

**ACT 221**

H.B. NO. 2002

A Bill for an Act Relating to Education.

*Be It Enacted by the Legislature of the State of Hawaii:*

**PART I**

SECTION 1. The legislature finds that the after-school plus program, popularly known as "A-plus", was established to provide affordable after-school care for latchkey children. Initiated in 1990, the after-school plus program was billed as the nation's first subsidized, statewide after-school care program for public school students in kindergarten through grade six.

The legislature further finds that currently, fees and other moneys for the after-school plus program are deposited into the general fund. However, the deposit of program fees and moneys into the general fund does not guarantee that the fees and moneys will be dedicated to the after-school plus program.

The establishment of a revolving fund for the after-school plus program would provide a clear nexus between the fees assessed and collected for after-school program services and the provision of those services.

The purpose of this part is to create a revolving fund for the collection and disbursement of moneys to pay for the administration and operations of the after-school plus program.

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

“**§302A- After-school plus program revolving fund.** (a) There is established the after-school plus program revolving fund to be administered by the department.

(b) The after-school plus program revolving fund shall consist of:

- (1) Fees collected by the department for administering and operating the after-school plus program, and the provision of program services;
- (2) Legislative appropriations;
- (3) All interest earned on the deposit or investment of moneys in the after-school plus program revolving fund; and
- (4) Any other moneys made available to the after-school plus program revolving fund from other sources.

(c) The department may establish appropriate fees and other charges to be assessed to each participant for the cost of administering and operating the after-school plus program. The revenues from those fees and charges shall be deposited into the revolving fund to be used to pay the costs of administering and operating the program.”

SECTION 3. There is appropriated out of the after-school plus program revolving fund the sum of \$6,000,000 or so much thereof as may be necessary for fiscal year 2004-2005 to be used to pay the costs of administering and operating the after-school plus program.

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

## PART II

SECTION 4. The legislature finds that S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1 (Regular Session 2004)<sup>1</sup>, is a comprehensive measure that ambitiously aims to reinvent the public education system in numerous important ways. Some of the most critical goals of S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, are to:

- (1) Address the individual needs of students by requiring the establishment of a weighted student formula for allocating moneys to public schools;
- (2) Require no less than seventy per cent of operating funds for the department of education, excluding debt service and capital improvement programs to be expended by school principals;
- (3) Empower principals as educational leaders of their schools;
- (4) Support principals and involve school communities by establishing school community councils at public schools;
- (5) Require the development of plans, to be implemented in the 2006-2007 school year, for performance contracts for principals;
- (6) Remove bureaucratic constraints that hamper the effectiveness of the department of education;
- (7) Enhance the accountability system of the department of education; and
- (8) Provide more books and learning materials for students.

These are only some of the ways in which S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, seeks to improve Hawaii's public schools. In recognition of the importance of this essential and revolutionary bill, the legislature took early action to ensure that the governor and other concerned stakeholders had ample time to reflect upon the bill and express their concerns or suggest improvements which could be addressed before the end of the legislative session.

One suggestion for amending this bill was to accelerate the implementation of the weighted student formula. S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, sets an extremely ambitious agenda for Hawaii's public schools. They will be faced with a new funding allocation system, a new school community council system, and new responsibilities in expending an increased percentage of their operating budget at the school level.

S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, provides funding for the department of education to pilot school community councils and the development of academic and financial plans. This Act specifies that this pilot program shall be implemented no later than January 1, 2005, ensuring the department of education begins these critical aspects of the education reinvention effort in a timely manner.

Other suggestions for amending the bill were to ensure that principals are sufficiently empowered to manage effectively, and clarify the relationship between principals and school community councils to ensure that decision-making can be executed efficiently. Although S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, expressly places principals in control of their schools, the legislature finds that more can be done to ensure their ability to effectively lead. This Act specifies that principals, rather than school community councils, shall be responsible for the initial development of their schools' academic and financial plans. This will ensure that principals are intimately involved in the formulation and execution of their schools' educational and fiscal goals.

A final suggestion to improve S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, was to allow charter schools to choose whether they want to be funded under the weighted student formula. Accordingly, this Act allows charter schools to select, as a group, whether to receive allocations through the weighted student formula for each fiscal biennium.

In approving S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, the legislature has fashioned an innovative, comprehensive, and ambitious yet implementable law, the purpose of which is to improve student achievement. In doing this, the legislature has committed itself, the board of education, the department of education, the governor, and the entire state government to efforts that require actions and commitment over many years. The complete effort to reinvent public schools begins with the enactment of both S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, and this Act.

Upon enactment, the creation and work of the committee on weights begins. Work begins immediately to prepare for the implementation of the school community councils, which must be in place by July 1, 2005. Beginning January 1, 2005, one school in each complex area, or fifteen in total, will pilot the process that the principal and the school community councils will use in developing their individual school's academic and financial plan. All schools will have school community councils by July 1, 2005, and they will receive training for their duties, including reviewing and recommending for approval by the complex area superintendent the academic and financial plans for their school.

The principals academy will be developed during the latter half of 2004 to provide training for principals in developing and implementing budgets, writing academic plans, and working effectively with school community councils.

The board of education will initially adopt the weighted student formula recommended by the committee on weights by December 1, 2005. Principals will prepare and submit to the school community councils their academic and financial

plans, which will be approved by the complex area superintendent no later than April 1, 2006. School allocations based on the weighted student formula will be made by July 15, 2006.

As experience is gained, the funds that each principal will budget and expend may be increased by the department of education. Local control of schools will also increase, allowing the principal and the school community council to shape their particular school to meet the needs of their students.

Other actions are required to reinvent education, which include the development of performance-based contracts for principals, the adoption of a unified school calendar, and a reduction of the bureaucracy that hinders the department of education in providing support services for the schools. All of these actions will take place over the next three years. The legislature finds that the actions required to improve student achievement and the implementation of those requirements as set forth in S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, and this Act, are prudent and reasonable. The legislature invites the people of this State to lend their support, time, and participation in this endeavor to improve student achievement.

SECTION 5. Chapter 302A, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§302A- New century charter schools and new century conversion charter schools; weighted student formula.** Notwithstanding section 302A-1185 and beginning on September 1, 2006, new century charter schools and new century conversion charter schools shall elect whether to receive allocations according to the weighted student formula adopted pursuant to section 302A- by the board of education; provided that:

- (1) All new century charter schools and new century conversion charter schools, as a group, shall elect whether to receive allocations through the weighted student formula;
- (2) Any election by new century charter schools and new century conversion charter schools to receive allocations, or not to receive allocations, through the weighted student formula shall be made by September 1 of each even-numbered year, and such election shall apply to the fiscal biennium beginning July 1 of the following year; and
- (3) The election to receive allocations, or not to receive allocations, through the weighted student formula shall be communicated to the department through the charter school administrative office.”

SECTION 6. The Act that resulted from the enactment of S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, Regular Session of 2004, is amended by amending section 1 to read as follows:

“SECTION 1. Although many responsibilities are laid upon education, ultimately education must do no less than advance the endowment of human culture itself, so that each succeeding generation finds itself further along the road towards peace, social justice, and environmental sustainability in a society guided by creativity, compassion, and curiosity. This Act is a road map for a critical phase in that ongoing journey.

The legislature finds that significant changes need to be made to enhance Hawaii’s public education system to ensure the success of that journey. Although the State’s students, parents, teachers, school administrators, departmental staff, and other educational stakeholders strive to achieve excellence, their efforts will never be completely successful until various aspects of the system around them are improved.

The legislature has supported and will continue to support efforts by the department of education to improve Hawaii's schools as a means of enhancing the academic achievement, safety and well being, and civic commitment of students, to meet the evolving needs of today's communities.

The coordinated package of initiatives in this Act aims to implement comprehensive education reform in Hawaii's public schools and shall be known as the "Reinventing Education Act of 2004." Its main elements include:

- (1) Establishing a weighted student formula;
- (2) Providing additional information technology;
- (3) Empowering principals through a Hawaii principals academy and other means;
- (4) Strengthening community involvement through school community councils and parent-community networking centers;
- (5) Providing more mathematics textbooks;
- (6) Lowering class size in kindergarten, grade one, and grade two;
- (7) Providing full-time, year-round, high school student activity coordinators;
- (8) Providing support for students who need additional help to succeed in school;
- (9) Establishing a national board certification incentive program for teachers;
- (10) Enhancing teacher education;
- (11) Reducing the bureaucracy that hampers the effectiveness of the department of education;
- (12) Improving the educational accountability system; and
- (13) Requiring [the] board of education members to hold community meetings in their districts.

Research shows that student performance is significantly higher in smaller schools. While establishing smaller schools throughout the State is not financially feasible, some schools have taken it upon themselves to create smaller and more manageable learning communities within their schools. Research also strongly supports the need for early childhood education and the establishment of a coherent system that spans all levels of education. The department of education, teamed with the University of Hawaii and Good Beginnings Alliance to create a vision for such a system, which was presented in 2002, [and] is now being implemented.

Despite these efforts, more needs to be done. Currently, public school principals are faced with a nearly impossible task, as they are asked to attend to every detail of operating their schools without enough institutional support or discretion to expend funds. While some support and additional school leadership is provided by the school/community-based management (SCBM) system at many schools throughout the State, SCBM plays a far more limited role at some locations, and has not been implemented at all at others.

Recently, departmental leadership was decentralized through the creation of the complex area system, including the hiring of complex area superintendents. While replacing the old district system with this new structure was an important first step, further changes need to be made to allow meaningful authority to exist as close to the schools as possible. The complex area structure will serve as an excellent base upon which to build these continued reforms. It is the legislature's intent to place a far greater number of decisions, and a much higher percentage of moneys, directly in the hands of individual schools and their leaders.

Another area of improvement necessary to promote excellence in learning is the method by which moneys are allocated to individual schools. Hawaii currently receives high marks nationally for funding equity, as being organized as a single unified system enables the State to fairly disburse moneys to schools. In other states,

local revenue sources such as property taxes account for a significant portion of school and district funding, resulting in massive financial disparities between schools in more and less affluent areas.

Although the State avoids this particular pitfall, further improvements can be made to ensure that moneys go to the schools that truly have the greatest need, and to place more moneys at the discretion of individual schools. While the current funding system takes into account certain criteria when allocating moneys to schools, it does not comprehensively address the fact that some students are more costly to educate than others. For example, students with special needs, such as those with limited proficiency in English, or who have physical, psychological, or other impediments to learning, are more expensive to teach than students who are not faced with these barriers.

One method that can be used to address these funding issues is a weighted student formula. Under such a system, moneys are allocated to schools based on a system of weighted characteristics that apply to every student in the public schools.

Under a weighted student formula there are several advantages. Among other things:

- (1) The relative cost of educating students can be much more accurately assessed, based upon the unique learning needs of each student;
- (2) Funds follow students to whichever school they attend; and
- (3) The budget process becomes more transparent as it is based on dollars, not staff positions.

However, establishing a weighted student formula cannot be effective in a vacuum. Other reform measures must be implemented as well. Principals will be empowered to act as the educational leaders of their schools, with more authority relating to budgeting, and more flexibility to expend funds. With these expanded powers, principals will be held accountable for their performance through a system that includes rewards, assistance, and sanctions. Principals will also need more training and support if they are required to take on additional duties, and are expected to advance student success. Furthermore, community involvement and support of schools will need to be enhanced if schools are to work effectively.

The department of education is also faced with significant impediments that will likely reduce its ability to effectively implement the weighted student formula. With educational responsibilities spread throughout numerous state agencies, there are various roadblocks to progress that could prevent the department of education and individual schools from successfully performing their duties and effectively using a new funding system.

The legislature finds that a comprehensive effort addressing all of these issues is required for Hawaii's public schools to maximize student achievement. Accordingly, the purpose of this Act is to enhance educational outcomes in Hawaii's public schools by:

- (1) Implementing the weighted student formula by:
  - (A) Requiring the department of education to provide supplementary allocations to those schools whose budgets are adversely affected by the weighted student formula for no more than three years beginning with the 2006-2007 school year;
  - (B) Establishing a committee on weights within the department of education to determine the unit value of student weights and recommend a weighted student formula to the board of education at least annually, and appropriating \$10,000 to support the operation of the committee;
  - (C) Requiring the department of education to adopt a weighted student formula in allocating funds to [aH] public schools[;]

- ~~excluding new century charter schools and new century conversion charter schools];~~
- (2) Appropriating \$2,000,000 to the department of education to facilitate field support, security, and privacy for the telecommunications network, and training regarding information technology infrastructure used to enhance accountability, compliance with the federal No Child Left Behind Act of 2001, and implementation of school reform including the weighted student formula;
  - (3) Supporting and empowering principals by:
    - (A) Requiring the department of education, with the invited participation of the exclusive bargaining agent of educational officers of the department of education, to propose salary schedules and other terms and conditions of employment of principals and vice principals based upon a twelve-month term of service, and report findings back to the ~~[Legislature]~~ legislature no later than twenty days prior to the regular session of 2005;
    - (B) Requiring the board of education to classify all educational officer positions of the department of education to adopt two separate classification/compensation plans for educational officers~~[, one]~~:
      - (i) One for principals and vice principals (based on the general pattern of a school administrator's career development and associated school administrator's qualification requirements); and ~~[one]~~
      - (ii) One for all other educational officers (reflective of the career development pattern and qualification requirements for the respective professional field of expertise), and including classification appeals procedures for both; ~~[and]~~
    - (C) Convening a working group to create a plan for the implementation of performance contracts for principals;
    - (D) Establishing a Hawaii principals academy to support and train complex area superintendents, principals, and prospective principals, and appropriating \$500,000 to operate the academy;
    - (E) Clarifying the authority and responsibility of principals;
    - (F) Appropriating \$183,780 to operate the department of education's administrator certification for excellence (ACE) program; and
    - (G) Appropriating \$400,000 to compensate principals recalled to work by the department, outside of their regular term of service, for professional development and any other activities that may enhance their effectiveness as leaders of their schools;
  - (4) Enhancing community involvement in schools by:
    - (A) Appropriating \$350,000 for training and other activities needed to facilitate the transition from the current SCBM system into a mandatory school community council system to be implemented at each public school, excluding new century charter schools and new century conversion charter schools;
    - (B) Clearly articulating the balance and reciprocity of powers and responsibilities between the principal and school community council; and
    - (C) Appropriating \$1,743,900 to support and enhance ~~[a proven means of improving parental and community involvement in schools,]~~ parent-community networking centers;
  - (5) Directly, concretely supporting the academic achievement and holistic development of students by:

- (A) Appropriating \$2,500,000 for mathematics textbooks and other mathematics learning materials in schools[-]; provided that mathematics curriculum is aligned within the school complex;
- (B) Appropriating \$2,143,350 to reduce class size in kindergarten, grade one, and grade two by hiring seventy-five elementary school teachers;
- (C) Appropriating \$460,000 for full-time, year-round, high school student activity coordinators; and
- (D) Appropriating \$100,000 for programs that support parents in working with students who need additional help to succeed in school; provided the programs have measurable outcomes;
- (6) Directly, concretely supporting teachers by:
  - (A) Establishing a national board certification incentive program to be administered by the Hawaii teacher standards board to continue comparable efforts initiated under a memorandum of understanding between the department of education and Hawaii teacher standards board which expires on June 30, 2005, and appropriating \$480,000 [funding] to execute the memorandum of understanding during fiscal year 2004-2005;
  - (B) Appropriating \$92,000 for the administration of the Hawaii teacher standards board; and
  - (C) Increasing the pool of qualified teachers and administrators by appropriating \$500,000 to fund seven teacher education positions and one education administration faculty position at the college of education of the University of Hawaii;
- (7) Reducing bureaucracy that hampers the effectiveness of the department of education by:
  - (A) Requiring the department of education to convene an interagency working group to address systemic impediments to the efficient management and operation of schools;
  - (B) Transferring certain key functions from various state agencies to the department of education; and
  - (C) Requiring the board of education to adopt a single school calendar for all public schools to apply beginning with the 2006-2007 school year;
- (8) Enhancing educational accountability by:
  - (A) Requiring academic achievement, safety and well being, and civic responsibility of individual students to be assessed and tracked;
  - (B) Expanding the accountability provision to include fiscal accountability;
  - (C) Including complex area superintendents and principals in the accountability system;
  - (D) Requiring clear, easily understandable report cards on key performance indicators for schools, school complexes, and the public school system; and
  - (E) Requiring the board of education to hold community meetings in each school district;
- (9) Appropriating \$400,000 for the piloting of school community councils and development of academic and financial plans at selected schools prior to the statewide implementation of the weighted student formula; and



- (10) Requiring the department of education to submit findings and recommendations to the legislature prior to the 2005 regular session relating to the implementation of this Act.”

SECTION 7. The Act that resulted from the enactment of S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, Regular Session of 2004, is amended by amending section 4 to read as follows:

“SECTION 4. Chapter 302A, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

“**§302A- Weighted student formula.** Based upon recommendations from the committee on weights, the board of education, not less than annually, shall adopt a weighted student formula for the allocation of moneys to public schools[; ~~excluding new century charter schools and new century conversion charter schools.~~] which takes into account the educational needs of each student. The department, upon the receipt of appropriated moneys, shall use the weighted student formula to allocate funds to public schools[; ~~excluding new century charter schools and new century conversion charter schools.~~] Principals shall expend moneys provided to the principals’ schools. This section shall only apply to new century charter schools and new century conversion charter schools for fiscal years in which the new century charter schools and new century conversion charter schools elect pursuant to section 302A- to receive allocations according to the weighted student formula.””

SECTION 8. The Act that resulted from the enactment of S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, Regular Session of 2004, is amended by amending section 6 to read as follows:

“SECTION 6. [~~Section~~] Chapter 302A,<sup>2</sup> Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

““Weighted student formula” means a formula for allocating operating moneys to individual public schools that includes a system of weighted characteristics affecting the relative cost of educating each student attending a public school[; ~~excluding new century charter schools and new century conversion charter schools.~~]””

SECTION 9. The Act that resulted from the enactment of S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, Regular Session of 2004, is amended by amending section 14 to read as follows:

“SECTION 14. The superintendent of education shall select and convene a working group to create a plan for performance contracts for principals to be implemented beginning with the 2006-2007 school year. The working group shall include:

- (1) The superintendent of education;
- (2) Representatives of complex area superintendents;
- (3) Representatives of school principals; and
- (4) Representatives of any other agency, organization, or group as deemed appropriate by the superintendent of education.

The superintendent shall request the exclusive representative for collective bargaining unit 6 to participate in the working group.

The working group shall:

- (1) Establish appropriate performance criteria [~~for~~] which shall be used in individual performance contracts for principals [are to be evaluated under performance contracts], including:
  - (A) Core criteria to be incorporated into performance contracts state-wide; and
  - (B) Criteria that may be used at the discretion of individual schools;
- (2) Determine appropriate performance benchmarks, or methods of devising performance benchmarks, that may be used to assess principal performance relative to expected standards[;]; provided that such performance benchmarks, at a minimum, shall include those elements related to principals in the educational accountability system;
- (3) Determine appropriate rewards, assistance, and sanctions to be included or considered for inclusion in performance contracts; and
- (4) Address any other issues necessary for the implementation of performance contracts.

The department of education shall submit findings, including proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2005.’’

SECTION 10. The Act that resulted from the enactment of S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, Regular Session of 2004, is amended by amending section 16 to read as follows:

“SECTION 16. Section 302A-1103, Hawaii Revised Statutes, is amended to read as follows:

“**§302A-1103 Principal; authority and responsibility.** The role of the principal shall include but not be limited to overseeing the day-to-day management of the school, the primary function of which is to develop and deliver instructional services to students in accordance with statewide educational policy and to enable students to meet or exceed statewide academic standards. The principal shall:

- (1) Ensure that the curriculum facilitates the achievement of the statewide student performance standards adopted for the public school system;
- (2) Develop and present to the school community council for its review and approval, academic and financial plans relating to the school;
- [~~(2)~~] ~~Maintain and exercise~~ (3) Exercise authority over the implementation of the budget, policies, and operations of the school; and
- [~~(3)~~] (4) Collaborate with other principals in the principal’s school complex to ensure that:
  - (A) Logical, sequential curricula are adopted within the school complex;
  - (B) Best practices are shared among and implemented by schools within the school complex;
  - (C) The goals and objectives of the school complex are being met;
  - (D) The use of school complex-based personnel and contractors who divide their time between more than one school in a school complex is coordinated to maximize efficiency; and
  - (E) The passage of students through the continuum of grades is coordinated in a manner consistent with section 302A-1004.’’”

SECTION 11. The Act that resulted from the enactment of S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, Regular Session of 2004, is amended by amending section 25 to read as follows:

“SECTION 25. Section 302A-1124, Hawaii Revised Statutes, is amended to read as follows:

“**§302A-1124 Mandate to initiate school community councils.** (a) The department, through the board and its superintendent, shall establish a school community council system under which each public school, excluding new century charter schools and new century conversion charter schools, shall create and maintain a school community council. Each school community council shall:

(1) ~~[Participate in the development of, and recommend for approval by the complex area superintendent, the school’s annual:~~

(A) Academic plan; and

~~(B) Financial plan;]~~

Review and evaluate the school’s academic plan and financial plan, and either recommend revisions of the plans to the principal, or recommend the plans for approval by the complex area superintendent;

(2) Ensure that the school’s academic and financial plans are aligned with the educational accountability system under section 302A-1004;

(3) Participate in principal selection and evaluation, and transmit any such evaluations to the complex area superintendent; and

(4) Provide collaborative opportunities for input and consultation.

(b) School community councils shall be exempt from the requirements of chapters 91 and 92. The school community councils shall:

(1) Make available the notices and agendas of public meetings:

(A) At a publicly accessible area in the school’s administrative office so as to be available for review during regular business hours; and

(B) On the school’s Internet web site, not less than six calendar days prior to the public meeting, unless a waiver is granted by the superintendent in the case of an emergency; and

(2) Make available the minutes from public meetings on a timely basis in:

(A) The school’s administrative office so as to be available for review during regular business hours; and

(B) On the school’s Internet web site.

(c) Complex area superintendents may require ~~[a school community council to revise its school]~~ revisions to a school’s academic and financial plans if the plans are in violation of law or conflict with statewide educational policies and standards[-], or are otherwise in the best interests of the school.

(d) The superintendent of education may recommend to the board of education dissolution of a school community council and establish an interim school community council if the school community council engages in any act or omission that would constitute gross negligence, wilful and wanton misconduct, or intentional misconduct. The superintendent may recommend to the board the removal of any member of a school community council. The superintendent shall appoint or facilitate the creation of an interim school community council at any school that has not established a council or has had its council dissolved. In appointing or facilitating the creation of an interim school community council at any school that has had its council dissolved, the superintendent may appoint individuals who were previously members of the council.

(e) Unless otherwise specified, each school community council shall establish policies governing the council’s composition, election, staggered terms of office for members, operation, and vacancies; provided that:

- (1) The number of school personnel in any school community council shall be equal to the number of primary stakeholders on the school community council;
- (2) At the elementary and middle school levels, each school community council shall be composed of the principal and at least one member representing each of the following groups:
  - (A) Parents elected by ballots distributed among and collected from the parents of the school's students;
  - (B) Teachers elected by ballots distributed among and collected from teachers of the school;
  - (C) Noncertificated school personnel elected by ballots distributed among and collected from noncertificated personnel of the school;
  - (D) Community representatives elected by ballots distributed among and collected from parents of the school's students; and
  - (E) Student representatives selected by the student council of the school; and
- (3) At the high school level, each school community council shall be composed of the principal and at least one member representing each of the following groups:
  - (A) Parents elected by ballots distributed among and collected from parents of the school's students;
  - (B) Teachers elected by ballots distributed among and collected from teachers of the school;
  - (C) Noncertificated school personnel elected by ballots distributed among and collected from noncertificated personnel of the school;
  - (D) Community representatives elected by ballots distributed among and collected from the parents of the school's students; and
  - (E) Student representatives selected by the student council of the school.

For the purposes of this subsection, "primary stakeholders" means students, parents, and community members.

- (f) School community councils shall elect officers, including:
  - (1) A chairperson;
  - (2) A vice-chairperson;
  - (3) A secretary; and
  - (4) Other officers as needed to perform stated duties in support of the work of the council.

(g) The principal shall have the authority to set aside any decision made by the school community council if the principal determines it to be in the best [interest] interests of the school<sub>;</sub>; provided that the principal notifies the school community council. If the school community council opposes a decision of the principal, an appeal shall first be brought to the complex area superintendent for resolution and, if necessary, to the superintendent and, finally, to the board of education. ~~[The principal shall not set aside decisions made by the school community council to recommend annual academic and financial plans for approval by the complex area superintendent.]~~

(h) Complex area superintendents shall assist the school community councils and principals within their respective complex areas in:

- (1) Obtaining the support and services of the department; and
- (2) Ensuring the progress and success of the school's academic and financial plan."''"

SECTION 12. The Act that resulted from the enactment of S.B. No. 3238, S.D. 2, H.D. 2, C.D. 1<sup>1</sup>, Regular Session of 2004, is amended by amending section 59 to read as follows:

“SECTION 59. There is appropriated out of the general revenues of the State of Hawaii the sum of \$400,000[;] or so much thereof as may be necessary for fiscal year 2004-2005[;] for the piloting of school community councils and development of academic and financial plans at ~~selected public schools prior to the statewide implementation of the weighted student formula.~~ least at one school in each complex area. The pilot program shall begin no later than January 1, 2005.”

SECTION 13. The department of education shall submit to the legislature no later than twenty days prior to the convening of the regular session of 2005 a report detailing the programs and functions that would need to be placed under the control of individual schools to achieve certain benchmark figures in enabling principals to expend an increased percentage of the appropriations for total department of education budget, excluding debt service and capital improvement programs. The report shall include:

- (1) A list of functions and programs for which moneys would be expended by school principals at each of:
  - (B) Eighty per cent; and
  - (C) Ninety per cent
 of the appropriations for the total department of education budget, excluding debt service and capital improvement programs;
- (2) A description of required department infrastructure and system support, including any buyback programs for services, to achieve the benchmark figures in paragraph (1); and
- (3) A description of any other requirements foreseen by the department to be necessary to achieve the benchmark figures in paragraph (1).

### PART III

SECTION 14. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.<sup>3</sup>

SECTION 15. This Act shall take effect upon its approval; provided that sections 2 and 3 shall take effect on July 1, 2004.

(Approved July 13, 2004.)

#### Notes

1. Act 51.
2. Should be §302A-101.
3. Edited pursuant to HRS §23G-16.5.