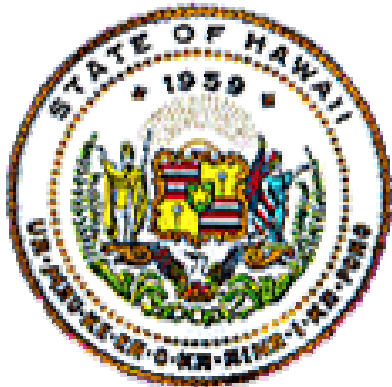


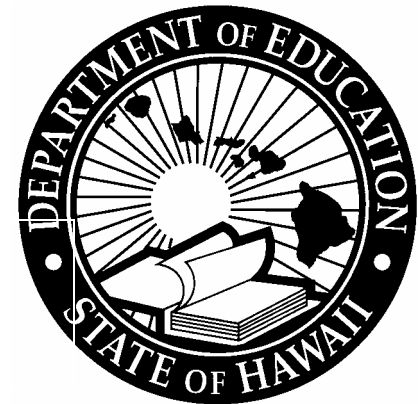


# Hawaii Department of Education Response to Cooper- Ouchi Financial Report

Legislative Hearing  
December 2, 2003



Patricia Hamamoto  
Superintendent





The DOE's vision is to provide Hawaii's students with the skills, knowledge, and experiences they need to perform as contributing citizens in the 21<sup>st</sup> century.

The Cooper/Ouchi Report presents data in a way to imply that the State DOE infrastructure is top heavy. With this premise, Cooper and Ouchi then conclude that a new governance structure is necessary to improve student achievement.

Nothing in the Cooper/Ouchi Report links governance and student achievement.



**Strategy ≠ Vision**



# Cooper-Ouchi Findings:

- Points on which we agree:
  - DOE is dependent on a number of other state agencies to exist operationally.
  - DOE is a dependent school district with no taxing authority.
  - Micro management of the education budget by other state entities exists.
  - The DOE does not have an integrated personnel and financial system.
  - Hawaii schools rank #14 among the states in spending per student (per NCES).



# To set the record straight...

- DOE does have an accurate way of tracking teachers and support staff to the classroom.
- Total Expenditure per student is \$8,473 (not \$10,422) by separating Capital costs from Operational costs.
- DOE Central Office plus complex area administration together spend 3% (not 22.9%) of the total spending.
- 51 cents (not 49 cents) out of every education dollar reaches the classroom. An additional 46 cents or a total of 97 cents goes to schools.



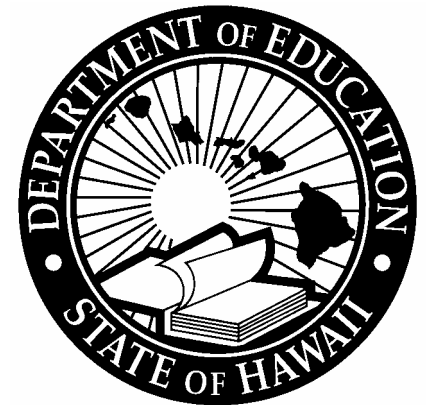
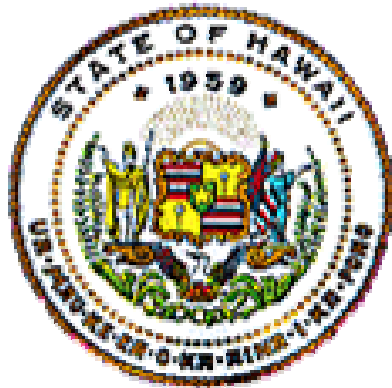
## Setting the record straight- continued

- DOE's financial management system can track fringe benefits to the school.
- Since thirty years ago, student needs and demographics have changed, number of schools has increased, and staffing has increased at the school level to meet the needs of the students.



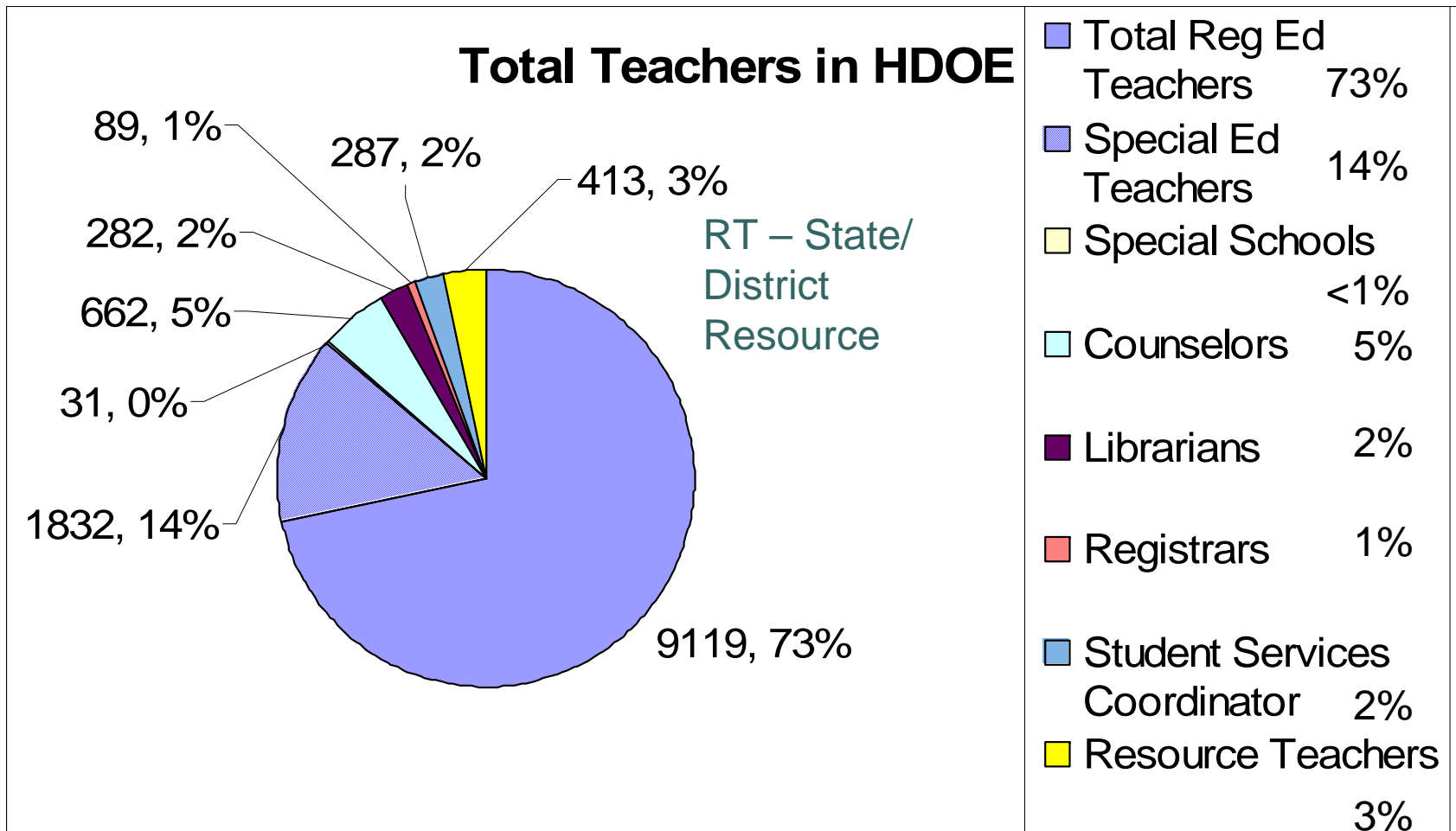
# Hawaii Department of Education Personnel Data

December 2003



# Teachers in the HDOE = 12,715\*

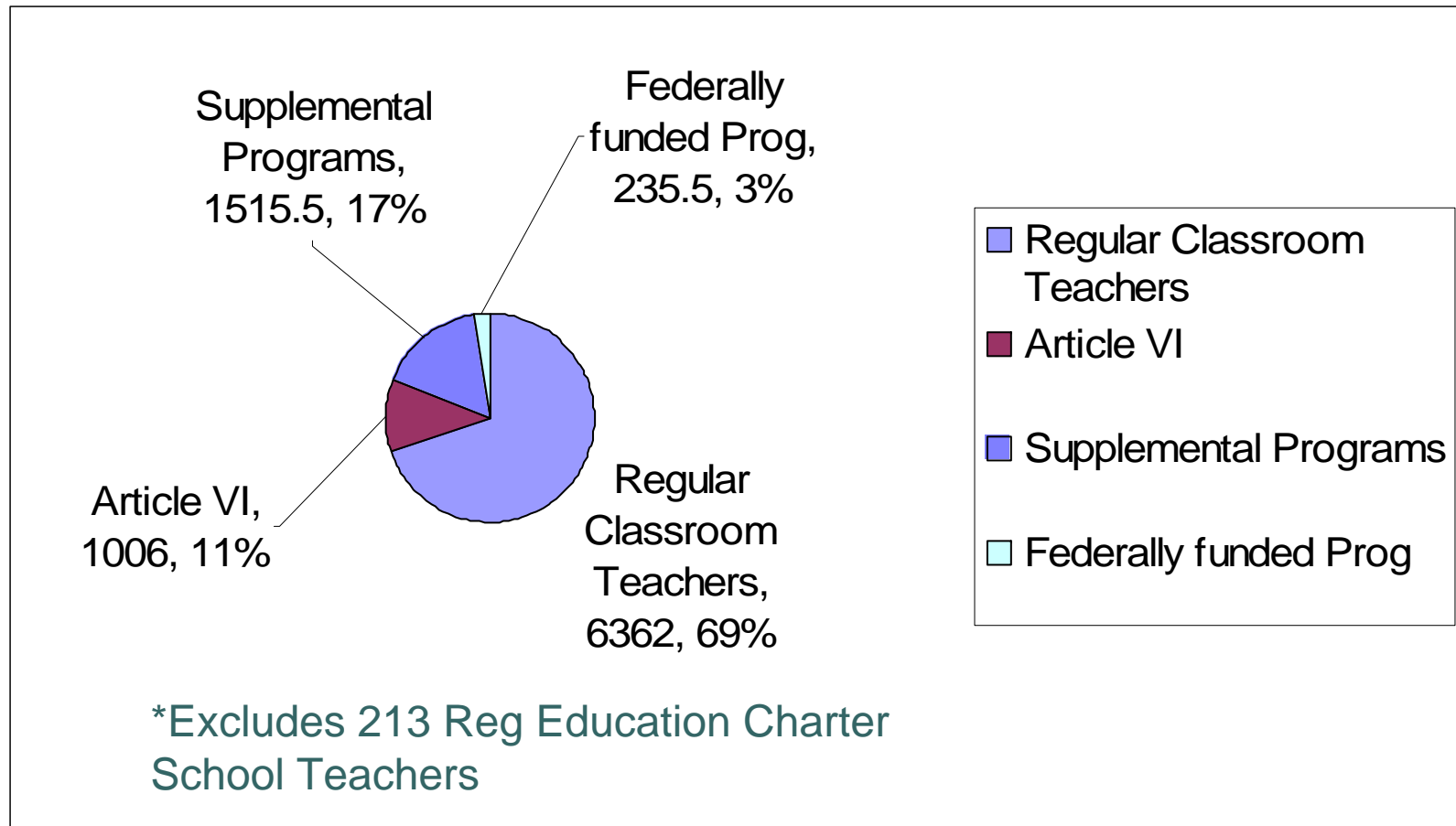
## .....97% in Schools



\*Excluding 267 teachers in Charter Schools



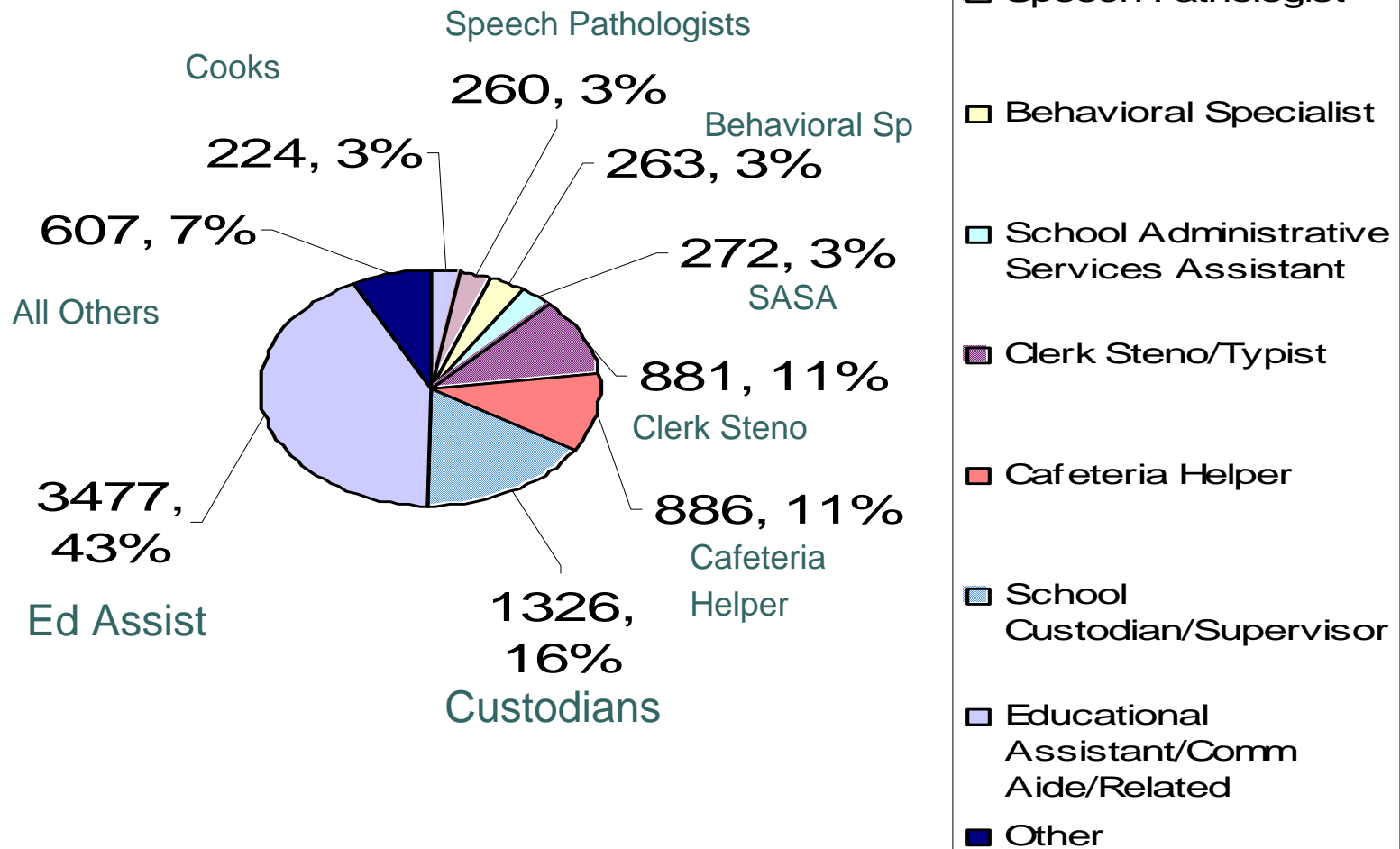
# Regular education teachers allocated to classrooms = 9,119\*



Note: Article VI refers to additional teachers to support special education students integrated into regular education classrooms.

Classified Positions represent 9,371 people who support the educational arm of DOE...

### Total Classified Positions – 9,371

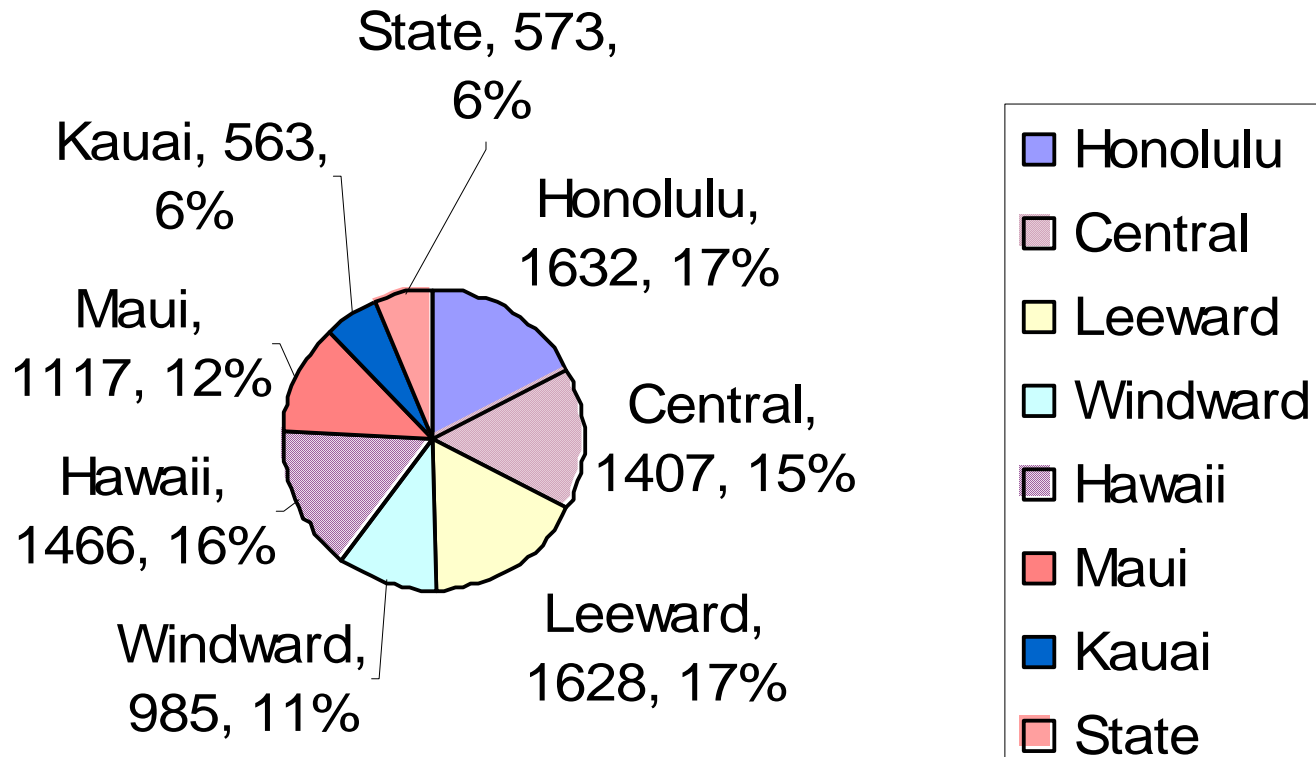


Data reflects actual positions not FTE

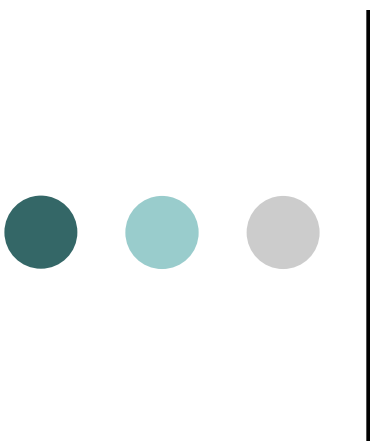


.....only 6% are at the State level.

### Total Classified Positions - 2003\*

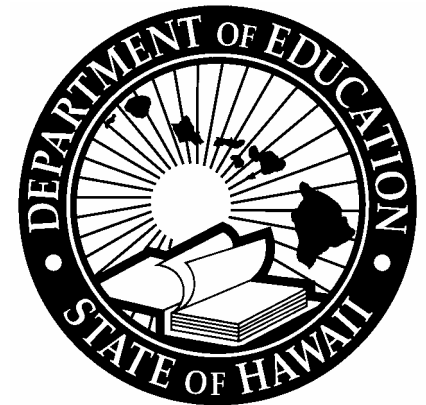
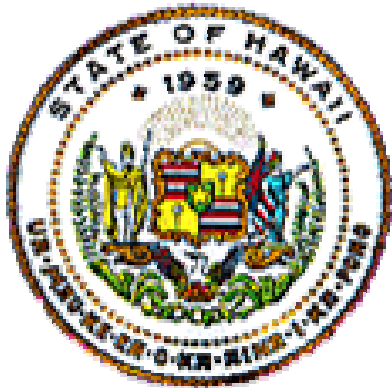


\* Actual Positions, not FTE

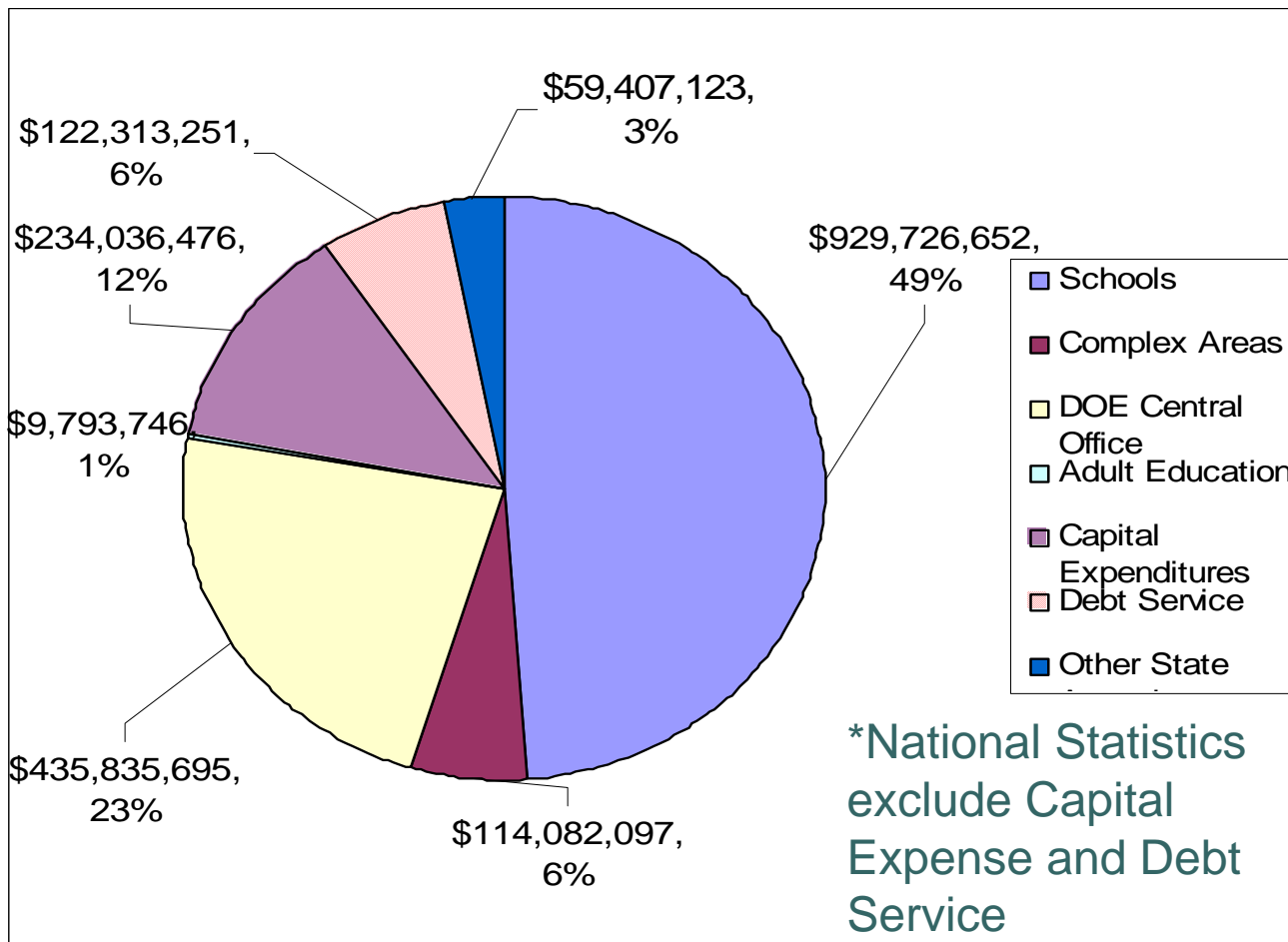


# Hawaii Department of Education Financial Data

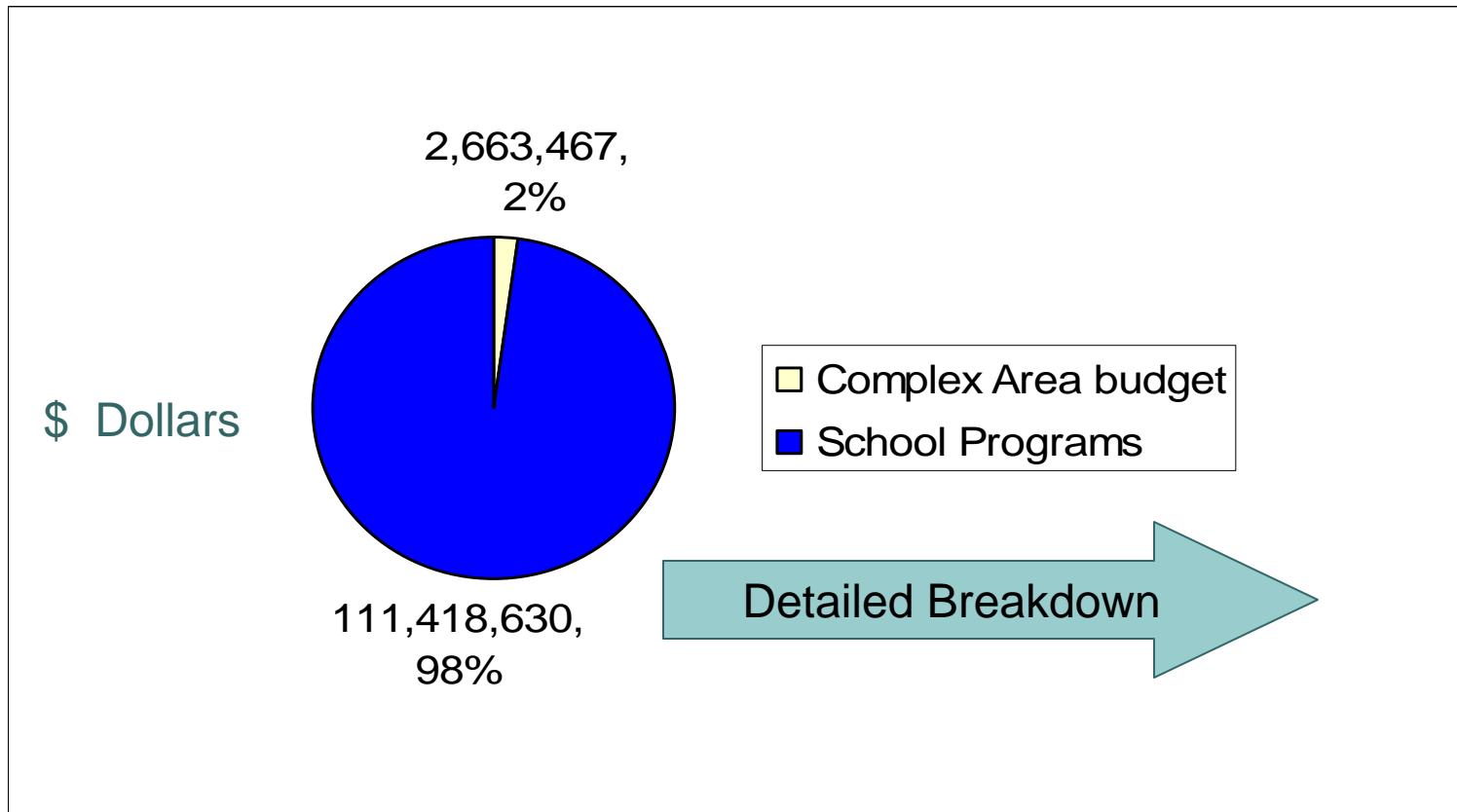
Per the Cooper/Ouchi Model  
November 2003



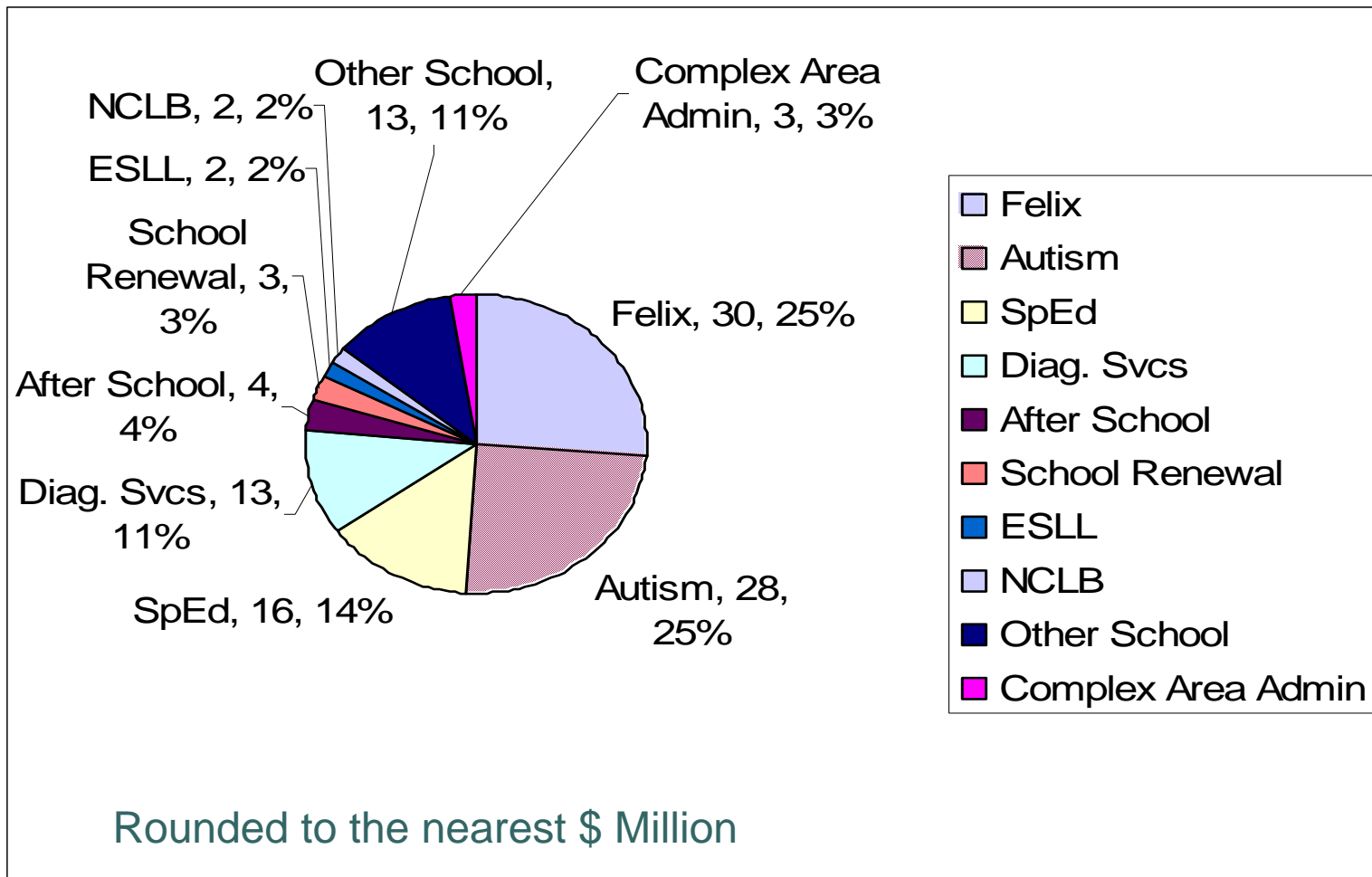
Cooper/Ouchi Model mixes Operational expense with Capital Expense and Debt Service.\*



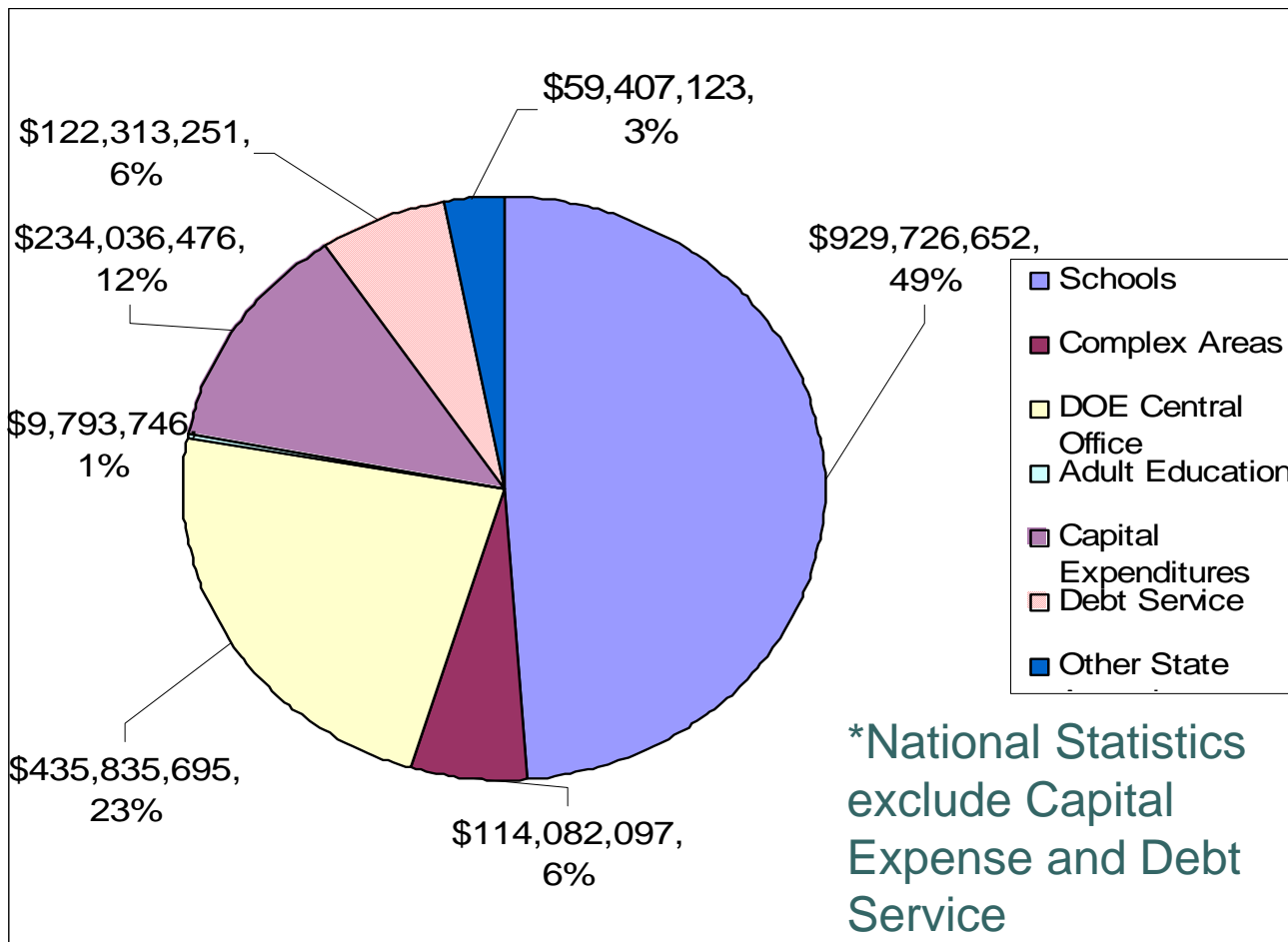
● ● ● | “Complex Area Spending” :  
\$114 Million...98% goes to the schools



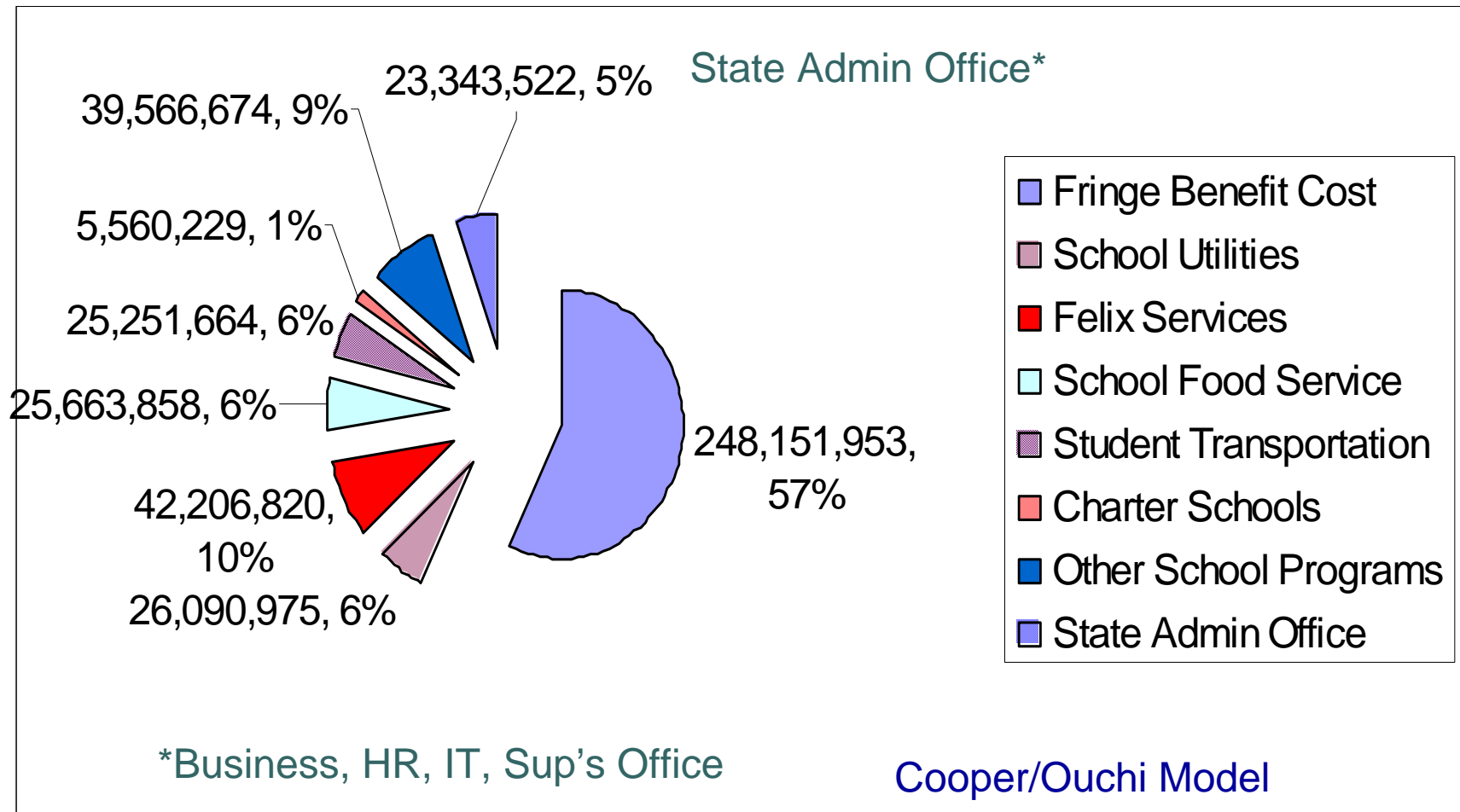
# More detail on the Complex Area Spending....\$114 Million

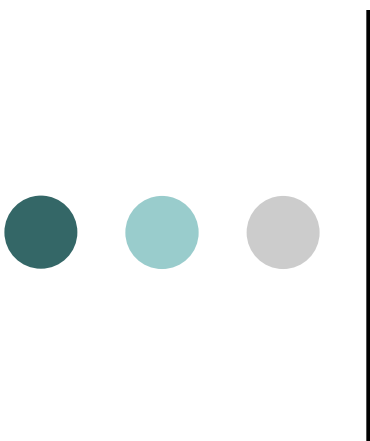


Cooper/Ouchi Model mixes Operational expense with Capital Expense and Debt Service.\*



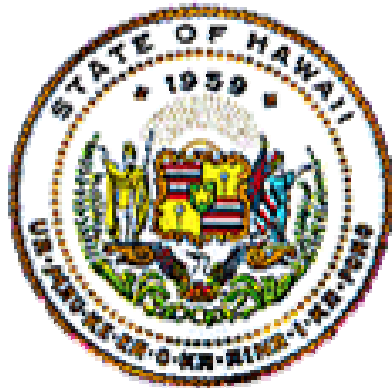
# “DOE Central Office Spending”: \$436 Million...95% goes to schools and fringe benefits.



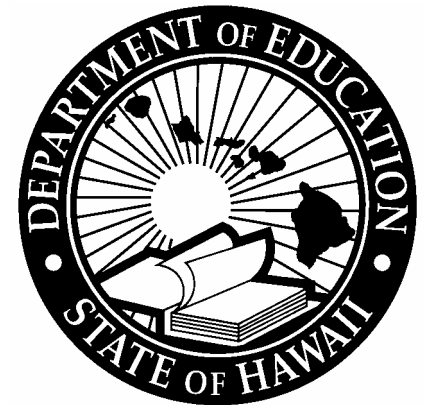


# Hawaii Department of Education Financial Data

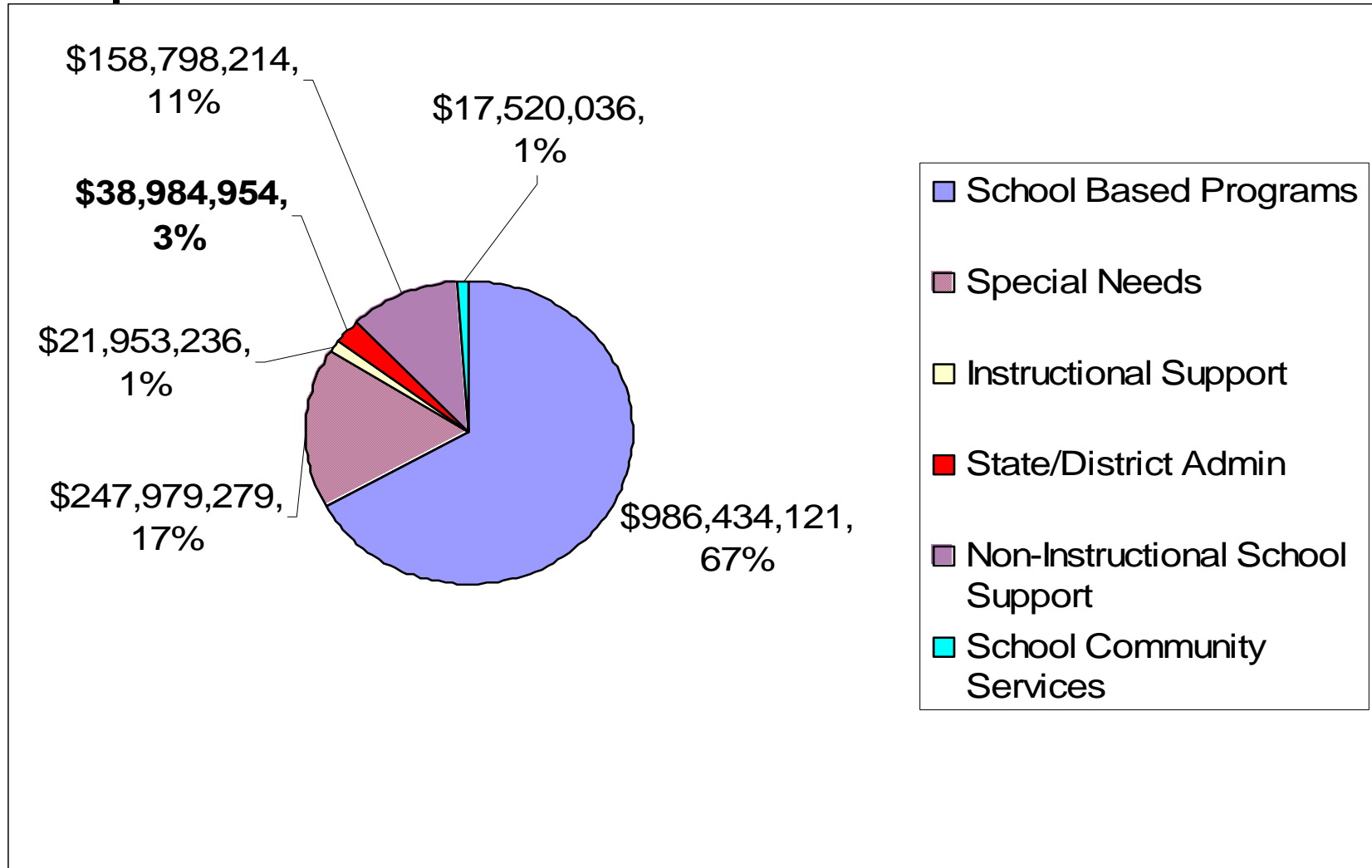
November 2003



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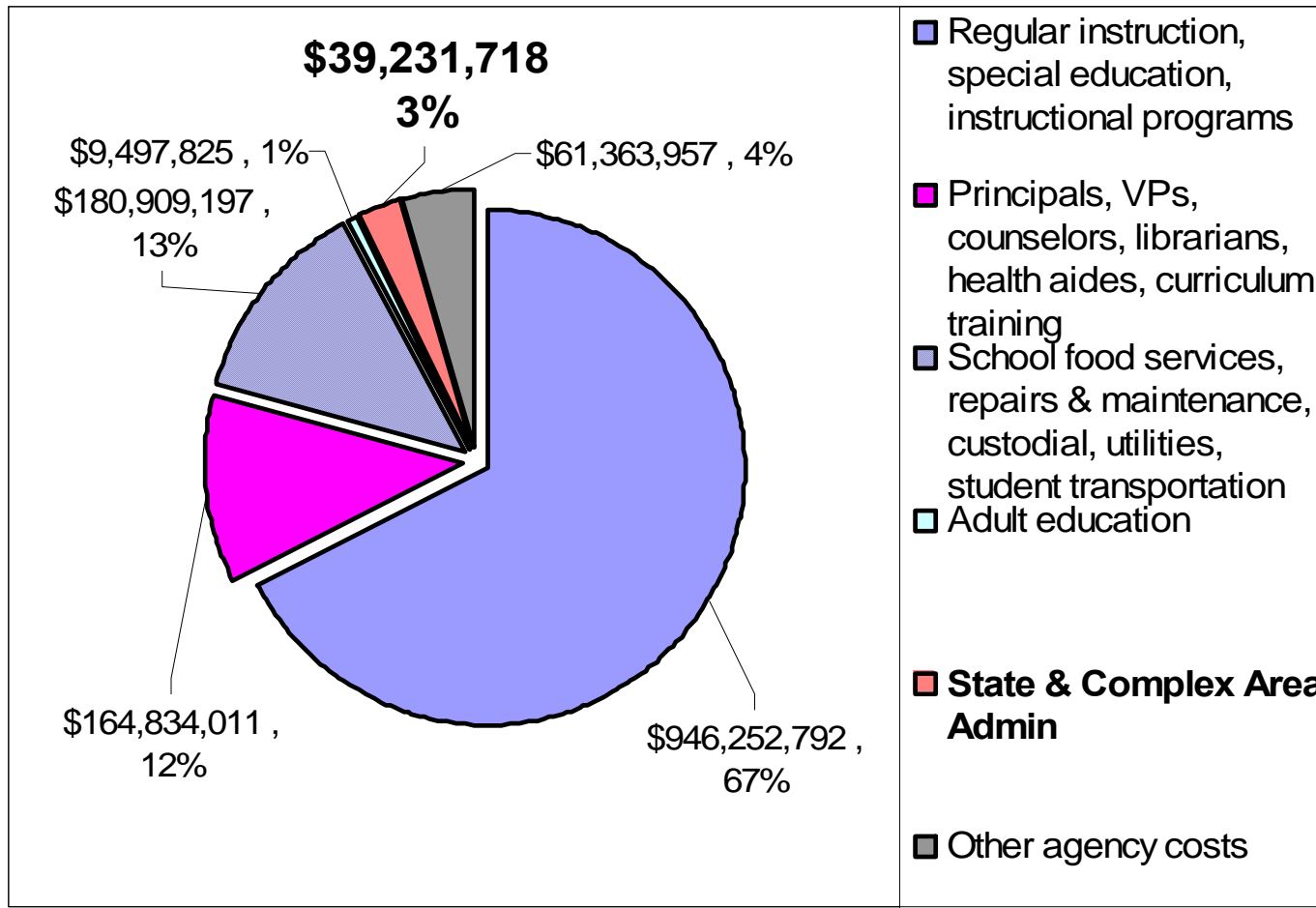


# Hawaii DOE Financial Data- Budget Allocation- \$1.46 Billion\*



\* Fiscal Year 2002-2003

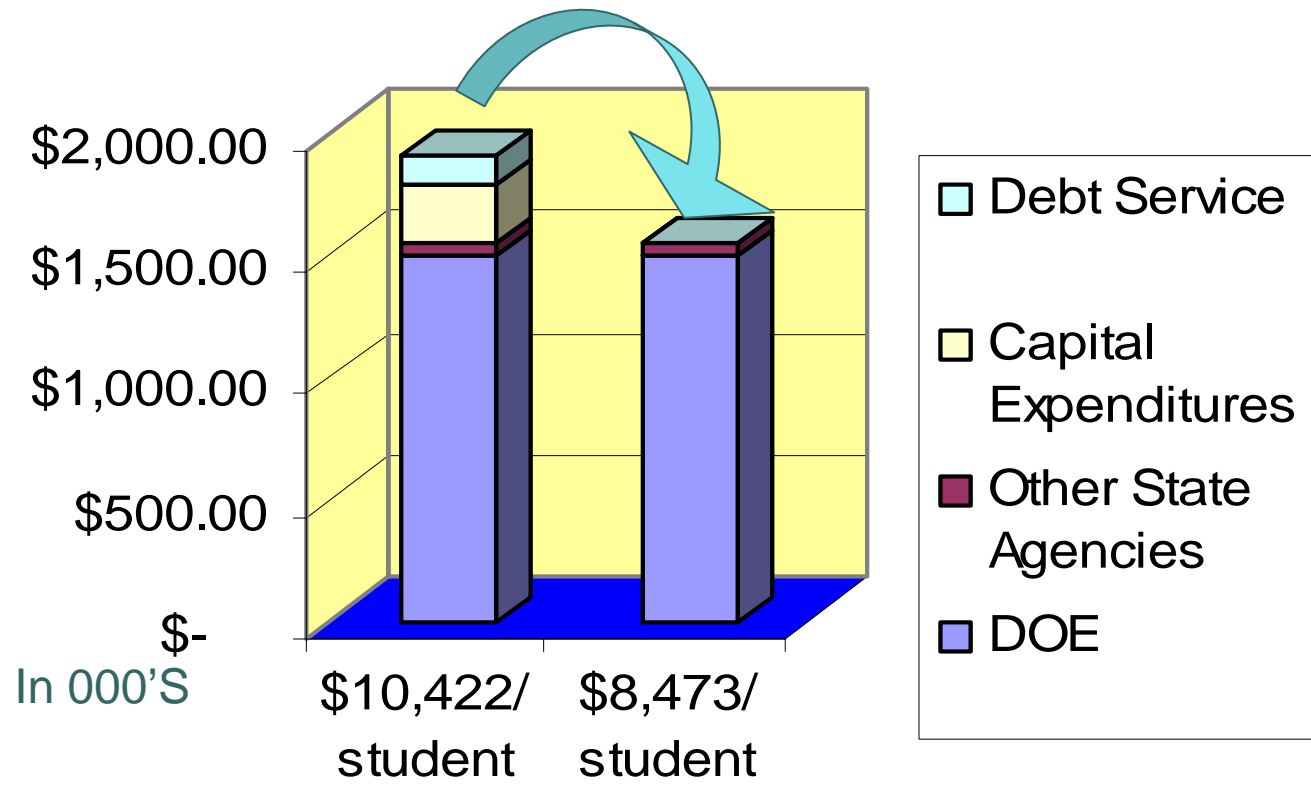
# State and Complex Area Costs: 3% of Total Expenditures\*



\*<sup>19</sup>Based on Fiscal Year 2002, including \$61 M other agency costs.

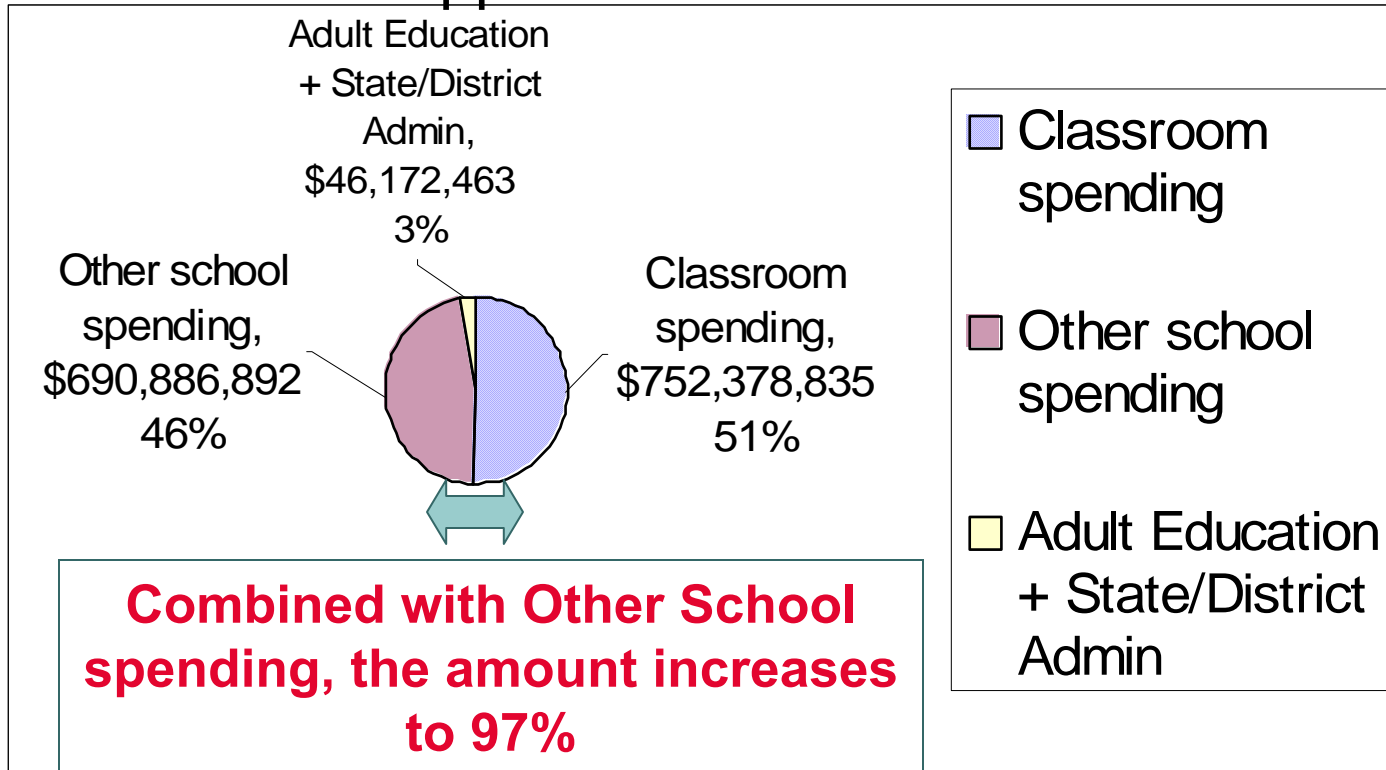
Cooper/Ouchi: "DOE per student spending is at \$10,422...much higher than reported."

Removing Capital Expenditures and Debt Service aligns per-student cost to national standards (NCES)



\* Other State Agencies Cost have always been reported to NCES.

Cooper/Ouchi: “Only 49% of DOE dollars go to classrooms.”  
 Although 51% is spent at the classroom, another 46% is also spent at the school level for student and classroom support.

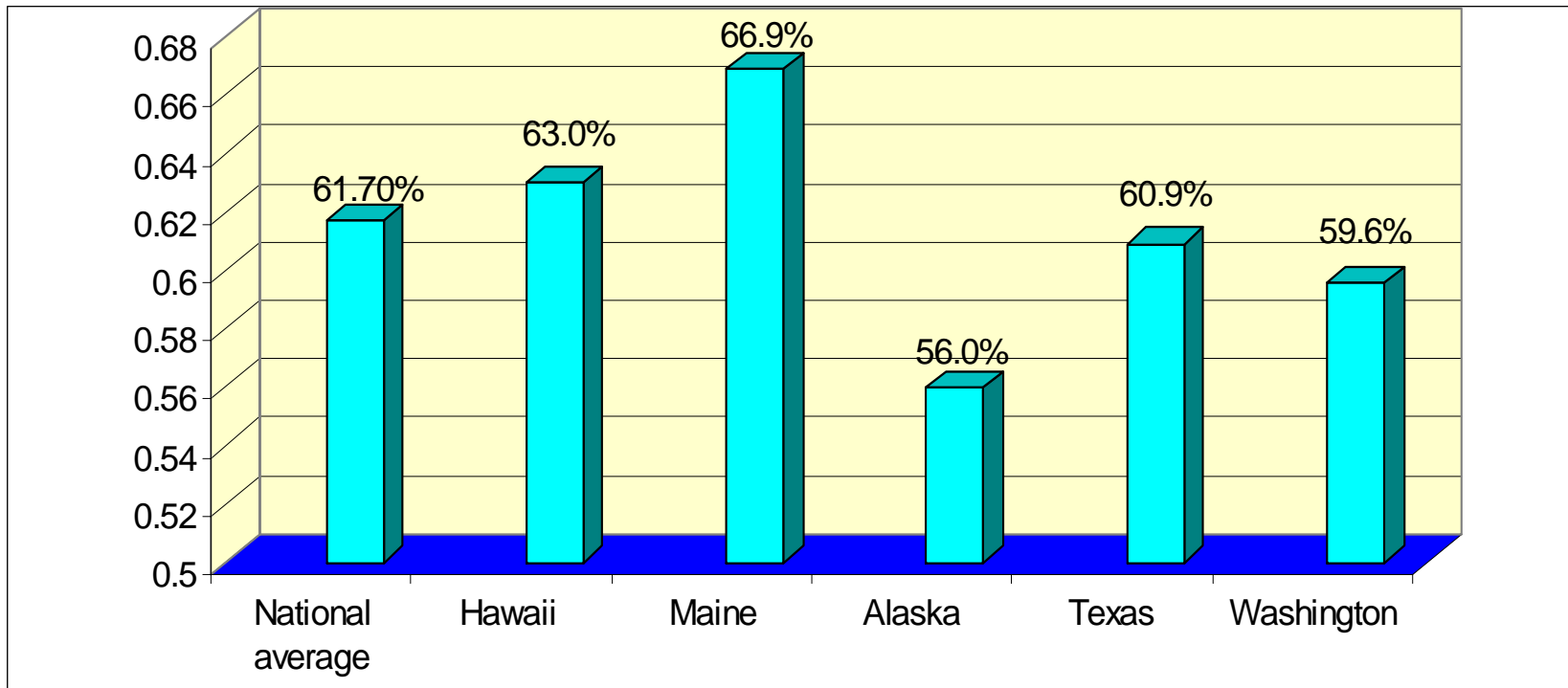


Total Operating Exp= \$1,489,438,190\*

51% is derived from a difference in fringe benefit allocation of \$144.5-106.5 = \$38 Million difference.



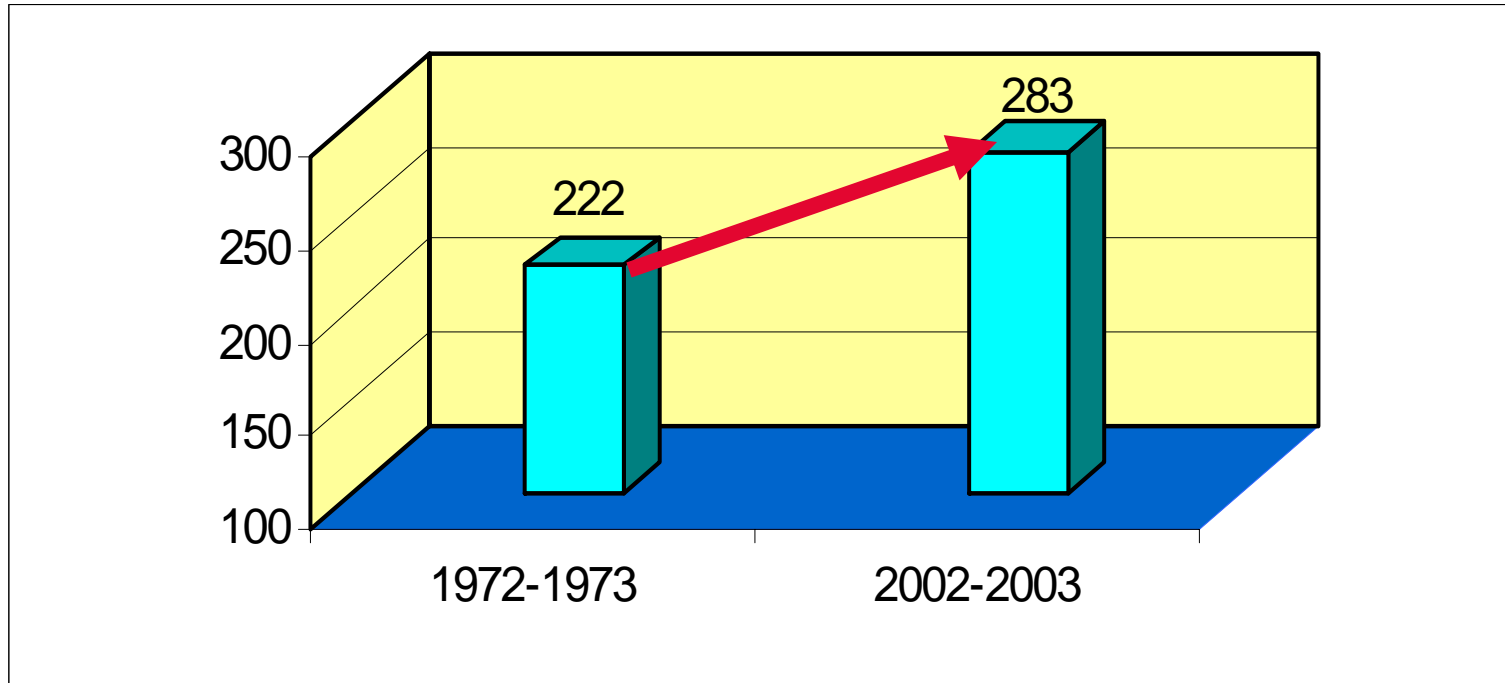
Hawaii exceeded National average in percentage of expenditure for instruction in SY 1999-2000.



U.S. DOE, National Center for Educational Statistics, "National Public Education Financial Survey 1999-2000.



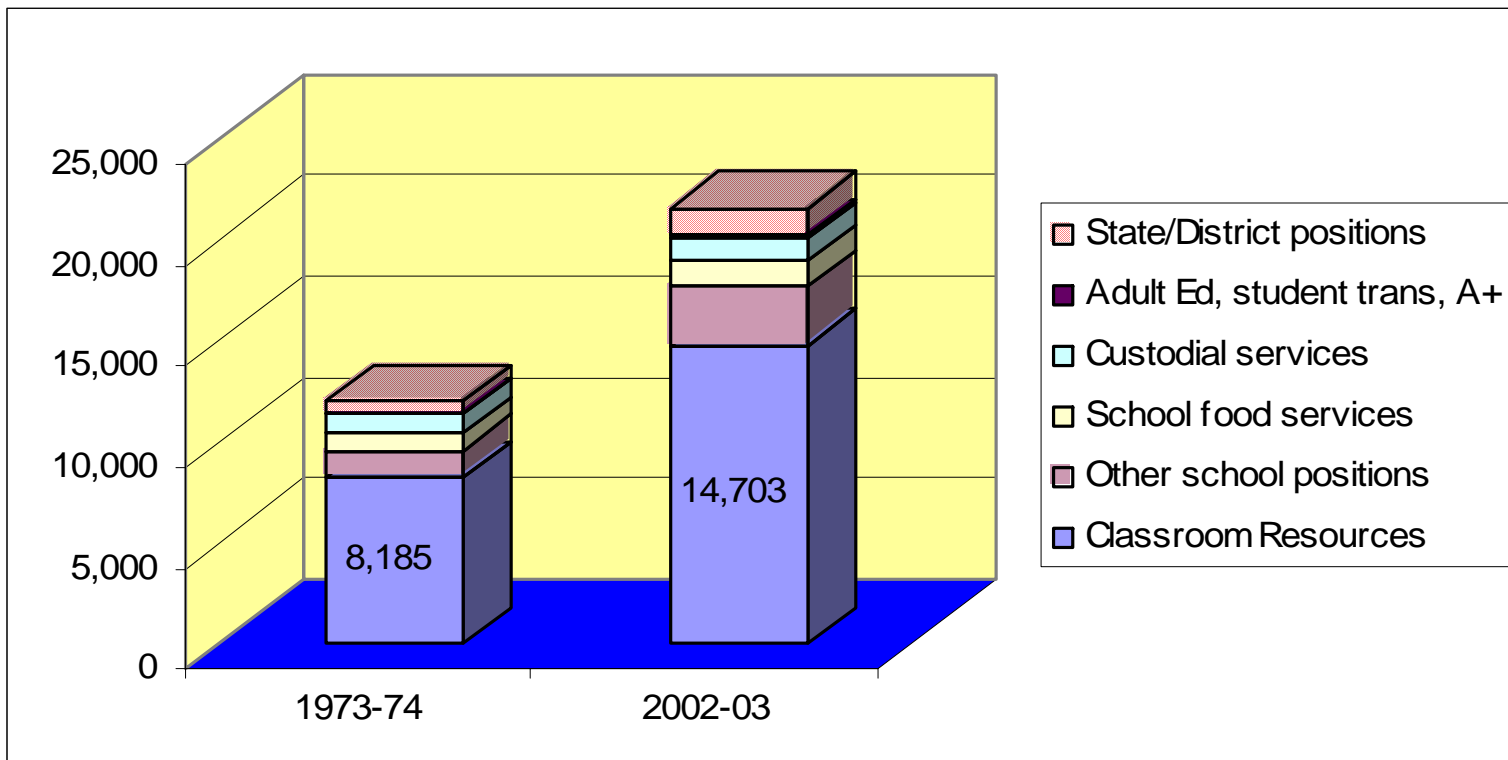
Cooper/Ouchi: Since 1973, DOE hiring is “out of control.”  
In thirty years, the number of public schools\* have increased 27%.



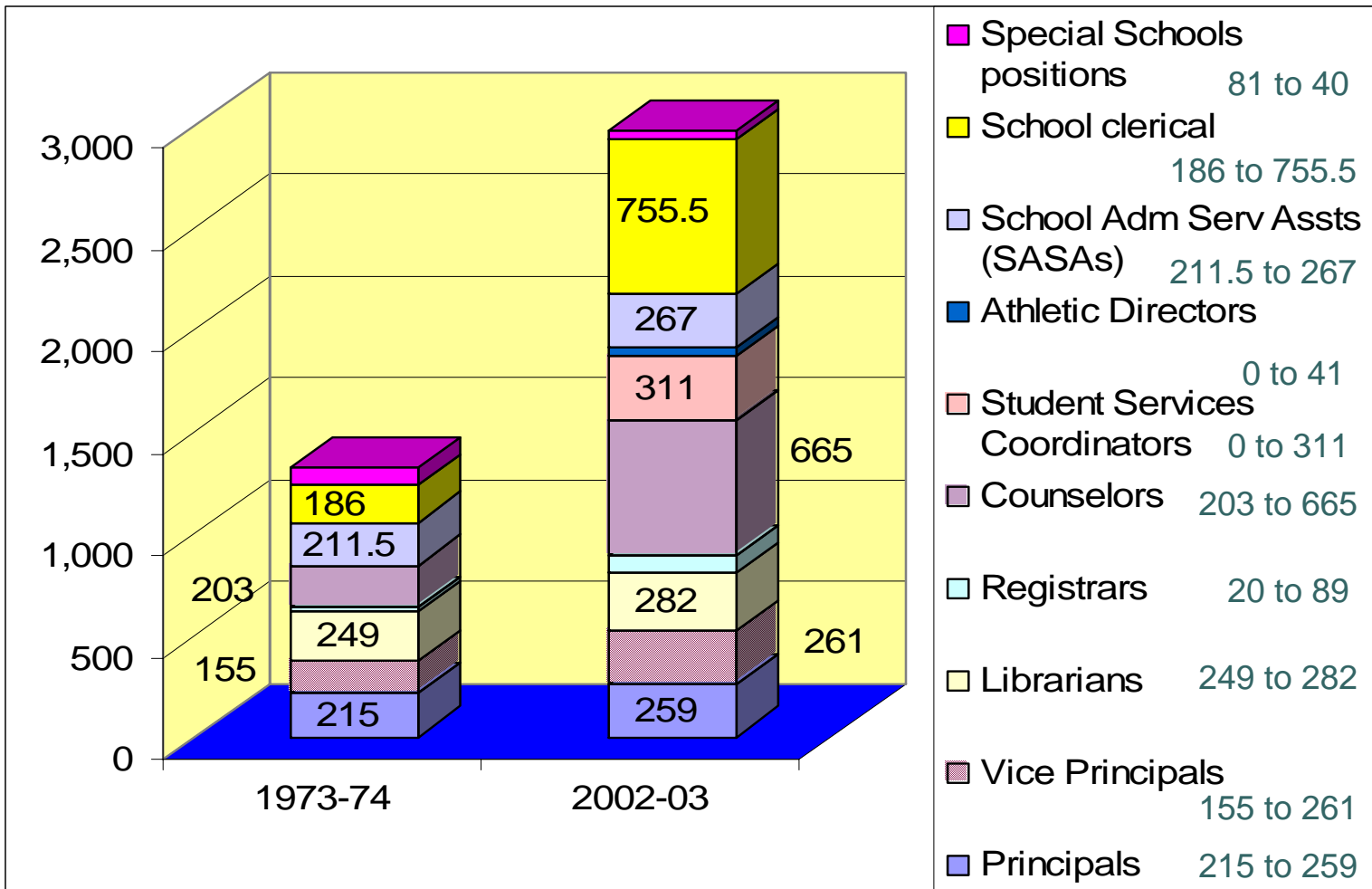
\*includes 25 charter schools/ excludes 11 Adult Community Schools

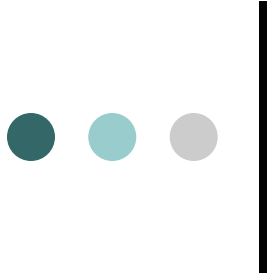


Cooper/Ouchi: Since 1973, DOE hiring is “out of control.”  
30 year increase in employee count has  
been primarily in the classrooms.



Focus on Comprehensive Student Support, the Felix Consent Decree, and decentralizing more authority to school principals have caused significant increases in other school positions.

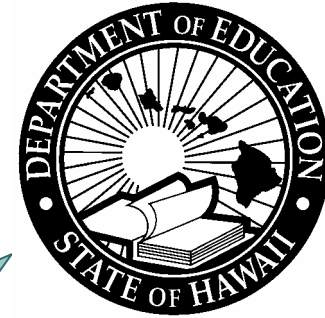




# The increase in resources is to meet the changing social issues...

- Single parents
- Foster parents
- Homeless children
- Limited English Proficiency Population
- Drug Abuse
- Domestic Violence
- Other economic stressors

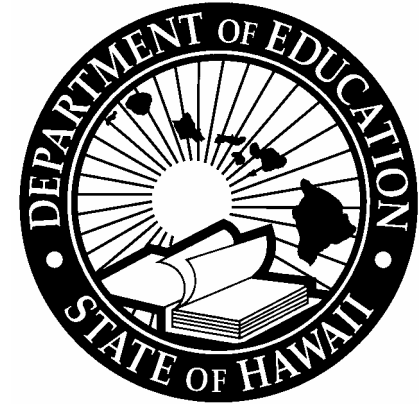
We are in a reactive, catch-up mode as indicated by our Felix experience.



The Student of today is  
different from the student of  
thirty years ago!!



# Questions?



## Key points:

1. Data can be used to draw any number of conclusions
2. Let's not confuse fact with bias
3. We are open to listening to any suggestion that leads to better student achievement.