



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
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by
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SB 814 SD2 – RELATING TO CERTAIN FUNDS OF THE UNIVERSITY OF HAWAII

Chair Nishimoto, Vice Chair Nakashima and Members of the Committee:

The University strongly supports the passage of this measure.

The purpose of this bill is to reclassify or repeal certain special, revolving, and trust funds of the University of Hawai'i to provide greater flexibility and increased efficiency in the use and management of these funds. The University of Hawai'i System currently 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 This bill proposes the repeal of six (6) special, revolving, or trust funds that are outdated and no longer in use and provides for the reclassification of seven (7) revolving funds to special funds to better reflect their usage and purpose. The funds to be repealed are: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
- University of Hawai'i Housing Assistance Special Fund
- International Exchange Healthcare Tourism Revolving Fund
- Community Colleges and University of Hawai'i at Hilo Bookstore Revolving Fund
- The Senator Hiram L. Fong Scholarship Program; Endowment Trust
- The Senator Oren E. Long Scholarship Program; Endowment Trust

The funds identified for reclassification from revolving to special are:

- Child Care Programs Revolving Fund
- Discoveries and Inventions Revolving Fund
- University of Hawai'i Alumni Revolving Fund
- University of Hawai'i at Mānoa Intercollegiate Athletics Revolving Fund
- University of Hawai'i at Hilo Intercollegiate Athletics Revolving Fund
- Animal Research Farm, Waialeale, O'ahu Revolving Fund
- University of Hawai'i at Hilo Theatre Revolving Fund

The repeal and reclassification of these funds is in accordance with the findings and recommendations of the Auditor of the State of Hawai'i (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 Hawai'i*, and is consistent with our corrective action response to the Auditor.

In addition to the six (6) funds proposed for repeal, the University recommends that the current bill be amended to include one additional revolving fund for repeal. The University of Hawai'i at Mānoa Chancellor's office completed an independent review of its non-general funds and identified its Conference Center Revolving Fund (established under section 304A-2264, Hawai'i Revised Statutes) for repeal. Rather than amending the Conference Center Revolving Fund in Section 7, this fund should be repealed. Section 15 should also be amended to state that all fund balances remaining unencumbered and unexpended as of June 30, 2011 in the University of Hawai'i Conference Center Revolving Fund shall be transferred to the University of Hawai'i Commercial Enterprises Revolving Fund as established under section 304A-2251, Hawai'i Revised Statutes.

These actions will allow the University of Hawai'i System to more efficiently and appropriately manage its funds.

Thank you for this opportunity to testify in support of this measure.