

STAND. COM. REP. NO.

2348

Honolulu, Hawaii

FEB 17

, 2006

RE: S.B. No. 3118
S.D. 1

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

Sir:

Your Committee on Higher Education, to which was referred
S.B. No. 3118 entitled:

"A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII,"

begs leave to report as follows:

The purpose of this measure is to authorize the University of Hawaii research and training revolving fund to be used for repair and replacement of research related equipment and facilities instead of being deposited into other funds for different uses.

Your Committee received testimony in support of this measure from the University of Hawaii.

Your Committee finds that the research and training revolving fund was established in 1974 to pay for research and training activities at the University. The state auditor, in a 2004 report (04-13), found that the research and training revolving fund "does not meet all criteria for a revolving fund." The legislature found that the University of Hawaii's corrective action to the auditor's finding was to reclassify the research and training revolving fund as a special fund. However, pursuant to statute, moneys from the fund were deposited from the fund into the discoveries and inventions revolving fund and the University of Hawaii housing assistance revolving fund.

Your Committee further finds that the University of Hawaii needs to invest more in repair and maintenance of research equipment and facilities in order to achieve preeminence as a top

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research university. The legislature believes that the current unfunded deferred maintenance backlog of \$175,000,000 as well as other equipment repair and replacement needs that are related to research activities will benefit by maintaining all indirect costs recovered in the research and training fund. The legislature believes the research and training revolving fund should be reclassified as a special fund and that all of its funds should be reinvested in the research infrastructure.

Your Committee has amended this measure by changing the research and training revolving fund into a special fund.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3118, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3118, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Higher Education,



CLAYTON HEE, Chair



