- \$10,422 per student was spent last year on operations, debt service and capital projects. The DOE agrees.
- \$8,473 per student was spent last year on operations alone. The DOE agrees.
- Hawai`i is in the top third of all states -- 14th from the top -- in per-student spending on operations. The DOE agrees.
- In Hawai`i, only 49 cents of every dollar spent on operations actually gets to the classroom. The DOE says 51 cents.

None of this information had been made public prior to the Cooper/Ouchi study. The professors criticized the DOE for not being more open, and wrote, "If Hawai`i had local school districts as do the other forty-nine states, there would be constant pressure to reveal these figures .... As it now stands, there is no effective accountability for spending on education."

The Cooper/Ouchi Report also reported there are 6,263 regular education classroom teachers in Hawai`i out of a total employee count of 33,790 (23,790 regular hires, and an estimated 10,000 "casual" hires). Acknowledging that these number came directly from the DOE, the Superintendent testified that the number of regular education classroom teachers goes up to 9,119 when one also takes into account Title VI, supplemental, and other federally funded programs.

Finally, Professors Cooper and Ouchi concluded that the DOE has grown too big to manage itself, and shared this opinion of the DOE and its ability to implement a Weighted Student Formula (WSF) system:

“We cannot see how WSF could be successfully implemented by the present DOE central office staff organization. The DOE staff presented us with significantly different cost figures every few days during our inquiry. If they did this within the framework of WSF, the result would be chaos in the schools. The implementation of WSF requires a small, manageable central office financial staff that delegates financial decisions to local districts and, through them, to individual schools. Above all, WSF requires that each principal receive reliable and stable financial forecasts and budget figures. The present DOE is too large and too centralized to be able to succeed at the implementation of WSF, in our opinion.”

**Table 1: Growth in DOE Personnel Over 30 Years**

**DOE Personnel Count**

<b>Personnel Type</b>	<b>1973-1974</b>	<b>2002-2003</b>	<b>Increase</b>
Regular Education Classroom Teachers	7,780	9,119	17%
Special Education Classroom Teachers	97	1,842	1,799%
Certificated School Support Staff	672	1,347	100%
Principals, Vice Principals	378	570	52%
State-District Administrators	237	284	20%
<b>CERTIFICATED STAFF*</b>	<b>9,164</b>	<b>13,836</b>	<b>51%</b>
<b>NON-CERTIFIED STAFF</b>	<b>2,961</b>	<b>9,954</b>	<b>236%</b>
<b>TOTAL DOE STAFF**</b>	<b>12,125</b>	<b>23,790</b>	<b>96%</b>
<b>TOTAL STUDENT ENROLLMENT</b>	<b>178,000</b>	<b>182,798</b>	<b>3%</b>

\* Personnel with professional credentials

\*\* 2002-2003 Personnel counts exclude estimated 10,000 “casual hires” because DOE tracking system does not classify these positions by function.

**Table 2: Growth in DOE Expenditures Over 30 Years**

Type of Expenditure	1973-74	1973-74 (inflation adjusted)	2002-03	Increase (inflation adjusted)
INFRASTRUCTURE	\$50 Million <sup>1</sup>	\$170 Million	\$360 Million <sup>2</sup>	112%
OPERATIONS	\$165 Million	\$560 Million	\$1.54 Billion	175%
<b>TOTAL EXPENDITURES</b>	<b>\$215 Million</b>	<b>\$730 Million</b>	<b>\$1.9 Billion</b>	<b>160%</b>

SOURCES: 1973-74 Figures from Governor’s Ad Hoc Commission on Operations, Revenues and Expenditures, State of Hawai`i, November 1974. 2002-2003 Figures from Departments of Education, Budget & Finance, and Accounting & General Services. Between 1973 and 2003 some programs and accompanying funds were transferred from other departments to the DOE. Some marginal increases in operating expenditures would be expected. Inflation adjustments per NASA Gross Domestic Product Inflation Calculator, <http://www.jsc.nasa.gov/bu2/inflateGDP.html>.

---

<sup>1</sup> General Obligation Bonds

<sup>2</sup> CIP & debt service