
A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

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

1 SECTION 1. Section 304A-2003, Hawaii Revised Statutes, is
2 amended to read as follows:
3 " [~~§~~304A-2003 ~~§~~] Appropriations; accounts; depositories.
4 Moneys appropriated by the legislature for the university shall
5 be payable by the director of finance, upon vouchers approved by
6 the board of regents or by any officer elected or appointed by
7 the board under section 304A-105 and authorized by the board to
8 approve such vouchers on behalf of the board. All moneys
9 received by or on behalf of the board or the university shall be
10 deposited with the director of finance; except that any moneys
11 received from the federal government or from private
12 contributions shall be deposited and accounted for in accordance
13 with conditions established by the agencies or persons from whom
14 the moneys are received and except that, with the concurrence of
15 the director of finance, moneys received from the federal
16 government for research, training, and other related purposes of
17 a transitory nature and moneys in trust, special, or revolving
18 funds administered by the university may be deposited in



1 depositories other than the state treasury; provided that the
2 university informs the director of finance of the depositories
3 in which moneys from the funds have been deposited and submits
4 copies of annual statements from each of the depositories in
5 which the moneys from the funds are deposited. All income from
6 tuition and fees charged for regular courses of instruction and
7 tuition related course and fee charges against students shall be
8 deposited to the credit of the [~~University of Hawaii tuition and~~
9 ~~fees special fund pursuant to section [304A-2153].~~] general
10 fund. Income from university projects as defined and described
11 in section [+]304A-2167.5[+] and sections [+]304A-2671[+] to
12 [+]304A-2684[+], may be credited to special or other funds."

13 SECTION 2. Section 304A-2101, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "[+]§304A-2101[+] **General fund budget appropriations;**
16 **formulation.** (a) The general fund budget appropriations for
17 the university shall be an amount not less than three times and
18 not greater than five times the amount of regular tuition and
19 related fee revenues estimated for that fiscal year.

20 (b) Any general fund budget appropriation for the
21 university for operating purposes for any fiscal year shall
22 include the consideration of:



- 1 (1) The fiscal condition of the State;
- 2 (2) Enrollment;
- 3 (3) Access to educational opportunity;
- 4 (4) The mix of resident and nonresident students; and
- 5 (5) Community service and noninstruction programs.

6 ~~[(c) No revenue received by the university pursuant to the~~
7 ~~University of Hawaii tuition and fees special fund established~~
8 ~~under section [304A-2153] may be used by the governor or the~~
9 ~~director of finance as a justification for reducing any budget~~
10 ~~request or allotment to the university unless the university~~
11 ~~requests such a reduction.] "~~

12 SECTION 3. Section 304A-2159, Hawaii Revised Statutes, is
13 amended by amending subsection (b) to read as follows:

14 "(b) Revenues deposited into this fund shall include but
15 not be limited to state, federal, and private funds, [funds
16 ~~transferred by the university from the tuition and fees special~~
17 ~~fund pursuant to section [304A-2153],~~] and appropriations for
18 the state scholars program; provided that state funds
19 appropriated for any scholarship program, including but not
20 limited to the B Plus scholarship program, the Hawaii state
21 scholars program, and the workforce development scholarship
22 program, shall be kept in a separate and distinct account."



1 SECTION 4. Section 304A-2162, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) The special fund may include deposits from:

4 [~~(1)~~ ~~The University of Hawaii tuition and fees special fund~~
5 ~~established in section [304A-2153];~~

6 ~~(2)]~~ (1) Tuition, fees, and charges for affiliated
7 instructional, training, and public service courses
8 and programs; and

9 [~~(3)]~~ (2) Fees, fines, and other money collected for:

- 10 (A) Student health;
- 11 (B) Transcript and diploma;
- 12 (C) Library;
- 13 (D) Facility use;
- 14 (E) Child care;
- 15 (F) Auxiliary enterprises;
- 16 (G) Alumni; and
- 17 (H) Other related activities."

18 SECTION 5. Section 304A-2153, Hawaii Revised Statutes, is
19 repealed.

20 [~~["§304A-2153] University of Hawaii tuition and fees~~
21 ~~special fund.~~ (a) ~~There is established the University of~~
22 ~~Hawaii tuition and fees special fund into which shall be~~



1 ~~deposited all revenue collected by the university for regular,~~
2 ~~summer, and continuing education credit tuition, tuition related~~
3 ~~course and fee charges, and any other charges to students,~~
4 ~~except as provided by law. Moneys deposited into the fund shall~~
5 ~~be expended to maintain or improve the university's programs and~~
6 ~~operations and shall not be:~~

- 7 ~~(1) Used as a justification for reducing any budget~~
8 ~~request or allotment to the university unless the~~
9 ~~university requests such a reduction,~~
- 10 ~~(2) Transferred unless otherwise authorized by the~~
11 ~~legislature; and~~
- 12 ~~(3) Restricted by the governor or the director of finance~~
13 ~~without the prior approval of the legislature.~~

14 ~~Any rule, policy, or action of any agency or individual in~~
15 ~~contravention of this subsection shall be void as against public~~
16 ~~policy.~~

17 ~~(b) Any law to the contrary notwithstanding, the board of~~
18 ~~regents may authorize expenditures of up to \$3,000,000 annually,~~
19 ~~excluding in kind services, from this fund for the purposes of~~
20 ~~promoting alumni relations and generating private donations for~~
21 ~~deposit into the University of Hawaii Foundation for the~~
22 ~~purposes of the university. Any expenditure authorized pursuant~~



1 ~~to this subsection shall be for a public purpose and shall not~~
2 ~~be subject to chapters 42F, 103, 103D, and 103F. The university~~
3 ~~shall submit a comprehensive report to the legislature detailing~~
4 ~~the use of any funds authorized by the board under this~~
5 ~~subsection no later than twenty days prior to the convening of~~
6 ~~each regular session.~~

7 ~~The report shall:~~

- 8 ~~(1) Identify each department of the University of Hawaii~~
9 ~~Foundation supported by moneys from the fund;~~
- 10 ~~(2) Describe the purposes and activities of each~~
11 ~~department identified in paragraph (1) and how it~~
12 ~~participates in fundraising activities and benefits~~
13 ~~the university;~~
- 14 ~~(3) Provide the total expenditures of each department~~
15 ~~identified in paragraph (1) by primary expense~~
16 ~~categories;~~
- 17 ~~(4) Identify all moneys from the fund transferred to any~~
18 ~~fund of the university and provide a justification of~~
19 ~~how these moneys are used to benefit the university;~~
- 20 ~~(5) Provide a financial summary of the operating~~
21 ~~activities of the University of Hawaii Foundation;~~



1 including revenues and expenditures by major reporting
2 categories; and

3 ~~(6) Identify amounts and purposes of all expenditures from~~
4 ~~the University of Hawaii support fund.~~

5 ~~(c) Any law to the contrary notwithstanding, the~~
6 ~~university may transfer funds from the University of Hawaii~~
7 ~~tuition and fees special fund into the scholarship and~~
8 ~~assistance special fund established pursuant to section [304A-~~
9 ~~2159]-."]~~

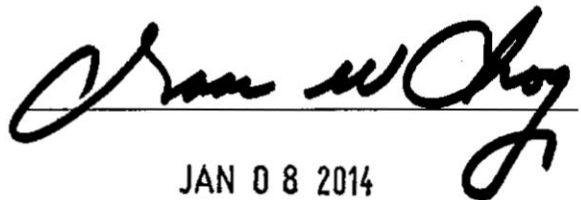
10 SECTION 6. All unencumbered and unexpended moneys
11 remaining on balance in the University of Hawaii tuition and
12 fees special fund at the close of June 30, 2014, shall be
13 transferred to the general fund.

14 SECTION 7. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 8. This Act shall take effect on July 1, 2014.

17

INTRODUCED BY:



JAN 08 2014



H.B. NO. 1492

Report Title:

University of Hawaii; Tuition and Fees

Description:

Repeals the University of Hawaii tuition and fees special fund and transfers remaining unencumbered balance to the general fund. Provides for the deposit of University of Hawaii tuition and related student fees into the general fund.

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





UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
January 30, 2014 at 2:00 p.m.

by
Howard Todo, Chief Financial Officer
Vice President of Budget & Finance
University of Hawai'i

HB 1492 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Choy, Vice Chair Ichiyama and members of the Committee:

Both the Board of Regents (BOR) and the University of Hawai'i leadership are opposed to this measure, which would repeal the University of Hawai'i tuition and fees special fund into which are deposited all revenues collected by the university for regular, summer, and continuing education courses, and other fees and charges, and return such revenues to the State's general fund.

The BOR and the University leadership understand that there are concerns about the costs of public higher education, and this measure involves a very valid conversation about how the State can partner with the University System to fund public higher education. In November 2013, the BOR sponsored a community forum, inviting legislators and other constituencies, to listen to two national experts share national trends about higher education finance. For those who could not attend, we posted the presentations and the Forum participants' responses at:
http://www.hawaii.edu/offices/app/cost_bor.html

Essentially, what we heard that day was not news, but it is the "New Normal" for public university funding. In the wake of the recent recession, states have drastically reduced funding for public higher education, and, therefore, questions such as who should be responsible for paying the costs of a college education, and what is the value to state economies of public universities, have been raised to a national level. While these are not questions easily answered, the community forum provided us with some ideas that will be considered as part of a recently initiated review of our University System's strategic directives. The BOR has also asked us to initiate a review of the present tuition schedule. In reviewing our tuition schedule, we will be looking at enrollment trends and the mix of tuition revenues and general fund support for each campus over the past several fiscal years. Furthermore, recognizing that our University System needs to be concerned with its future financial sustainability, the BOR has required that our University leadership consider operating reserves in the development of the Fiscal Biennium 2015-17 budget request, presently under development.

Nationally, the trends for the past two fiscal years show some restoration of state funding cuts to higher education, but not to pre-recession levels. For the FY2013-14, Hawai'i showed a slight increase in state support of almost 1 percent. The State of Hawai'i faces future financial commitments that are daunting – unfunded pension liabilities, public school infrastructure improvements, and ever growing health care costs. In this context it is an uncertain proposition to assert that the needs of higher education may be addressed by appropriation of limited general funds in the face of growing state entitlements.

The Hawai'i State Constitution recognizes the authority of the BOR "... to have exclusive jurisdiction over the internal structure, management, and operation of the university" in balance with the Legislature's "... power to enact laws of statewide concern". In the context of this dichotomous authority, should the question be re-framed from who should set tuition rates to what would be the appropriate roles of the BOR and Legislature as it relates to tuition? In re-framing the question, we would argue that because of the BOR's familiarity with our students and the day-to-day operations of the University of Hawai'i system, the BOR is the appropriate body to establish tuition rates and establish policy about the management of tuition revenues. Whereas, the Legislature may be the more appropriate body to establish public policy on: a public process to establish tuition rates; criteria that should be taken into consideration when establishing tuition rates; with follow-up monitoring through legislative inquiries. As it relates to setting tuition rates and the management of tuition revenues, the public's interest may be better served by re-framing the question as noted above and focusing attention on clarifying roles and functions.

Therefore, we request that this measure be held.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HIGHER EDUCATION
ON
HOUSE BILL NO. 1492

January 30, 2014

RELATING TO THE UNIVERSITY OF HAWAII

House Bill No. 1492 proposes to repeal the University of Hawaii (UH) Tuition and Fees Special Fund and lapses the special fund balances to the general fund.

The Department of Budget and Finance does not take any position on the policy issue of appropriate funding sources for UH. However, we would plainly advise that such an approach would effectively end whatever self-funding or self-dependent revenue strategy that is currently employed by the UH. This would also prevent any future approach towards having UH increase accountability to match its expenses with its revenue stream. Instead, UH would have to be funded like other departments of the executive branch who compete for general fund appropriations.

The State has limited general funds resources to support all of the various programs statewide. Consequently, general funds to support higher education in the future would be dependent upon revenues and statewide priorities. Additionally, the ability to meet fluctuations in resource requirements due to projected student enrollments and proposed UH program expansions may be constrained.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

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The Twenty-Seventh Legislature, State of Hawaii
House of Representatives
Committee on Higher Education

Testimony by
Hawaii Government Employees Association
January 30, 2014

H.B. 1492 – Relating to the University of Hawaii

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO understands the intent of H.B. 1492, however, we respectfully raise concerns about the implications of repealing the University of Hawaii tuition and fees fund and transferring the remaining unencumbered balance to the general fund.

The HGEA raises concerns on the effects this legislation could have to encumbered support staff positions funded by the tuition and fees special fund. We understand the intent of the bill but repealing the special fund can potentially cause great fiscal consternation so we implore the legislature to ensure the University of Hawaii has a transition plan prior repealing the fund all together.

Thank you for the opportunity to provide concerns relating to H.B. 1492.

Respectfully submitted,

Randy Perreira
Executive Director