

# H.B. NO. 1103

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## A BILL FOR AN ACT

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RELATING TO THE FUNDS OF THE UNIVERSITY OF HAWAII.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. Section 304A-2252, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           "~~[f]~~§304A-2252~~[+]~~ **Child care programs** ~~[revolving]~~ special  
4 **fund**. There is established a child care programs ~~[revolving]~~  
5 special fund for the operation of child care programs established  
6 under section 304A-116 and the construction and renovation of  
7 child care centers established by the University of Hawaii. Fees  
8 charged for child care at child care programs, proceeds from  
9 donations to the university for child care programs, and proceeds  
10 from loans or other instruments of indebtedness for the  
11 construction or renovation of child care centers shall be  
12 deposited into the ~~[revolving]~~ special fund. Expenditures from  
13 the ~~[revolving]~~ special fund shall be made for the operation of  
14 child care programs and payment of principal and interest on  
15 obligations incurred for the construction or renovation of child  
16 care centers."

17           SECTION 2. Section 304A-2253, Hawaii Revised Statutes, is  
18 amended to read as follows:

1            "[+]§304A-2253[+] **Research and training revolving fund.**

2        (a) There is established a University of Hawaii research and  
3        training revolving fund into which shall be deposited one  
4        hundred per cent of the total amount of indirect overhead  
5        revenues generated by the university from research and training  
6        programs. The board of regents is authorized to expend one  
7        hundred per cent of the revenues deposited in the fund for:

8            (1) Research and training purposes that may result in  
9            additional research and training grants and contracts;

10          (2) Facilitating research and training at the university;  
11          and

12          (3) Further deposit into the discoveries and inventions  
13          revolving fund [~~and the University of Hawaii housing~~  
14          ~~assistance revolving fund~~].

15          (b) The annual report required to be made for this  
16          revolving fund shall include but not be limited to a breakdown  
17          of travel expenses.

18          (c) Notwithstanding sections 304A-107[7] and [+]304A-  
19          2254[+], ~~and [304A-2258]~~ to the contrary, the board of regents  
20          or its designee, may establish a separate account within the  
21          research and training revolving fund for the purpose of  
22          providing advance funding to meet reimbursable costs incurred in

1 connection with federally financed research and training  
2 projects. Any reimbursement received as a result of providing  
3 advance funding shall be deposited into the research and  
4 training revolving fund to be used for the purpose of meeting  
5 reimbursable costs incurred in connection with federally  
6 financed projects.

7 (d) Revenues deposited into the fund shall not be used as  
8 a basis for reducing any current or future budget request or  
9 allotment to the university unless the university requests such  
10 a reduction."

11 SECTION 3. Section 304A-2254, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 "~~[ ]~~ §304A-2254 ~~[ ]~~ Discoveries and inventions ~~[revolving]~~  
14 special fund. There is established a discoveries and inventions  
15 ~~[revolving]~~ special fund into which shall be deposited a portion  
16 of the total indirect overhead funds generated by the university  
17 for research and training purposes in the prior fiscal year, as  
18 determined by the board of regents. Appropriations by the  
19 legislature subject to the approval of the governor, proceeds  
20 from the commercial exploitation of inventions and intellectual  
21 property developed at the university, gifts, donations, fees

1 collected, and grants from public agencies and private persons  
2 may also be deposited into the fund for the purposes of  
3 supporting innovation and research commercialization and the  
4 patenting, copyrighting, licensing, and marketing of  
5 discoveries, inventions, and technologies developed at the  
6 university. The fund shall be used to develop technologies that  
7 have potential commercial value, support the administration of  
8 technology transfer activities, and facilitate economic  
9 development through education and research undertaken at the  
10 university."

11 SECTION 4. Section 304A-2259, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 "~~[§] §304A-2259 [§]~~ University of Hawaii alumni ~~[revolving]~~  
14 special fund. There is established the University of Hawaii  
15 alumni ~~[revolving]~~ special fund into which shall be deposited  
16 funds and proceeds received by the university from alumni  
17 activities and donations from alumni. Funds deposited into this  
18 ~~[revolving]~~ special fund may be expended by the university for  
19 all costs associated with conducting alumni affairs, activities,  
20 and programs for the university system, including but not  
21 limited to expenses for honoraria, hotel and room rentals, food

1 and refreshment, printing and mailing, banners and signs,  
2 plaques and awards, airfare and per diem, leis, rental of  
3 audiovisual, musical, and stage equipment, and activity supplies  
4 and materials, without regard to statutory competitive bidding  
5 requirements."

6 SECTION 5. Section 304A-2261, Hawaii Revised Statutes, is  
7 amended to read as follows:

8 "[+]§304A-2261[+] **University of Hawaii at Manoa**  
9 **intercollegiate athletics [~~revolving~~] special fund and**  
10 **University of Hawaii at Hilo intercollegiate athletics**  
11 **[~~revolving~~] special fund.** Notwithstanding any other law to the  
12 contrary, there are established the University of Hawaii at  
13 Manoa intercollegiate athletics [~~revolving~~] special fund and the  
14 University of Hawaii at Hilo intercollegiate athletics  
15 [~~revolving~~] special fund for the intercollegiate athletic  
16 programs of the University of Hawaii at Manoa and the University  
17 of Hawaii at Hilo, which shall be used to receive, deposit,  
18 disburse, and account for funds from the activities of the  
19 intercollegiate athletic programs. The university may establish  
20 appropriate charges for activities related to its athletic  
21 programs and the use of its athletic facilities, the proceeds

1 from which shall be deposited into these [~~revolving~~] special  
2 funds.

3 The university shall maintain the financial integrity and  
4 viability of these [~~revolving~~] special funds, including the  
5 maintenance of an adequate reserve to cope with the various  
6 factors that impact the revenue structure of an intercollegiate  
7 athletic program."

8 SECTION 6. Section 304A-2262, Hawaii Revised Statutes, is  
9 amended to read as follows.

10 "[~~+~~]**§304A-2262**[~~+~~] **Animal research farm, Waialeale, Oahu**  
11 [~~revolving~~] special fund. There is established the animal  
12 research farm, Waialeale, Oahu [~~revolving~~] special fund for the  
13 animal research farm, Waialeale, Oahu, operated by the college of  
14 tropical agriculture and human resources of the University of  
15 Hawaii, into which shall be deposited the receipts from fees  
16 realized from the sale of livestock, services, and supplies.  
17 Funds deposited into this [~~revolving~~] special fund shall be  
18 expended for animal research, and services and supplies related  
19 thereto."

20 SECTION 7. Section 304A-2271, Hawaii Revised Statutes, is  
21 amended to read as follows:

1            "[+]§304A-2271[+] University of Hawaii-Hilo theatre  
2    ~~[revolving]~~ special fund. There is established the University  
3    of Hawaii-Hilo theatre ~~[revolving]~~ special fund, which shall  
4    consist of admissions, advertising sales, corporate  
5    sponsorships, marketing, merchandising, donations, fund-raising,  
6    fees, charges, and other moneys collected in conjunction with  
7    the University of Hawaii-Hilo theatre program. The ~~[revolving]~~  
8    special fund shall be administered by the office of  
9    administrative affairs of the University of Hawaii at Hilo.  
10   Funds may be expended for all costs associated with the theatre  
11   program, including artists' fees, production costs, personnel  
12   costs, honoraria, per diem, hotel and room rentals, food and  
13   refreshments, printing and mailing, advertising, airfare, leis,  
14   rental or purchase of equipment, and theater supplies and  
15   materials."

16            SECTION 8. Section 304A-2158, Hawaii Revised Statutes, is  
17   repealed.

18            ~~["[§304A-2158] Western Governors University special fund.~~  
19   ~~There is established a Western Governors University special fund~~  
20   ~~into which shall be deposited all revenues derived from the~~  
21   ~~State's participation in the Western Governors University,~~

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1 ~~except University of Hawaii income from tuition and fees charged~~  
2 ~~for regular courses of instruction and tuition-related course~~  
3 ~~and fee charges to students. The fund shall be administered by~~  
4 ~~the board of regents of the University of Hawaii and shall be~~  
5 ~~used for the State's membership and participation in the Western~~  
6 ~~Governors University." ]~~

7 SECTION 9. Section 304A-2258, Hawaii Revised Statutes, is  
8 repealed.

9 ~~"[§304A-2258] University of Hawaii housing assistance~~  
10 ~~revolving fund. There is established the University of Hawaii~~  
11 ~~housing assistance revolving fund into which shall be deposited~~  
12 ~~a portion of the total indirect overhead funds generated by the~~  
13 ~~university for research and training purposes in the prior~~  
14 ~~fiscal year as determined by the board of regents. The fund~~  
15 ~~shall be used to:~~

16 ~~(1) Implement the university housing assistance master~~  
17 ~~plan, in accordance with policies adopted by the board~~  
18 ~~of regents; and~~

19 ~~(2) Account for all transactions of the university housing~~  
20 ~~assistance program, including but not limited to~~  
21 ~~revenues, expenditures, loans, and transfers." ]~~

1 SECTION 10. Section 304A-2265, Hawaii Revised Statutes, is  
2 repealed.

3 ~~["§304A-2265] International exchange healthcare tourism~~  
4 ~~revolving fund.~~ (a) ~~There is established the international~~  
5 ~~exchange healthcare tourism revolving fund for the international~~  
6 ~~exchange of healthcare tourism program into which shall be~~  
7 ~~deposited all donations, gifts, contributions, legislative~~  
8 ~~appropriations, and moneys generated by the program through~~  
9 ~~education, training, and research contracts and grants. Moneys~~  
10 ~~deposited into this fund for the school of medicine and the~~  
11 ~~school of nursing and dental hygiene shall be divided into~~  
12 ~~separate accounts for each school, provided that moneys not~~  
13 ~~designated for use by a particular school shall be divided~~  
14 ~~equally. Moneys shall be expended from each account by the~~  
15 ~~school of medicine and the school of nursing and dental hygiene,~~  
16 ~~for student aid, training projects, teaching, supplies,~~  
17 ~~services, and activities related to the development and~~  
18 ~~promotion of the health-related tourism education program.~~

19 ~~(b) All unexpended and unencumbered moneys appropriated by~~  
20 ~~the legislature remaining in the fund at the close of each~~  
21 ~~fiscal year that are deemed, by the director of finance, to be~~  
22 ~~in excess of the moneys necessary to carry out the purposes of~~

1 ~~this section over the next following fiscal year shall lapse to~~  
2 ~~the credit of the state general fund." ]~~

3 SECTION 11. Section 304A-2269, Hawaii Revised Statutes, is  
4 repealed.

5 ~~["~~§304A-2269~~ Community college and University of Hawaii~~  
6 ~~at Hilo bookstore revolving fund.~~ There is established the  
7 ~~community college and University of Hawaii at Hilo bookstore~~  
8 ~~revolving fund for the community college and University of Hawaii~~  
9 ~~at Hilo bookstores, from which shall be paid the cost of goods or~~  
10 ~~services rendered or furnished to the bookstores and which shall~~  
11 ~~be replenished through charges made for goods and services or~~  
12 ~~through transfers from other accounts or funds." ]~~

13 SECTION 12. Section 304A-2353, Hawaii Revised Statutes, is  
14 repealed.

15 ~~["~~§304A-2353~~ The Senator Hiram L. Fong scholarship~~  
16 ~~program; endowment trust.~~ (a) ~~There is established the Senator~~  
17 ~~Hiram L. Fong scholarship program to be administered by the~~  
18 ~~university with proceeds from an endowment trust that shall~~  
19 ~~receive its initial funding by an appropriation out of the~~  
20 ~~general revenues of the State. The program shall provide~~  
21 ~~financial support to students enrolled at any campus of the~~  
22 ~~university.~~

1       ~~(b) Awards shall be granted annually to one female student~~  
2 ~~and one male student who:~~

3       ~~(1) Are graduates of a public high school in the State;~~

4       ~~(2) Are upperclassmen at the university;~~

5       ~~(3) Submit winning essays to the board of regents on the~~  
6       ~~senator's contributions to Hawaii;~~

7       ~~(4) Have a demonstrated commitment to local community~~  
8       ~~issues, as shown by volunteer work and participation~~  
9       ~~in community organizations; and~~

10       ~~(5) Have a demonstrated interest and knowledge of the~~  
11       ~~history of immigration to Hawaii.~~

12       ~~(c) The amount to be awarded to a student shall be~~  
13 ~~determined by the board of regents with due regard to the total~~  
14 ~~amount of funds available for the program. The award that a~~  
15 ~~student receives under this program may be used to:~~

16       ~~(1) Pay for the costs of tuition and fees for a single~~  
17       ~~academic year;~~

18       ~~(2) Pay for the costs of textbooks and other instructional~~  
19       ~~materials for a single academic year;~~

20       ~~(3) Pay for the costs of room and board at a dormitory or~~  
21       ~~apartment maintained by the university for a single~~  
22       ~~academic year; or~~

1       ~~(4) Defray the difference between student need, as~~  
2           ~~determined by the Free Application for Federal Student~~  
3           ~~Aid, and the total cost of attendance for a single~~  
4           ~~academic year.~~

5       ~~(d) The board of regents shall adopt rules to implement~~  
6       ~~the Senator Hiram L. Fong scholarship program. The rules shall~~  
7       ~~be adopted pursuant to chapter 91 but shall be exempt from the~~  
8       ~~public notice and public hearing requirements.~~

9       ~~(e) The scholarship program shall be funded with proceeds~~  
10       ~~from an endowment trust established with initial funding by an~~  
11       ~~appropriation out of the general revenues of the State and shall~~  
12       ~~be administered by the board of regents for the purposes of~~  
13       ~~supporting the Senator Hiram L. Fong scholarship program." ]~~

14       SECTION 13. Section 304A-2354, Hawaii Revised Statutes, is  
15       repealed.

16       ["~~§304A-2354~~ ~~The Senator Oren E. Long scholarship~~  
17       ~~program; endowment trust.~~ (a) ~~There is established the Senator~~  
18       ~~Oren E. Long scholarship program to be administered by the~~  
19       ~~university with proceeds from an endowment trust that shall~~  
20       ~~receive its initial funding by an appropriation out of the~~  
21       ~~general revenues of the State. The program shall provide~~

1 ~~financial support to students enrolled at any campus of the~~  
2 ~~university.~~

3 ~~(b) Awards shall be granted annually to one female student~~  
4 ~~and one male student who:~~

5 ~~(1) Are graduates of a public high school in the State;~~

6 ~~(2) Are upperclassmen at the university; and~~

7 ~~(3) Submit winning essays to the board of regents on the~~  
8 ~~senator's contributions to Hawaii.~~

9 ~~(c) The amount to be awarded to a student shall be~~  
10 ~~determined by the board of regents with due regard to the total~~  
11 ~~amount of funds available for the program. The award that a~~  
12 ~~student receives under this program may be used to:~~

13 ~~(1) Pay for the costs of tuition and fees for a single~~  
14 ~~academic year;~~

15 ~~(2) Pay for the costs of textbooks and other instructional~~  
16 ~~materials for a single academic year;~~

17 ~~(3) Pay for the costs of room and board at a dormitory or~~  
18 ~~apartment maintained by the university for a single~~  
19 ~~academic year; or~~

20 ~~(4) Defray the difference between student need, as~~  
21 ~~determined by the Free Application for Federal Student~~

1           ~~Aid, and the total cost of attendance for a single~~  
2           ~~academic year.~~

3           ~~(d) The board of regents shall adopt rules to implement~~  
4           ~~the Senator Oren E. Long scholarship program. The rules shall~~  
5           ~~be adopted pursuant to chapter 91 but shall be exempt from the~~  
6           ~~public notice and public hearing requirements.~~

7           ~~(e) The scholarship program shall be funded with proceeds~~  
8           ~~from an endowment trust established with initial funding by an~~  
9           ~~appropriation out of the general revenues of the State and shall~~  
10          ~~be administered by the board of regents for the purposes of~~  
11          ~~supporting the Senator Oren E. Long scholarship program." ]~~

12           SECTION 14. All fund balances remaining unencumbered and  
13           unexpended as of June 30, 2011, in the University of Hawaii  
14           housing assistance revolving fund, shall be transferred to the  
15           credit of the Manoa faculty housing program under the University  
16           of Hawaii auxiliary enterprises special fund established under  
17           section 304A-2157, Hawaii Revised Statutes.

18           SECTION 15. Statutory material to be repealed is bracketed  
19           and stricken. New statutory material is underscored.

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1 SECTION 16. This Act shall take effect upon its approval,  
2 except that sections 8 to 13 shall take effect on July 1, 2011.

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4  
5

INTRODUCED BY: Calvin H. By

BY REQUEST

JAN 24 2011

**Report Title:**

University of Hawaii; Special and Revolving Funds

**Description:**

Converts and repeals various University of Hawaii funds.

JUSTIFICATION SHEET

DEPARTMENT: University of Hawaii

TITLE: A BILL FOR AN ACT RELATING TO THE FUNDS OF THE UNIVERSITY OF HAWAII.

PURPOSE: The purpose of this bill is to reclassify and repeal certain funds of the University of Hawaii in accordance with the findings and recommendations of the Auditor of the State of Hawaii (State Auditor) December 2009 report, *Review of Revolving Funds, and Trust Accounts for the Departments of the Attorney General and Business, Economic Development & Tourism, and the University of Hawaii.*

MEANS: Amend sections 304A-2252, 304A-2253, 304A-2254, 304A-2259, 304A-2261, 304A-2262, and 304A-2271 and repeal sections 304A-2158, 304A-2258, 304A-2265, 304A-2269, 304A-2353, and 304A-2354, Hawaii Revised Statutes.

JUSTIFICATION: The University of Hawaii System has over forty-five (45) special, revolving, and trust funds. This bill proposes the repeal of six (6) special, revolving, or trust funds that are outdated and no longer in use and provides for the reclassification of seven (7) revolving funds to special funds to better reflect their usage and purpose. The funds to be repealed are:

- Western Governors University Special Fund (Section 304A-2158)
- University of Hawaii Housing Assistance Special Fund (Section 304A-2258)
- International Exchange Healthcare Tourism Revolving Fund (Section 304A-2265)
- Community College and University of Hawaii at Hilo Bookstore Revolving Fund (Section 304A-2269)

- The Senator Hiram L. Fong Scholarship Program; Endowment Trust (Section 304A-2353)
- The Senator Oren E Long Scholarship Program; Endowment Trust (Section 304A-2354)

The funds identified for reclassification from revolving to special are:

- Child Care Programs Revolving Fund (Section 304A-2252)
- Discoveries and Inventions Revolving Fund (Section 304A-2254)
- University of Hawaii Alumni Revolving Fund (Section 304A-2259)
- University of Hawaii at Manoa Intercollegiate Athletics Revolving Fund and University of Hawaii at Hilo Intercollegiate Athletics Revolving Fund (Section 304A-2261)
- Animal Research Farm, Waialeale, Oahu Revolving Fund (Section 304A-2262)
- University of Hawaii at Hilo Theatre Revolving Fund (Section 304A-2271)

Impact on the public: None.

Impact on the department and other agencies: These actions will allow the University of Hawaii system to more efficiently and appropriately manage its funds, as recommended by the State Auditor.

GENERAL FUNDS: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: UOH-100, UOH-210, UOH-700, UOH-800, UOH-900

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.