

COMMITTEE ON HIGHER EDUCATION

Rep. Scott Nishimoto, Chair
Rep. Mark Nakashima, Vice Chair

2 pm
Tuesday, March 13, 2012
Conference Room 309

SB 2546 SD2 - RELATING TO THE UNIVERSITY OF HAWAII

STRONGLY OPPOSE

My name is Shannon Wood, the president & co-founder of the *Windward Ahupua`a Alliance*, a 501c3 Hawai`i non-profit corporation, established in July, 2002, to create the Ko`olau Greenbelt & Heritage Trails System in order to restore, protect & provide public access to the *mauka* (mountain) lands on the Windward side of O`ahu along the base of *Na Ko`olau* as well as to support locally-owned sustainable economic activities in the more developed areas. Its mandate, however, has expanded over the years well beyond these important regional issues.

WAA now works to educate & inform residents, visitors, businesses, policymakers at all levels of government, and the media about using **SMART GROWTH** principles which promote sustainability. WAA also advocates on matters impacting life-long formal & informal educational opportunities - in particular, charter schools and the *University of Hawai`i at Manoa*..

I first started attending the **Board of Regents** meetings during the last two years of the *Waihee Administration* and have attended more than 85 of them over the past 20 years.

Since *UH* became a semi-autonomous entity within state government along with establishing the *Regents Candidate Advisory Council* during the *Lingle Administration* - there has been a major shift in the makeup of the **BOR** by changing the placement process.

Let us be clear that the law was changed because legislators were not happy the fact that **Governor Lingle** could load up the *Board of Regents* with her people for well over a decade until their terms expired.

Don't misunderstand me - the people who have served as *Regents* over the first 100 years were decent, caring people. However, the world has changed. We need highly-qualified community leaders who can deal with the changing economy, diverse social justices issues, and changes in the physical environment.

Selecting highly-qualified candidates - not just political buddies of the **Fifth Floor Occupants** - is absolutely required to make sure that *UH* thrives over its second 100 years. That is what the *Regents Candidate Advisory Council* has done.

NOTE : I forwarded a story to this Committee from the February 13 Honolulu Star-

12 selected as finalists to replace 4 UH regents

POSTED: 01:30 a.m. HST, Feb 13, 2012 LAST UPDATED: 07:16 a.m. HST, Feb 13, 2012

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An advisory council has submitted to Gov. Neil Abercrombie a list of 12 finalists for four University of Hawaii Board of Regents seats whose terms expire June 30.

The Regents Candidate Advisory Council received 61 applications and interviewed 27 candidates for the unpaid positions. From the list of finalists, Abercrombie will select four nominees to go before the state Senate for confirmation.

The finalists for the City and County of Honolulu seat are John Dean, president and chief executive officer of Central Pacific Financial Corp. and Central Pacific Bank; Ronald Ho, chairman of Hawaii-based electrical engineering company Ronald N.S. Ho & Associates Inc.; Carol Mon Lee, former member of the state Board of Education and retired associate dean at the UH Richardson School of Law; and Keith Vieira, senior vice president and director of operations for Starwood Hotels & Resorts in Hawaii and French Polynesia.

The finalists for the Kauai County seat are Klaus Keil, an internationally known researcher and cosmochemistry/planetary sciences professor set to retire from UH July 1; and Tom Shigemoto, vice president of A&B Properties Inc., the real estate development division of Alexander and Baldwin Inc.

The finalists for the at-large seat are Gregory Chun, vice president of Kamehameha Schools; Patrick DeLeon, recently retired Washington, D.C., chief of staff for U.S. Sen. Daniel K. Inouye; Benjamin Kudo, chief financial officer and manager of land uses for the administrative and environmental law section of the Imanaka Kudo & Fujimoto law firm; and Georgia McMillen, a pro bono lawyer who provides legal services through the Mediation Center of the Pacific and the Volunteer Legal Services of Hawaii.

The finalists for the student seat are Jeffrey Acido, a Farrington High School alumnus and UH-Manoa graduate student working toward earning his master's degree in Asian studies focusing on the Philippines; and Matthew Williams, student regent since 2010 and a UH-Manoa December graduate with dual master's degrees in nursing administration and business administration.

The new members will replace outgoing member Ramón de la Peña (Kauai County), Dennis Hirota (City and County of Honolulu), Teena Rasmussen (at-large) and Matthew Williams (student).

The 15-member Board of Regents consists of seven representatives from the City and County of Honolulu, two representatives from Hawaii County, two representatives from Maui County, one representative from Kauai County, two at-large representatives and one University of Hawaii student.

TESTIMONY OF HOWARD H. KARR
HOUSE COMMITTEE ON HIGHER EDUCATION
THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2012
TUESDAY, MARCH 13, 2012, 2:00 P.M.
CONFERENCE ROOM 309
STATE CAPITOL
415 SOUTH BERETANIA STREET
HONOLULU, HI 96813

SB. 2546, S.D.2 RELATING TO THE UNIVERSITY OF HAWAII

Chair Nishimoto, Vice Chair Nakashima and Members of the House Committee on Higher Education:

Good afternoon. My name is Howard Karr and I am here today to provide testimony OPPOSING SB 2546, S.D. 2.

By background, I am locally born and educated in Hawaii's public school system. I graduated from the University of Hawaii in 1963 with a BBA in Accounting. I am a certified public accountant and retired as Vice Chairman and Chief Financial Officer of First Hawaiian Bank in 2002, after 29 years with the Bank.

I have served 17 years as a Trustee of the University of Hawaii Foundation, the University's fundraising arm, and chaired this organization three times. In late 2007, I applied, was nominated, appointed, and confirmed to the Board of Regents (BOR) in 2008 under its new appointment process. I served as its Vice Chairman for AY 2008 – 2009 and as its Chairman for AY 2009 – 2011.

This Senate bill would change the nonpartisan selection of the University of Hawaii's governing body, the Board of Regents, through a restructuring of the Regents Candidate Advisory Council (RCAC). In November 2006, the voters of Hawaii mandated a change and voted to amend the State Constitution to allow for qualified applicants to be vetted and nominated by a Regents Candidate Advisory Council. Enabling legislation provided that the seven (7) members of the RCAC be appointed by the governor (1), president of the Senate (1), the speaker of the House of Representatives (1), and several of the University's constituent groups – All Campus Council of Faculty Senate Chairs (1), Executive Council of the University of Hawaii Student Caucus (1), Association of Emeritus Regents (1), and the University of Hawaii Alumni Association (1).

In 2010, the Executive Council of the University of Hawaii Student Caucus was replaced with a seven-member student advisory group.

By background, the Hawaii State Constitution established the University of Hawaii as a constitutionally independent corporation and is not an administrative or executive agency according to Attorney General's Opinion 61-84. The BOR reports to the people as opposed to the Board of Education which reports to the Governor.

Section 304A-104.5, Hawaii Revised Statutes, the current enabling legislation, states that:

- RCAC shall be selected in a wholly nonpartisan manner;
- RCAC appointees shall have a general understanding of the purposes of higher education, the University's mission and the responsibilities of the BOR;
- RCAC appointees shall be individuals who are widely viewed as having a high level of prominence in their respective professions and are respected members of the community.

In accordance with its legislative directive, the RCAC has developed comprehensive rules, procedures, Regents' duties and selection criteria of Regents. In its description of the duties and responsibilities of the BOR, the RCAC has effectively captured the major functions and governance responsibilities of the BOR. As summarized below, the BOR:

- hires, evaluates, fires the chief executive officer;
- establishes policies which management utilizes to run and operate the University;
- develops and updates strategic plans;
- is an independent policy-making body that reflects the public interest and defends the institution from "undue influence" and pressure from political and special interests;
- acts as a unit – one body, one voice.

As a matter of information, the attached summarizes the key statistics of the RCAC efforts in the selection of the Regents for the 2007 – 2012 BOR recruitment process. The RCAC has done an exceptional job in its mission.

A testament to the RCAC selection process is evident from the many accomplishments of the University and BOR in the last five years and which will have positive future implications. During this period, major accomplishments have included:

- Hired M.R.C. Greenwood as its first woman President. She has provided effective and strong leadership during these economic times and budget cutbacks. She possesses the vision, commitment and energy to take the University to greater levels;
- Successful labor negotiations resulted in a six-year pact with the faculty. University administration, with consultation with the BOR, and collaboration with the faculty resulted in this settlement;
- Also, in collaboration with the University's administration and faculty union, the voluminous BOR policies (over 600 pages), were reviewed, rewritten, and approved. The number of pages has been reduced by 70%, to under 150 pages. Much of the policies have been incorporated into executive policies with the relevant responsibilities delegated accordingly with BOR oversight;
- The University has proven to be an economic stimulus to Hawaii's economy in the last few years. Through major capital improvement projects – completion of the

- CMORE building; construction of the new Cancer Research Center which will be completed in late 2012 (project was restructured and revitalized after a prolonged delay); construction of a new West Oahu campus to be ready for classes in the fall 2012; a new IT building with construction to start in 2012; expansion of the UH-Manoa Student Campus Center in 2012; construction of a new UH-Hilo College of Pharmacy building to start in 2012, revitalization of the Mauna Kea 30-meter telescope project (a \$1.2 - \$1.5 billion project), and several other major/minor deferred repairs and maintenance projects. These projects in the last couple years have exceeded \$400 million per year, which has provided a stimulus to the construction industry. General obligation and revenue bonds with the assistance of the Legislative and Executive branches facilitated this team effort. Also, many of the above construction projects were done under a pilot exception (Act 82, Session Laws of Hawaii 2010) in the State's procurement code which expedited the procurement of construction services while maintaining fairness and transparency;
- Despite increased student enrollment at all ten campuses coupled with the economic downturn, the University was able to manage a tight budget with less public funds (\$100 million per year in the last biennium);
 - Acceptable and reasonable student tuition increases for the next five years to offset state budget cuts and increasing operating costs were passed recently;
 - Memberships in the more prestigious and formidable Mountain West and Big West Conferences were confidentially accomplished with the Administration's leadership and consultation with the BOR;
 - Over \$300 million was raised in private funds in collaboration with the University of Hawaii Foundation, which is the largest capital campaign to date. Going forward, the University and Foundation are focused on an even larger capital campaign.

These are some of the major accomplishments under a nonpartisan BOR. Many of us would not have served under the old system.

In changing the present process for RCAC, extreme caution should be exercised as not to jeopardize the University's accreditation. The BOR selection process, in all phases, must be independent and free of political influence. Independence of the BOR in governing the University of Hawaii is extremely crucial for its continuing accreditation through its governing accrediting association, the Western Association of Schools and Colleges.

The present process is working. As the old adage goes – "If it ain't broken, don't fix it."

Personally, my experience and actions on the BOR were always with the students, University and State in mind. Without speaking for the other Regents, I believe they share the same concern.

Thank you for giving me an opportunity to testify.

2007-2012 BOR RECRUITMENT STATISTICS

| | # of Men | # of Women | TOTAL |
|---|----------|------------|-------|
| <u>2007-2008 RECRUITMENT (12 Vacancies)</u> | | | |
| Completed Applications Received | 64 | 22 | 86 |
| Names of Finalists Sent to Gov. Lingle (<i>Wingstrom, Teichman</i> —1 Student seat; <i>Albano, Lagareta, Dahilig, Motosue, Rasmussen</i> — 2 At Large seats; <i>Tajiri, Terry, Carlson, Scarr</i> —2 Hawai'i Hawai'i County seats; <i>Companlano, Ching, Fukunaga, Gee, Hirota, Karr, Martinson</i> —5 Honolulu County seats; <i>Cooper, de la Peña</i> —1 Kaua'i Countys seat; <i>Baxa, Horikawa</i> —1 Maui County seat) | 17 | 5 | 22 |
| Governor's Appointments (* <i>Wingstrom</i> , * <i>Teichman</i> , <i>Dahilig</i> , ** <i>Lagareta</i> , ** <i>Rasmussen</i> , <i>Tajiri, Carlson, Fukunaga, Gee, Hirota, Karr, Martinson, de la Peña, Baxa</i>) (* <i>Wingstrom's</i> name for Student seat withdrawn by Gov. Lingle and appointed <i>Teichman</i>) (** <i>Lagareta</i> (At Large seat) denied Senate consent so Gov. Lingle appointed <i>Rasmussen</i>) | 12* | 2** | 14** |
| <u>2008-2009 RECRUITMENT (3 Vacancies - City & County of Honolulu only)</u> | | | |
| Completed Applications Received | 14 | 3 | 17 |
| Names of Finalists Sent to Gov. Lingle (<i>Ching, Holzman, Lee, Martinson, McCoy</i>) | 4 | 1 | 5 |
| Governor's Appointments (<i>Holzman, Martinson, Lee</i>) | 3 | 0 | 3 |
| <u>2009-2010 RECRUITMENT (3 Vacancies - City & County of Honolulu, Maui, Student)</u> | | | |
| Completed Applications Received | 24 | 14 | 38 |
| Names of Finalists Sent to Gov. Lingle (<i>Fujii, Gee</i> —1 Honolulu seat; <i>Ota, Montgomery</i> —1 Maui seat; <i>Jasper, Miyamoto, Williams</i> —1 Student seat) | 4** | 3 | 7 |
| Governor's Appointments (<i>Gee, Williams, Montgomery</i>) (**Maui County seat unfilled) (** <i>Montgomery</i> (Maui County seat) denied Senate consent) | 3 | 0 | 3 |
| <u>2010 Special Recruitment for Hawai'i County Seat (East) due to resignation of East Hawai'i regent Tajiri</u> | | | |
| Completed Applications Received | 7 | 3 | 10 |
| Names of Finalists Sent to Gov. Lingle (<i>Dias, Naughton</i>) | 2 | 0 | 2 |
| Governor's Appointments (<i>Dias</i> on interim appointment beginning 5/10/10 as legislature had adjourned) | 1 | 0 | 1 |
| <u>2010-2011 Recruitment [4 Vacancies - City & County of Honolulu (2), Maui, Hawai'i West]</u> | | | |
| Completed Applications Received | 10 | 20 | 30 |
| Names of Finalists Sent to Gov. Abercrombie (<i>Fujii, Fukunaga, Matayoshi, Saito, Sullivan, Vieira</i> —2 Honolulu seats; <i>Carlson, **Scarr</i> —1 Hawai'i seat) ; <i>Dodson, McMillen, Ota</i> —1 Maui seat) | 4** | 7 | 11 |
| Governor's Appointments [<i>**Scarr</i> (W. Hawai'i), <i>Sullivan, Matayoshi, Ota</i> and <i>Naughton</i> (Instead of <i>Dias</i>) for E. Hawai'i seat from a previous list of finalists ** <i>Scarr</i> and <i>Naughton</i> denied Senate consent. <i>Carlson</i> (W. Hawai'i) was held over by Gov. Abercrombie | 0 | 4 | 4 |
| <u>2011 Special Recruitment for Hawai'i County Seat (East)</u> | | | |
| Completed Applications Received | 4 | 3 | 7 |
| Names of Finalists Sent to Gov. Abercrombie (<i>Chun, Mizuno</i>) | 2 | 0 | 2 |
| Governor's Appointments (<i>Mizuno</i> - interim appointment beginning 8/10/11) | 1 | 0 | 1 |
| <u>2011-2012 Recruitment (4 Vacancies - At Large, O'ahu, Kaua'i, Student)</u> | | | |
| Completed Applications Received | 39 | 22 | 61 |
| Names of Finalists Sent to Gov. Abercrombie | ?? | ?? | ?? |
| Governor's Appointments | ?? | ?? | ?? |

NOTE: Interim regent Mizuno and holdover regent Carlson will need to be confirmed by the Hawai'i State Senate during the 2012 session of the Hawai'i State legislature.