

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  
HONOLULU, HI 96813

SB 2620, S.D. 1 RELATING TO THE UNIVERSITY OF HAWAII BOARD OF REGENTS

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 2620, S.D. 1.

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 abolish the Regents Candidate Advisory Council (RCAC). This abolishment requires a change to the State Constitution. 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 the RCAC. 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.

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 student, 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.