

STAND. COM. REP. NO. 3066

Honolulu, Hawaii

MAR 20 2008

RE: H.B. No. 2978  
H.D. 1  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Education, to which was referred H.B. No. 2978, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

begs leave to report as follows:

The purpose of this measure is to establish the Funding Formula Task Force to develop an equitable, consistent, and responsive funding formula for the distribution of fiscal resources throughout the University of Hawaii system.

Testimony in support of the measure was submitted by the University of Hawaii at Hilo and the University of Hawaii at Hilo Student Association. Comments on the measure were submitted by the University of Hawaii System and the Office of Information Practices.

Your Committee finds that the higher education provided to students of the University of Hawaii system is crucial to the prosperity of the State. The State must commit resources and other support as an investment in higher education to ensure the development of a qualified and trained workforce to support the current and future needs of the State. Funding is a key issue for the University of Hawaii for the provision of quality academic programs taught by capable educators and including strong student support that will allow the State to reap wide-reaching, long-term benefits. This measure establishes the Funding Formula Task Force to develop an appropriate funding formula for the University of



Hawaii System and appropriates funds for those campuses that have seen significant enrollment increases.

Testimony provided indicated that a more comprehensive approach to developing the long-term financial plan of the University of Hawaii, including various methods for reassessing funding models, should be taken. Your Committee believes that goals such as education quality and effectiveness, access-diversity-equity, efficiency and productivity, contribution to state need, and connection and contribution to other education sectors, including measures related to increasing student enrollment, need to be translated from goals and measures in annual reports to a more select list of indicators that can be easily understood and followed.

Accordingly, your Committee has amended this measure by deleting its contents and replacing it with language included in S.B. No. 3250, S.D. 2, with additional changes, which accomplishes the following with respect to the incentive and performance outcome funding component of the University of Hawaii's long-range financial plan:

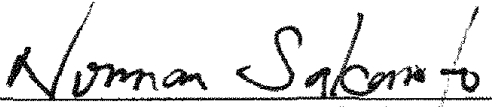
- (1) Increases the legislative and public support for higher education;
- (2) Allocates funds through a dual approach of incentives and performance-based funding;
- (3) Monitors the general condition of the University system;
- (4) Identifies potential sources of problems or areas for improvement;
- (5) Improves the effectiveness and efficiency of colleges within the University system;
- (6) Focusing program, department, college, and university efforts on state priorities and goals;
- (7) Assesses progress on state priorities and goals to improve graduate and undergraduate education;
- (8) Improves consumer information on higher education;



- (9) Specifies information to be included in the annual incentive and performance reports beginning in 2008;
- (10) Requires the University of Hawaii to hire an independent higher education finance expert to report and make recommendations on full-time equivalent enrollment;
- (11) Appropriates funds for the hiring of an independent higher education finance expert; and
- (12) Makes the effective date of the measure July 1, 2008.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2978, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2978, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

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

  
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NORMAN SAKAMOTO, Chair



