



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
March 9, 2010 at 2:05 p.m.

by

Howard Todo

Vice President for Budget & Finance/CFO, University of Hawai'i

SB 2389 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Chang, Vice Chair Nakashima and Members of the Committee:

The University strongly supports the passage of this measure.

The purpose of this bill is to enable the University to retain the flexibility to use different sources of University funding to develop and establish commercial enterprises, as presently permitted under section 304A-113, Hawai'i Revised Statutes (HRS). This would be accomplished by deleting the repeal date for the latest amendments to section 304A-2251, HRS, that were contained in Act 106, Session Laws of Hawai'i 2008 (Act 106).

Act 193, Session Laws of Hawai'i 2001 (Act 193), authorized the use of all University funds except general funds to finance the establishment of new commercial enterprises. These statutory amendments sunset on June 30, 2004.

Act 106 amended section 304A-2251, HRS, to reinstate the provision that granted the University the flexibility to use University funding from various sources (except general funds) to finance the establishment of new commercial enterprises. The University's flexibility to use various sources of University funding under Act 106 is scheduled to expire as of June 30, 2011. Preserving this flexibility to use various sources of University funding (except general funds) is important to maintaining a healthy and productive University commercial enterprise system. If this authority is not continued, there will likely be significantly less funding available to properly maintain the University's commercial enterprise system and take advantage of new or unique commercial opportunities.

Revenues derived from commercial enterprise activities will be used for the general benefit of the University of Hawai'i.

The University strongly supports passage of this bill as it would enable the University to help reduce its reliance on State funding sources. The University needs to develop alternative revenue sources and resources to more effectively carry out its mission of teaching, research, and public service. The establishment and development of new commercial enterprises, and the continued operation of existing commercial enterprises, are anticipated to generate additional revenue that may be used to more effectively carry out the University's mission (teaching, research, and public service).

Thank you for the opportunity to testify on this measure.