

JAN 19 2007

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# A BILL FOR AN ACT

RELATING TO EDUCATION.

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

**PART I**

1  
2 SECTION 1. The legislature finds that pursuant to Act 51,  
3 Session Laws of Hawaii 2004, as amended by Act 222, Session Laws  
4 of Hawaii 2004 (Act 51, as amended), the weighted student  
5 formula was established to provide more equity in funding for  
6 public schools through the use of weighted characteristics  
7 affecting the relative cost of educating each student attending  
8 a public school. Act 51, as amended, also established the  
9 committee on weights to develop a weighted student formula based  
10 upon student characteristics, assign specific weights for the  
11 characteristics, identify what funds are included in the  
12 weighted student formula allocation, and perform any other  
13 functions necessary for the implementation of the weighted  
14 student formula.

15 After the committee on weights I made its recommendations  
16 to the board of education and a weighted student formula was  
17 established in 2005, it became clear that many small and rural



1 schools would be severely and adversely affected upon full  
2 implementation. Therefore, it became necessary for the  
3 legislature to appropriate additional funds to the public  
4 schools to off-set monetary deficits resulting from the  
5 transition to the weighted student formula. Section 2 of Act  
6 51, as amended, authorized supplementary allocations for this  
7 type of assistance.

8 Subsequently, in 2006, the committee on weights II made  
9 recommendations that also identified continuing adverse impacts  
10 on certain schools. Included within the committee on weights  
11 II's recommendation was the recommendation that a foundation  
12 allocation be established for all schools that enable a quality  
13 of schooling for all students. Currently, it is unclear how the  
14 board of education will address the issue.

15 The legislature continues to support and is committed to  
16 the objectives and goals of Act 51, as amended, but is mindful  
17 that the implementation of the weighted student formula must  
18 continue to be refined to appropriately address the needs of all  
19 schools, big and small, equitably. As great care was taken to  
20 evaluate, develop, and implement the weighted student formula  
21 approach, equal care and consideration must be invested in  
22 fashioning an improved method for providing appropriate funding



1 to the schools. However, until such a method can be perfected,  
2 interim measures must be taken to ensure the immediate proper  
3 funding of public schools in Hawaii.

4 The legislature further finds that the schools that appear  
5 to suffer the most under the weighted student formula fall into  
6 certain categories, such as smaller student enrollment, isolated  
7 schools, schools that do not qualify for economically  
8 disadvantaged program funding, or a combination of these.  
9 Therefore, although these characteristics may already be taken  
10 into consideration under the weighted student formula, adequate  
11 funds have not been available to compensate for these  
12 disadvantages, and additional compensation based on these  
13 factors may also be necessary to avoid certain schools suffering  
14 devastating consequences.

15 The legislature believes schools in these categories that  
16 suffer adverse impacts under the weighted student formula must  
17 be provided a means for positively ensuring they can and will  
18 continue to function in the immediate future. Correspondingly,  
19 however, the legislature, the department of education, the board  
20 of education, and all other stakeholders must continue to work  
21 towards evaluating, developing, and implementing a more refined  
22 permanent weighted student formula system.



1           The legislature is dedicated to discovering a long-term  
2 solution to the problems. The legislature further believes that  
3 furnishing a temporary solution will not only provide short-term  
4 relief to the schools, but will also provide the State with  
5 adequate time, as well as a realistic deadline, within which to  
6 act, including through the introduction of separate measures on  
7 the issue during the legislative session.

8           The purpose of this part is to establish the weighted  
9 student formula augmentation special fund to provide additional  
10 funding to public schools to assist in the transition to the  
11 weighted student formula and appropriate funds from various  
12 sources for that purpose.

13           SECTION 2. Chapter 302A, Hawaii Revised Statutes, is  
14 amended by adding a new section to be appropriately designated  
15 and to read as follows:

16           "§302A-    Weighted student formula augmentation special  
17 fund.   (a) There is established in the treasury of the State a  
18 weighted student formula augmentation special fund into which  
19 shall be deposited any:

20           (1) Appropriations from the department of education  
21           instructional support (EDN 200);



1        (2) Appropriations from the department of education state  
2        and district administration (EDN 300);

3        (3) Legislative appropriations; and

4        (4) Other funds,

5        collected for the purposes of the weighted student formula  
6        augmentation special fund.

7        (b) Notwithstanding any moneys received pursuant to  
8        section 302A-1303.6, moneys in the weighted student formula  
9        augmentation special fund shall be used to assist schools in  
10       transitioning to the weighted student formula. The fund shall  
11       be administered by the department, which shall create guidelines  
12       for the distribution of moneys from the special fund; provided  
13       that schools shall qualify for assistance from the weighted  
14       student formula special fund based upon the demonstration of one  
15       or more of the following:

16       (1) Geographic isolation;

17       (2) Enrollment of less than two hundred students; or

18       (3) The lack of students qualifying for free or reduced  
19       school lunches pursuant to section 302A-405."

20       SECTION 3. Section 36-27, Hawaii Revised Statutes, is  
21       amended to read as follows:



1           "§36-27 Transfers from special funds for central service  
2 expenses. Except as provided in this section, and  
3 notwithstanding any other law to the contrary, from time to  
4 time, the director of finance, for the purpose of defraying the  
5 prorated estimate of central service expenses of government in  
6 relation to all special funds, except the:

- 7           (1) Special out-of-school time instructional program fund  
8                   under section 302A-1310;
- 9           (2) School cafeteria special funds of the department of  
10                   education;
- 11           (3) Special funds of the University of Hawaii;
- 12           (4) State educational facilities improvement special fund;
- 13           (5) Convention center enterprise special fund under  
14                   section 201B-8;
- 15           (6) Special funds established by section 206E-6;
- 16           (7) Housing loan program revenue bond special fund;
- 17           (8) Housing project bond special fund;
- 18           (9) Aloha Tower fund created by section 206J-17;
- 19           (10) Funds of the employees' retirement system created by  
20                   section 88-109;
- 21           (11) Unemployment compensation fund established under  
22                   section 383-121;



- 1       (12) Hawaii hurricane relief fund established under chapter
- 2               431P;
- 3       (13) Hawaii health systems corporation special funds;
- 4       (14) Tourism special fund established under section
- 5               201B-11;
- 6       (15) Universal service fund established under chapter 269;
- 7       (16) Integrated tax information management systems special
- 8               fund under section 231-3.2;
- 9       (17) Emergency and budget reserve fund under section
- 10              328L-3;
- 11       (18) Public schools special fees and charges fund under
- 12              section 302A-1130(f);
- 13       (19) Sport fish special fund under section 187A-9.5;
- 14       (20) Neurotrauma special fund under section 321H-4;
- 15       (21) Deposit beverage container deposit special fund under
- 16              section 342G-104;
- 17       (22) Glass advance disposal fee special fund established by
- 18              section 342G-82;
- 19       (23) Center for nursing special fund under section
- 20              [+]304A-2163[+];
- 21       (24) Passenger facility charge special fund established by
- 22              section 261-5.5;



- 1       (25) Solicitation of funds for charitable purposes special
- 2               fund established by section 467B-15;
- 3       (26) Land conservation fund established by section 173A-5;
- 4       (27) Court interpreting services revolving fund under
- 5               section 607-1.5;
- 6       (28) Trauma system special fund under section 321-22.5;
- 7       (29) Hawaii cancer research special fund;
- 8       (30) Community health centers special fund; [~~and~~]
- 9       (31) Emergency medical services special fund[+]; and
- 10       (32) Weighted student formula augmentation special fund
- 11               under section 302A- ;

12 shall deduct five per cent of all receipts of all other special  
13 funds, which deduction shall be transferred to the general fund  
14 of the State and become general realizations of the State. All  
15 officers of the State and other persons having power to allocate  
16 or disburse any special funds shall cooperate with the director  
17 in effecting these transfers. To determine the proper revenue  
18 base upon which the central service assessment is to be  
19 calculated, the director shall adopt rules pursuant to chapter  
20 91 for the purpose of suspending or limiting the application of  
21 the central service assessment of any fund. No later than  
22 twenty days prior to the convening of each regular session of



1 the legislature, the director shall report all central service  
2 assessments made during the preceding fiscal year. [†]"

3 SECTION 4. Section 36-30, Hawaii Revised Statutes, is  
4 amended by amending subsection (a) to read as follows:

5 "(a) Each special fund, except the:

6 (1) Transportation use special fund established by section  
7 261D-1;

8 (2) Special out-of-school time instructional program fund  
9 under section 302A-1310;

10 (3) School cafeteria special funds of the department of  
11 education;

12 (4) Special funds of the University of Hawaii;

13 (5) State educational facilities improvement special fund;

14 (6) Special funds established by section 206E-6;

15 (7) Aloha Tower fund created by section 206J-17;

16 (8) Funds of the employees' retirement system created by  
17 section 88-109;

18 (9) Unemployment compensation fund established under  
19 section 383-121;

20 (10) Hawaii hurricane relief fund established under chapter  
21 431P;



- 1       (11)   Convention center enterprise special fund established
- 2               under section 201B-8;
- 3       (12)   Hawaii health systems corporation special funds;
- 4       (13)   Tourism special fund established under section
- 5               201B-11;
- 6       (14)   Universal service fund established under chapter 269;
- 7       (15)   Integrated tax information management systems special
- 8               fund under section 231-3.2;
- 9       (16)   Emergency and budget reserve fund under section
- 10              328L-3;
- 11       (17)   Public schools special fees and charges fund under
- 12              section 302A-1130(f);
- 13       (18)   Sport fish special fund under section 187A-9.5;
- 14       (19)   Neurotrauma special fund under section 321H-4;
- 15       (20)   Center for nursing special fund under section
- 16              [+]304A-2163[+];
- 17       (21)   Passenger facility charge special fund established by
- 18              section 261-5.5;
- 19       (22)   Court interpreting services revolving fund under
- 20              section 607-1.5;
- 21       (23)   Trauma system special fund under section 321-22.5;
- 22       (24)   Hawaii cancer research special fund;



- 1 (25) Community health centers special fund; [~~and~~]
- 2 (26) Emergency medical services special fund[+]; and
- 3 (27) Weighted student formula augmentation special fund
- 4 under section 302A- ;

5 shall be responsible for its pro rata share of the  
 6 administrative expenses incurred by the department responsible  
 7 for the operations supported by the special fund concerned.[+]"

8 SECTION 5. There is appropriated out of the department of  
 9 education instructional support (EDN 200) the sum of  
 10 \$ , or so much thereof as may be necessary for fiscal  
 11 year 2007-2008, and the same sum, or so much thereof as may be  
 12 necessary for fiscal year 2008-2009, to be deposited into the  
 13 weighted student formula augmentation special fund.

14 SECTION 6. There is appropriated out of the department of  
 15 education state and district administration (EDN 300) the sum of  
 16 \$ , or so much thereof as may be necessary for fiscal  
 17 year 2007-2008, and the same sum, or so much thereof as may be  
 18 necessary for fiscal year 2008-2009, to be deposited into the  
 19 weighted student formula augmentation special fund.

20 SECTION 7. There is appropriated out of the general  
 21 revenues of the State of Hawaii the sum of \$ , or so  
 22 much thereof as may be necessary for fiscal year 2007-2008, and



1 the same sum, or so much thereof as may be necessary for fiscal  
2 year 2008-2009, to be deposited into weighted student formula  
3 augmentation special fund.

4 SECTION 8. There is appropriated out of the weighted  
5 student formula augmentation special fund of the State of Hawaii  
6 the sum of \$ , or so much thereof as may be necessary  
7 for fiscal year 2007-2008, and the same sum, or so much thereof  
8 as may be necessary for fiscal year 2008-2009, for the purposes  
9 of section 2.

10 The sums appropriated shall be expended by the department  
11 of education for the purposes of section 2.

12 **PART II**

13 SECTION 9. The legislature finds that the board of  
14 education, in 2002, approved the superintendent's proposal to  
15 establish complex areas, headed by a complex area superintendent  
16 and comprised of two or more school complexes. Each school  
17 complex consists of a high school and the intermediate or middle  
18 and elementary schools that feed into it. The establishment of  
19 complex areas allows each administrator to focus on the needs of  
20 the supporting schools and school complexes to provide better  
21 supervision and support.



1           The legislature believes that the establishment of complex  
2 areas provides the opportunity for the more efficient management  
3 of funds and personnel among schools and school complexes  
4 contained therein. The reallocation of resources within a  
5 complex area could also prove highly cost-effective. More  
6 autonomy in the management of complex areas can yield beneficial  
7 results for the students, staff, and administrators. In  
8 particular, the proper utilization of custodial staff for school  
9 campuses that do not support a large population of students, but  
10 are located on larger acreage and in close proximity to another  
11 campus could save money, time, and resources. For these types  
12 of reasons, greater discretion for the allocation of resources  
13 should lie with the complex area superintendents.

14           The legislature further finds that, currently, moneys for  
15 custodial services, classroom cleaners, and minor repairs and  
16 maintenance are included in the weighted student formula. The  
17 legislature determines that to provide for increased ease of the  
18 reallocation or reassignment of these services, moneys dedicated  
19 for these services should be removed from the weighted student  
20 formula.

21           The purpose of this part is to:



- 1 (1) Authorize complex area superintendents to reallocate
- 2 resources within the complex area to achieve greater
- 3 efficiency and cost-effectiveness; and
- 4 (2) Remove moneys for custodial services, classroom
- 5 workers, and minor repairs and maintenance from the
- 6 weighted student formula to give complex area
- 7 superintendents increased control over underutilized
- 8 or inefficiently utilized resources.

9 SECTION 10. Chapter 302A, Hawaii Revised Statutes, is  
 10 amended by adding a new section to part IV to be appropriately  
 11 designated and to read as follows:

12 "§302A- Complex area superintendent; authority. A  
 13 complex area superintendent shall support the delivery of  
 14 administrative and instructional support services within the  
 15 complex area superintendent's complex area, including:

- 16 (1) Personnel, fiscal, and facilities support;
- 17 (2) Monitoring of compliance with applicable state and
- 18 federal laws; and
- 19 (3) Curriculum development, student assessment, and staff
- 20 development services.

21 A complex area superintendent may reallocate resources at the  
 22 complex level among the schools within the complex area



1 superintendent's jurisdiction when operationally efficient,  
2 cost-effective, and educationally sound, including the  
3 reallocation of moneys and positions for complex level  
4 educational officers, teachers, support staff, cafeteria  
5 workers, custodial services, classroom cleaners, and minor  
6 maintenance and repairs."

7 SECTION 11. Section 302A-604, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 **"§302A-604 Complex area superintendents.** The  
10 superintendent of education, with the approval of the board,  
11 shall appoint complex area superintendents for schools. [~~The~~  
12 ~~complex area superintendents shall supervise the delivery of~~  
13 ~~administrative and instructional support services within their~~  
14 ~~respective complex areas, including:~~

- 15 ~~(1) Personnel, fiscal, and facilities support;~~  
16 ~~(2) Monitoring of compliance with applicable state and~~  
17 ~~federal laws; and~~  
18 ~~(3) Curriculum development, student assessment, and staff~~  
19 ~~development services.]"~~

20 SECTION 12. Section 302A-1303.6, Hawaii Revised Statutes,  
21 is amended to read as follows:





- 1           (2) Sections 36-27, and 36-30(a), Hawaii Revised Statutes,
- 2                   shall be reenacted in the form in which they read on
- 3                   June 29, 2007; and
- 4           (3) Any balance remaining in the weighted student formula
- 5                   augmentation special fund shall lapse to the credit of
- 6                   the general fund.

7

INTRODUCED BY: Norman Sabunjo



**Report Title:**

DOE; Weighted Student Formula; Special Fund; Appropriation;  
Complex Area Superintendents; Authority

**Description:**

Establishes the weighted student formula augmentation special fund to assist schools in transitioning to the weighted student formula based on certain criteria. Appropriates funds to the special fund. Allows complex area superintendents to reallocate resources within the complex area. Excludes moneys for custodial services, classroom cleaners, and minor repairs and maintenance from the weighted student formula calculation.

