

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 1323, H.D. 1

February 24, 2011

RELATING TO THE WESTERN INTERSTATE COMMISSION FOR HIGHER  
EDUCATION

House Bill No. 1323, H.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. House Bill No. 1323, H.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 House Bill No. 1323, H.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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CERTIFYING OFFICER:

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Testimony Presented Before the  
House of Representatives  
Committee on Finance  
February 24, 2011 at 12:30 pm  
By

Roy Ogawa, Roberta Richards and Dr. Steven Wheelwright  
Hawaii WICHE Commissioners

HB 1323, HD1 RELATING TO THE WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

Chair Oshiro, Vice Chair Lee and Members of the Committee:

The purpose of HB 1323 is to: 1) establish and define the Hawaii WICHE Commission as an entity, 2) provide the Hawaii 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 Hawaii commissioners to independently set terms and conditions upon Hawaii PSEP students that receive support. We ask that HB1323,HD1 be modified to change the effective date to July 1, 2011 to facilitate immediate implementation to insure the State benefits from the return of our Hawaii residents during these tough economic times.

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 Hawaii residents who receive state support through WICHE-PSEP. The return of these professionals to the State of Hawaii 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 Hawaii 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 Hawaii 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 Hawaii to work. Furthermore, with the establishment of the special fund any dollars received from repayments will increase access for Hawaii residents by supplementing legislative appropriations in support of professional education otherwise unavailable to our Hawaii residents at home.

Thank you for the opportunity to testify on this bill.

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# A BILL FOR AN ACT

RELATING TO THE WESTERN INTERSTATE COMMISSION FOR HIGHER  
EDUCATION.

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

1 SECTION 1. Chapter 304A, Hawaii Revised Statutes, is  
2 amended by adding three new sections to part VII, subpart D, to  
3 be appropriately designated and to read as follows:

4 "§304A-A Definitions. As used in this subpart, unless the  
5 context clearly requires otherwise:

6 "Commission" means the Western Interstate Commission for  
7 Higher Education.

8 "Hawaii commission" means the Hawaii Western Interstate  
9 Commission for Higher Education established under section  
10 304A-3204.

11 "Hawaii commissioners" means the members of the Hawaii  
12 Western Interstate Commission for Higher Education.

13 §304A-B Professional student exchange program. The Hawaii  
14 commission may establish a repayment policy for students who  
15 receive any financial support from funds appropriated by the  
16 legislature for the Hawaii professional student exchange program  
17 of the Western Interstate Commission for Higher Education.



1       §304A-C Professional student exchange program special  
2 fund. (a) There is established a professional student exchange  
3 program special fund to be administered and expended by the  
4 Hawaii commission.

5       (b) The following moneys shall be deposited into the  
6 special fund:

7       (1) Principal and interest payments received as repayment  
8       of financial support from former or current  
9       participants of the professional student exchange  
10       program, pursuant to section 304A-B; and

11       (2) Interest earned or accrued on moneys in the special  
12       fund.

13       (c) Moneys in the special fund shall be expended to:

14       (1) Support the professional student exchange program's  
15       activities, including the provision of financial  
16       support to participants at Western Interstate  
17       Commission for Higher Education receiver institutions;  
18       and

19       (2) Enforce the collection of delinquent obligations."

20       SECTION 2. Section 304A-3204, Hawaii Revised Statutes, is  
21 amended to read as follows:



1 " ~~[+]§304A-3204[-]~~ ~~State commissioners.]~~ Hawaii Western  
2 Interstate Commission for Higher Education. (a) There is  
3 established within the University of Hawaii for administrative  
4 purposes the Hawaii Western Interstate Commission for Higher  
5 Education, composed of the commissioners for the State to the  
6 Western Interstate Commission for Higher Education, as the  
7 commission for the State of Hawaii to the Western Interstate  
8 Commission for Higher Education, established under Article III.  
9 of the Western Regional Education Compact.

10 (b) The Hawaii commissioners shall be the same  
11 commissioners appointed by the governor to the Western  
12 Interstate Commission for Higher Education under this section.  
13 The positions of the Hawaii commissioners shall be placed within  
14 the University of Hawaii for administrative purposes.

15 (c) The governor, with the advice and consent of the  
16 senate, shall appoint the members of the Hawaii commission [~~for~~  
17 ~~this State of the Western Interstate Commission for Higher~~  
18 ~~Education that is created under the provisions of Article III of~~  
19 ~~the Western Regional Education Compact)]. The positions of the  
20 Hawaii commissioners shall be placed within the University of  
21 Hawaii for administrative purposes.~~



1       ~~[(b)]~~ (d) The qualifications and terms of office of the  
2       ~~[members of the commission for this State]~~ Hawaii commissioners  
3 shall conform with Article IV of the compact.

4       ~~[(c)]~~ (e) The Hawaii commissioners shall serve without  
5 compensation, but they shall be reimbursed for their actual and  
6 necessary expenses by the Western Interstate Commission for  
7 Higher Education.

8       ~~[(d)]~~ (f) The Hawaii commissioners ~~[for this State]~~, with  
9 the help of an advisory committee selected by them, shall  
10 certify those students from the State of Hawaii who may receive  
11 special assistance in their professional education from the  
12 State, under contracts provided for in the Western Regional  
13 Education Compact."

14       SECTION 3. Section 304A-3205, Hawaii Revised Statutes, is  
15 amended to read as follows:

16       "~~[f]~~§304A-3205~~[+]~~ **Expenditures; reports.** Expenditures by  
17 the Hawaii commission, including the amounts fixed annually as  
18 the equal contribution of each member to the compact, shall be  
19 made upon warrants issued by the state comptroller based upon  
20 vouchers approved by any one of the Hawaii commissioners. A  
21 report of the activities and expenses of the Hawaii  
22 commissioners and a proposed program for the State's continuing



1 participation in the activities of the Western Interstate  
2 Commission for Higher Education, including a budget request,  
3 shall be submitted by the Hawaii commissioners to the  
4 legislature for each regular legislative session."

5 SECTION 4. In codifying the new sections added by section  
6 1 of this Act, the revisor of statutes shall substitute the  
7 appropriate section numbers for the letters used in designating  
8 the new sections in this Act.

9 SECTION 5. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 6. This Act shall take effect on July 1, 2050.



**Report Title:**

WICHE; Professional Student Exchange Program; Special Fund

**Description:**

Establishes the Hawaii Western Interstate Commission of Higher Education (Hawaii WICHE). Allows Hawaii WICHE to establish a repayment policy for students who receive financial support from certain funds appropriated for the Hawaii commission. Establishes a professional student exchange program special fund. Effective July 1, 2050. (HB1323 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

