

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 243, S.D. 1

February 25, 2011

RELATING TO THE WESTERN INTERSTATE COMMISSION FOR HIGHER
EDUCATION

Senate Bill No. 243, S.D. 1, establishes the Hawaii Western Interstate Commission for Higher Education within the University of Hawaii. The bill allows Hawaii Western Interstate Commission for Higher Education to establish a repayment policy for students who receive financial support from the Western Interstate Commission for Higher Education's Hawaii Professional Student Exchange Program. Senate Bill No. 243, S.D. 1, creates a Professional Student Exchange Program special fund to finance professional student exchange program activities and collection of delinquent obligations. The fund would generate revenues through repayment of financial support from former or current participants of the program and interest.

As a matter of general policy, the Department of Budget and Finance does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should:

- 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program;
- 2) provide an appropriate means of financing for the program or activity; and
- 3) demonstrate the capacity to be financially self-sustaining.

In regards to Senate Bill No. 243, S.D. 1, it is difficult to determine whether the fund would be self-sustaining.

WICHE WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION
AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION PROGRAM

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Testimony Presented Before the
Senate Committee on Ways and Means
February 25, 2011 at 9:00 am
By

Roy Ogawa, Roberta Richards and Dr. Steven Wheelwright
Hawai'i WICHE Commissioners

SB 243, SD1 RELATING TO THE WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

Chair Ige, Vice Chair Kidani and Members of the Committee:

The purpose of SB 243 is to: 1) establish and define the Hawai'i WICHE Commission as an entity, 2) provide the Hawai'i Commission with authority to establish a repayment policy for students who receive support through the WICHE Professional Student Exchange Program ("PSEP"), and 3) create a special fund to administer the program. As presently written, Chapter 304A, Part VII, Subpart D only provides for appointment of commissioners to the Western Interstate Commission for Higher Education and does not provide for or allow the Hawai'i commissioners to independently set terms and conditions upon Hawai'i PSEP students that receive support.

The WICHE Commissioners support the overall intent of this bill and appreciate the Legislature's continuing support of WICHE and concern for improving the return rates of Hawai'i residents who receive state support through WICHE-PSEP. The return of these professionals to the State of Hawai'i is very important to the economic and social health and well being of our State. Especially during these tough economic times, we should encourage the support of students who return to the State of Hawai'i after receiving assistance. One of the ways of assuring state policymakers that the State is getting a good return on their WICHE-PSEP investment dollars is by selecting those students who are willing to make a commitment to return to Hawai'i in exchange for the State's support of their professional education.

WICHE studies have shown that states that contractually require their students to return to the state have a higher rate of return and have an easier time providing return-rate information of their graduates, whereas other states rely on State licensing boards, professional associations and/or the department of labor. In 2006, the average rate of return for reporting WICHE states was 59 percent. The average rate of return for WICHE "payback states" was 74 percent. Non payback states tend to have lower rates, with an average of 39 percent.

Passing of this bill will give the WICHE Commissioners authority to develop a repayment policy for PSEP participants who decide not to return to Hawai'i to work. Furthermore, with the establishment of the special fund any dollars received from repayments will increase access for Hawai'i residents by supplementing legislative appropriations in support of professional education otherwise unavailable to our Hawai'i residents at home.

Furthermore, we support the language drafted in SB 242, which allows the Hawai'i Commission on WICHE to submit a report on our activities bi-annually.

Thank you for the opportunity to testify on this bill.

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