



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented to the
Senate Committee on Ways and Means

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by

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SB 2675 SD1 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Baker, Vice Chair Tsutsui, and Members of the Committee:

This bill amends section 304A-2251, HRS by reinstating language authorizing the transfer of all University funds, with the exception of general funds, into the University of Hawaii Commercial Enterprise Revolving Fund to finance the establishment of new enterprises. The Senate Committee on Education amended the bill (SD1) to restrict the use of tuition funds for establishing new commercial enterprises.

Act 196 SLH2001, approved May 31, 2001, authorized the use of all University funds, except general funds, to be used to finance the establishment of new enterprises. This provision sunset in 2004 and has limited the University's ability to take advantage of opportunities to establish or participate in commercial activities. Revenues derived from commercial enterprises are used for the general benefit of the University of Hawaii. An example of a successful commercial enterprise is the Rainbowtique outlet at Victoria Ward Center.

The University strongly supports passage of this bill as it would allow the University the ability to help reduce its reliance on State funding sources. We respectfully request that the measure be amended to allow the use of tuition funds for the establishment of new commercial enterprises as tuition revenues are the least restrictive of the University special and revolving funds. Passage of this measure will allow to university to provide start-up funding for new commercial enterprises with the goal of generating additional revenue for the common benefit of the university.

Thank you for the opportunity to provide written testimony on this measure.

The word "allocating" seems to have been omitted, and changing from "approximately" to up to two per cent is consistent with the last sentence of Section Two, which reads, "The plan shall include a summary of what amount or percentage of up to two per cent of the overall incentive and performance plan budget shall be allocated to each program, department, college, campus, or system level."

Second, we appreciate the opportunity to be part of an educational compact, as noted in the bill, that addresses Hawai'i's major economic challenges with aligned and long term goals for the University of Hawai'i. What is not clear is an explanation of what is meant by an educational compact. We understand that a compact would consist of groups that agree to work together to address our state's needs and public higher education's responsibility. As your public university we are accountable to the people of Hawai'i, and would also request a statement of intent from the legislature committing to public higher education. Our recommendation would be to amend SB 3250, SD1 by adding a sentence to strengthen the idea of an educational compact.

It would seem that the most appropriate section for this language would be in Section 1, page 3 in the current draft of the bill. We would recommend this amendment to lines 18-21 on page 3:

The university would be accountable for meeting performance standards. In turn, the legislature will seek to provide increased flexibility and stability of funding to the University of Hawai'i. The higher education compact would be used to clearly link funding for the university with specific goals and performance measures.

We look forward to working with you to address Hawai'i's state needs and to support the university as it develops its long term plan. Thank you for the opportunity to testify.