

Honolulu, Hawaii

APR - 7 2006

RE: H.B. No. 1866  
H.D. 1  
S.D. 2

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1866, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

begs leave to report as follows:

The purpose of this measure is to provide the University of Hawaii with autonomous authority over its accounting systems and other purchasing responsibilities and duties until June 30, 2010.

Your Committee finds that the Auditor's Report: "Systemwide Financial Audit of the University of Hawaii System: Phase 1" was very critical of the financial management practices at the University of Hawaii at Manoa. The report found that "the budget process and financial system of the Manoa campus do not fully ensure fiscal accountability. The Manoa campus's budget impedes the efficient and effective use of resources ... the Manoa campus lacks a formal mechanism for monitoring program use of funds, resulting in little assurance that the campus has an adequate understanding of its overall fiscal condition ... the Manoa campus also lacks formal policies and procedures to ensure the proper use of general and tuition funds...".

Therefore, your Committee remains unconvinced that, at this point in time, the University of Hawaii is prepared for and deserving of the fiscal autonomy it seeks and, therefore, has amended the measure to provide the University with fiscal autonomy on a probationary basis for only two years.

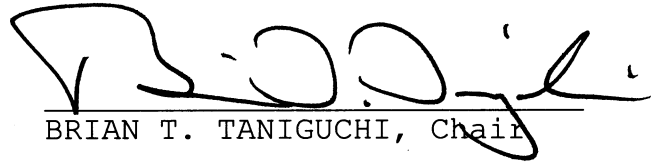


Your Committee has also amended the measure to also allow the Department of Education to exercise fiscal autonomy on a probationary basis for two additional years. Your Committee is in the process of studying the Department of Education's record concerning fiscal autonomy and has included the Department with the University in this measure for purposes of facilitating continuing discussion on this matter.

It is the intent of your Committee to revisit this issue again in two years to determine if permanent fiscal autonomy is warranted for the University of Hawaii and the Department of Education.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1866, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1866, H.D. 1, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Ways and Means,

  
BRIAN T. TANIGUCHI, Chair



**The Senate  
Twenty-Third Legislature  
State of Hawaii**

**Record of Votes of the  
Committee on Ways and Means  
(Bills and Resolutions)**

Measure:* HB 1866 HD1 SD1	Committee Referral: HRE/EDM/TGO, WAM	Date: 3/31/06		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is to: <input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
TANIGUCHI, Brian T. (C)	/			
TSUTSUI, Shan S. (VC)	/			
ENGLISH, J. Kalani				/
ESPERO, Will	/			
FUKUNAGA, Carol				/
HOOSER, Gary L.	/			
INOUYE, Lorraine R.	/			
KANNO, Brian	/			
KIM, Donna Mercado	/			
KOKUBUN, Russell S.	/			
NISHIHARA, Clarence K.	/			
SAKAMOTO, Norman	/			
HEMMINGS, Fred	/			
SLOM, Sam	/			
TRIMBLE, Gordon				/
TOTAL	12	0	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Do not list more than one measure per Record of Votes.