

STAND. COM. REP. NO.

2260

Honolulu, Hawaii

FEB 13 2008

RE: S.B. No. 3250
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 S.B. No. 3250 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 require the University of Hawaii to develop a system of institutional financial performance incentives.

Testimony in support of the measure was submitted by the University of Hawaii System. Comments on the measure were also submitted by the University of Hawaii at Hilo.

Your Committee finds that, as the only public postsecondary educational institution in the State, the University of Hawaii System bears great responsibility in providing quality higher education to its students and accountability to the public. While the Legislature respects the System's autonomy, it is concerned with the System's long-term financial and budgeting plans, stated objectives, and the correlation between budgeting and meeting those objectives, including graduating and growing a workforce to meet the needs of the State. Your Committee further finds that, in 2007, pursuant to Senate Concurrent Resolution No. 137, the Legislature requested the System to report on the linking of funding for individual campuses and performance goals. In line with the foregoing, this measure helps to ensure that the System is executing a financial plan that is directly aligned with meeting its strategic goals.

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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.

However, based on testimony provided, your Committee understands that clarification, as well as flexibility, is necessary to allow the System to meet its goals and to provide necessary information to the Legislature, which will assist the Legislature in allocating funds for the System's purposes.

Accordingly, your Committee has amended this measure by:

- (1) Removing the specific requirements for the 2009 annual report to the Legislature;
- (2) Requiring the University of Hawaii to continue to collect and maintain benchmark data in accordance with section 304A, Hawaii Revised Statutes;
- (3) Removing the specific requirement that annual reports reflect the following five state goals:
 - (A) Education quality and effectiveness;
 - (B) Access-diversity-equity;
 - (C) Efficiency and productivity;
 - (D) Contributions to state needs; and
 - (E) Connection and contribution to other education sectors;
- (4) Specifying that proposed incentive plans shall include identification of the goals, performance outcome measures, and the sources of funding, which may include new general fund appropriations, reallocated existing general fund appropriations, and other sources of funding available to the University;



- (5) Requiring data appropriate to the individual performance measure to be provided in the annual reports; and
- (6) Making technical, nonsubstantive changes for purposes of clarity and style.

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 S.B. No. 3250, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3250, 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,



NORMAN SAKAMOTO, Chair



