Almost two years have passed since enactment of the most sweeping education reform initiative this state has ever undertaken—Act 51, the Reinventing Education Act of 2004. Here’s a status report to date on implementation efforts, collateral issues that have arisen, and implications.

12 Month Contracts for Principals—implemented
This provision changes principals’ term of service from 10 months to 12 months. It acknowledges that schools are multi-million dollar operations and principals, like other CEO’s, need to be “on the job.”

Principal Performance Contract—in active discussion
Challenging talks are continuing between the DOE and HGEA (the principals’ union) over a system of rewards and sanctions for principals based on job performance. Act 51 intends that principals be held accountable for their performance and be given the training and support they may need.

Weighted Student Formula—partial implementation in ’06–’07
Controversy swirls around this Act 51 mandate. While roughly half of our schools will gain funding under WSF, just as many will lose. Losing schools include small and rural schools and schools under No Child Left Behind sanctions. Several bills presently before the legislature allocate additional funds to losing schools, and one states it is the “legislative intent that no school suffer a loss” under WSF (HB 2092).

Under the weights, additional funds will go to schools whose students are English as a second-language learners, economically disadvantaged or transient students. A new Committee on Weights has been convened by the DOE to review the current weights and formula. In addition, the BOE has mandated the committee to look at the unintended effects WSF may have on losing schools. Further, the BOE is seeking a vendor to revisit the formula and look at issues of equity, adequacy, transparency, etc

Unfortunately, principals of schools losing funding under WSF may have to make decisions that come down to the best of bad alternatives. Trimming staff or running out of money is not an attractive choice. Do we really want elementary schools without school librarians? Could two or more smaller schools share a librarian? Interesting question.
Is there additional money already in the system that could be added to the WSF pot if better monitoring and effectiveness measures for current programs were implemented? This question needs to be answered by the DOE before some segments of our community accept the premise that education is underfunded. In '06-'07 schools’ loss or gain will be limited to 10%.

**Unified School Calendar**—starts in ‘06–’07
All public schools (except multi-track and charter schools) will be on a single schedule with a one-week break in the fall, 3 weeks over the holidays, and 2 weeks in the spring (1-3-2 schedule). The summer break of seven weeks may make it difficult for schools, teachers and students to attempt a 6-week summer school. This may have promotion and graduation consequences for students lacking credits. The important question is whether remediation, enrichment and tutoring services will be offered students when classes are not in session.

**School Community Councils (SCC)**—implemented
SCC’s are now operating at all public schools (excluding charter schools). Council members are elected by their constituencies—teachers, school staff, parents, students and community. As advisory groups, SCC’s help principals “act locally” to benefit their students. A major task for the SCC has been a review of their schools’ academic and financial plan that aligns projected resources (the gain or loss under WSF) with identified and prioritized school needs. In current practice, the role of the SCC differs from what was envisioned in Act 51. Some believe there should be a role for SCC’s somewhere between advisory and co-decision making. (SB 2884 proposes additional money for training for SCC’s).

**70% Control over Expenditures by Principals**—starts ’06–’07
Act 51 requires 70% of the DOE’s operating budget of about $2 billion be expended by principals. This provision seeks to give schools the authority to make decisions about how to use and leverage money to best serve their students.

72% is what the DOE has recommended to the BOE, and this is a good start in shifting resources down to schools. Much of this will go to salaries, and, additionally, 24% must be spent in specified ways, limiting principals’ discretionary control.

However, the important question is not whether 70% or 80% of 90% is the desired number, but whether and to what extent principals will be able to think outside the box (and be allowed to do so) to find new ways to improve student achievement.

**Delinking**—substantially implemented
This Act 51 provision gives the DOE authority over services currently being provided to schools by other state agencies and holds it accountable for results. The transfer of repair and maintenance and design and construction of schools from the Department of Accounting and General Services to the DOE has been accomplished.

Now that repair and maintenance is housed in one state agency rather than two, the important question is whether repairs are being accomplished faster and more efficiently. Plainly speaking, will toilets flush and ceilings stay in place at our schools?
Implications
In addition to unintended consequences, collateral issues have surfaced during the implementation of these major Act 51 provisions. For instance, infrastructure shortcomings may imperil full implementation of some initiatives. In an education position paper, the Hawai‘i Business Roundtable asks the following question: “How will we know when (and whether) Act 51 is succeeding?” The answer is “by measuring results.” However, in order to generate meaningful measurement data, the DOE needs modernized and improved financial management, human resources and student performance systems.

SB 3093 appropriates funds for information technology staff and infrastructure improvements. If this bill is enacted into law, the DOE’s technology expenditures will increase by $5 million to $22.3 million or approximately $122 per student. This cost per student for technology is modest by comparisons to other public school districts, according to Assistant Superintendent Rod Moriyama (Office of Information Technology Services).

Another issue is the reliability, stability and transparency of DOE financial numbers. Over the years, at least 7 reports issued by the State Auditor have raised concerns about fiscal accountability. One found that the legislature was basing fiscal decisions on flawed DOE data and invalid measures of effectiveness. A recent PriceWaterhouseCoopers report found the DOE budget system is outdated and cited the need for an expanded internal audit function to ensure effective and efficient operations, reliable financial reporting and regulatory compliance.

Undoubtedly the state’s accounting system is a Procrustean bed forcing the DOE, now an almost $2 billion operation, to force its programs into an outdated EDN system. However, without transparency and accurate accounting, the public, the legislature and the executive branch will continue to be skeptical of DOE’s numbers. Governor Lingle has proposed an independent Commission on Financial Transparency and Accountability for the Department of Education, but a collaborative effort with the DOE and the Board of Education, also worried about financial accountability issues, might be a better approach to a good idea.

The need for a Chief Financial Officer in the DOE management structure is clear and acknowledged by the DOE. In addition, HB 1865 calls for the establishment of this position.

Finally, all education reform initiatives in Hawai‘i have had decentralization as a goal or subtext. So it is with Act 51. The important question is who controls education in Hawai‘i. Is it the legislature that appropriates funding, the governor who releases the money, the state DOE, or the Board of Education? If decision-making is to become concentrated at the school level, each of these entities must be willing to give up some measure of control, and each must believe schools, principals, and SCC’s are capable of making good decisions. The issue of trust, or lack thereof, has crippled previous reform efforts and may derail the decentralization efforts of Act 51.

We’ve already noted that 24% of money that principals will “expend” at the school level has strings attached. These categorical funds must be spent in ways specified by the legislature, the BOE, etc. Yet, SB 2870 would require all schools to have a full-time technology coordinator. If a school decides it can cover this function some other way, isn’t this the local-level flexibility Act
envisions for schools? Another bill limiting local decision-making, SB 3059, would have required the DOE to establish and implement a standardized statewide curriculum. In amended form, it requires the DOE to “establish and maintain a model curriculum.”

Is control really moving down the ladder from the state office to the complex/district, and then to the principals? The PriceWaterhouseCoopers audit found that the role of the Complex Area Superintendent is not clearly understood within the DOE system. “Who has the authority to make decisions, direct the work of others, and to give orders,” the report asks. Since most complex and district personnel report to state office Program Managers rather than CAS’s, what “line” officer responsibilities do they have? Shouldn’t CAS’s have direct supervision over these personnel in order to best utilize support staff to plan and deliver services and professional development to school staffs?

If Act 51 is all about transformation, are all education entities willing to change their practices? Will the DOE cede greater decision-making to the CASs, viewing them as the “field generals” of the operation. Will the legislature do away with categorical funding? Will the BOE carve out a more influential role for itself to better fulfill its responsibilities? (SB 640 would require BOE members to serve full-time and be salaried.) Will the governor work collaboratively with all stakeholders? While there is substantial progress to report in the implementation of major Act 51 provisions, many questions remain.