
A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF EDUCATION.

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

1 SECTION 1. Chapter 302A, Hawaii Revised Statutes, is
2 amended by adding a new section in part V to be appropriately
3 designated and to read as follows:

4 "§302A- Financial and management audits. The auditor
5 shall conduct an operational audit of the academic plans and the
6 financial plans of the department, assessing the efficiency and
7 effectiveness of the process from budget and planning, and
8 implementation to student outcomes annually. The auditor shall
9 submit a report of the auditor's findings, including any
10 proposed legislation, to the legislature no later than twenty
11 days prior to the convening of the regular session following the
12 audit."

13 SECTION 2. (a) The department of education shall contract
14 with a third-party consultant that specializes in school finance
15 to perform a study of the adequacy of education funding in
16 Hawaii. The third-party consultant shall have previous



1 experience conducting studies of education systems in multiple
2 states.

3 (b) The study shall:

4 (1) Employ the evidence-based method to evaluate the
5 adequacy of school funding, but may include the
6 professional judgement method in its analysis;

7 (2) Identify variables most closely associated with a
8 high-quality education and estimate the amount of
9 additional funding needed to provide all public school
10 students in Hawaii with an equal educational
11 opportunity;

12 (3) Compare Hawaii teacher salaries with teacher salaries
13 in school districts of similar size and cost of living
14 to determine compensation characteristics that impact
15 the department of education's ability to recruit and
16 retain effective teachers; and

17 (4) Assess the equity of funding between schools
18 throughout the Hawaii public school system.

19 (c) The department of education shall submit to the
20 legislature a copy of the study, along with a report of its
21 findings and recommendations, including any proposed



1 legislation, no later than twenty days prior to the convening of
2 the regular session of 2023.

3 SECTION 3. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2021-2022 and
6 the same sum or so much thereof as may be necessary for fiscal
7 year 2022-2023 for the office of the auditor to conduct the
8 operational audits required by section 1 of this Act.

9 The sums appropriated shall be expended by the office of
10 the auditor for the purposes of this Act.

11 SECTION 4. There is appropriated out of the general
12 revenues of the State of Hawaii the sum of \$ or so
13 much thereof as may be necessary for fiscal year 2021-2022 for
14 the department of education to contract with a third-party
15 consultant that specializes in school finance to perform a study
16 of the adequacy of education funding in Hawaii as required by
17 section 2 of this Act.

18 The sum appropriated shall be expended by the department of
19 education for the purposes of this Act.



- 1 SECTION 5. New statutory material is underscored.
- 2 SECTION 6. This Act shall take effect on July 1, 2050.



H.B. NO. 372 H.D. 1

Report Title:

Education; Audit; Adequacy Study; Appropriation

Description:

Requires the auditor to perform an annual operational audit of the academic and financial plans of the department of education. Requires the department of education to contract with a third-party consultant that specializes in school finance to study the adequacy of education funding in Hawaii. Appropriates funds. Effective 7/1/2050. (HD1)

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