
A BILL FOR AN ACT

RELATING TO HIGHER EDUCATION.

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

1 SECTION 1. The legislature finds that the Daniel K. Inouye
2 College of Pharmacy at the University of Hawaii at Hilo was
3 established in 2006 and achieved full accreditation by the
4 Accreditation Council for Pharmacy Education in June of 2011 to
5 offer continuing education for pharmacists and physicians. The
6 college of pharmacy also offers a doctoral program in
7 pharmaceutical sciences and a residency program.

8 Although the college has achieved full accreditation, the
9 legislature finds that accreditation is in jeopardy due to the
10 lack of a permanent facility to house the college. The college
11 of pharmacy is dependent upon the legislature to provide funding
12 for this facility.

13 The legislature further finds that the success of the
14 college of pharmacy is vital not only to addressing Hawaii's
15 shortage of medical professionals but also to the State's
16 overall economic development. Given these wide-reaching,
17 statewide effects, the legislature finds and declares that the
18 financial sustainability and success of the college of pharmacy



1 is an issue of statewide concern and therefore under the
2 legislature's purview pursuant to article x, section 6, of the
3 Hawaii state constitution.

4 Accordingly, the purpose of this Act is to establish a
5 five-year pilot program under which the college of pharmacy
6 shall be financially and managerially independent.

7 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
8 amended by adding a new subpart to part IV to be appropriately
9 designated and to read as follows:

10 " . UNIVERSITY OF HAWAII AT HILO COLLEGE OF PHARMACY

11 §304A-A University of Hawaii at Hilo college of pharmacy;
12 pilot program. (a) There is established at the college of
13 pharmacy of the University of Hawaii at Hilo a five-year pilot
14 program commencing on July 1, 2014, and terminating on June 30,
15 2019, under which the college of pharmacy shall be financially
16 and managerially independent.

17 (b) The college of pharmacy shall be financially supported
18 entirely by the special fund established under section 304A-C,
19 into which shall be deposited all revenues generated by the
20 college of pharmacy, including revenues and any interest accrued
21 from tuition, grants, fees, and donations.



1 (c) The University of Hawaii system may subsidize or
2 provide financial assistance to the college of pharmacy.

3 (d) The college of pharmacy shall not be subject to any
4 fees or assessments that may generally be levied by the
5 University of Hawaii system upon its programs, departments, and
6 schools.

7 §304A-B University of Hawaii at Hilo college of pharmacy;
8 board of governors. (a) There is established the University of
9 Hawaii at Hilo college of pharmacy board of governors, which
10 shall serve in an advisory capacity to the chancellor of the
11 University of Hawaii at Hilo and whose powers and duties shall
12 include the following:

13 (1) The administration of the special fund established
14 under section 304A-C;

15 (2) All powers and responsibilities necessary to plan,
16 design, construct, maintain, and operate an
17 educational facility for the University of Hawaii at
18 Hilo college of pharmacy; and

19 (3) Assisting the college of pharmacy with the adjustment
20 of college of pharmacy tuition costs.

21 The board of governors shall report to the University of Hawaii
22 board of regents.



1 (b) The board of governors shall consist of seven members
2 who shall be appointed as follows:

3 (1) Three members who shall be members of the University
4 of Hawaii board of regents to be appointed by the
5 chair of the University of Hawaii board of regents;

6 (2) One member with financial management experience to be
7 appointed by the governor pursuant to section 26-34;
8 provided that the term of the member appointed
9 pursuant to this paragraph shall be five years;

10 (3) One member who shall be a member of the board of
11 pharmacy to be appointed by the chair of the board of
12 pharmacy; provided that the member is one of the
13 pharmacists on the board of pharmacy who is licensed
14 to practice pursuant to chapter 461;

15 (4) One member to be appointed by the speaker of the house
16 of representatives; and

17 (5) One member to be appointed by the president of the
18 senate;

19 provided that all members of the board of governors shall be
20 approved by the University of Hawaii board of regents.

21 (c) The board of governors shall select a chair from among
22 its members; provided that the chair shall not be a member



1 appointed by either the speaker of the house of representatives
2 or the president of the senate.

3 (d) The board of governors shall serve without
4 compensation, but shall be reimbursed for expenses, including
5 travel expenses, necessary for the performance of their duties.

6 (e) The college of pharmacy of the University of Hawaii at
7 Hilo, through its board of governors, shall submit an annual
8 financial and management report to the University of Hawaii
9 board of regents, the governor, and the legislature not less
10 than twenty days prior to the convening of each regular session
11 of the legislature."

12 SECTION 3. Chapter 304A, Hawaii Revised Statutes, is
13 amended by adding a new section to subpart C of part V to be
14 appropriately designated and to read as follows:

15 "§304A-C University of Hawaii at Hilo college of pharmacy
16 special fund. (a) There is established the University of
17 Hawaii at Hilo college of pharmacy special fund, which shall be
18 administered by the University of Hawaii at Hilo college of
19 pharmacy board of governors.

20 (b) The special fund shall consist of all the revenues of
21 the college of pharmacy, including revenues and any interest
22 accrued from tuition, grants, fees, and donations.



1 (c) The special fund may be used for the following
2 purposes:

3 (1) To reimburse the University of Hawaii at Hilo for all
4 costs associated with the construction, maintenance,
5 and operation of the college of pharmacy; provided
6 that reimbursement terms and conditions, if any, shall
7 be determined by the department of budget and finance
8 in consultation with the college of pharmacy board of
9 governors;

10 (2) To procure loans from a financial institution to
11 construct, maintain, and operate the college of
12 pharmacy; and

13 (3) To pay any debt service on any loans made by a
14 financial institution to the college of pharmacy to
15 construct, maintain, or operate the college of
16 pharmacy.

17 (d) Notwithstanding any law to the contrary, the special
18 fund shall be exempt from the central services expenses deducted
19 pursuant to section 36-27 and the pro rata share of departmental
20 administrative expenses charged pursuant to section 36-30.

21 (e) Beginning January 1, 2015, the University of Hawaii at
22 Hilo college of pharmacy board of governors shall report semi-



1 annually to the legislature on the moneys in the special fund,
2 including deposits, expenditures, and other transactions. The
3 reports shall explain in detail all expenditures from the
4 special fund."

5 SECTION 4. Commencing not later than July 1, 2018, the
6 University of Hawaii board of regents shall perform a program
7 evaluation to consider whether the college of pharmacy should be
8 continued. The main criteria of the evaluation shall be the
9 ability of the college of pharmacy to fiscally sustain its
10 operations during the five-year pilot program. If the
11 University of Hawaii board of regents finds as a result of its
12 program evaluation that the college of pharmacy is not fiscally
13 sustainable, then the University of Hawaii board of regents
14 shall report its findings to the legislature no later than
15 twenty days prior to the convening of the regular session of
16 2019 and may initiate proceedings to terminate the college of
17 pharmacy.

18 SECTION 5. There is appropriated out of the general
19 revenues of the State of Hawaii the sum of \$ or so much
20 thereof as may be necessary for fiscal year 2014-2015 for the
21 purposes of this Act.



1 The sum appropriated shall be expended by the University of
2 Hawaii at Hilo for the purposes of this Act.

3 SECTION 6. The director of finance is authorized to issue
4 general obligation bonds in the sum of \$ or so much
5 thereof as may be necessary and the same sum or so much thereof
6 as may be necessary is appropriated for fiscal year 2014-2015
7 for the construction of a facility to house the University of
8 Hawaii at Hilo college of pharmacy; provided that this
9 appropriation shall not lapse at the end of the fiscal biennium
10 for which the appropriation is made; provided further that all
11 moneys from the appropriation unencumbered as of June 30, 2016,
12 shall lapse as of that date.

13 SECTION 7. The director of finance is authorized to issue
14 general obligation bonds in the sum of \$ or so much
15 thereof as may be necessary and the same sum or so much thereof
16 as may be necessary is appropriated for fiscal year 2014-2015
17 for the construction of a facility to house the University of
18 Hawaii at Hilo college of pharmacy; provided that the debt
19 service on such bonds shall be paid using special funds;
20 provided further that this appropriation shall not lapse at the
21 end of the fiscal biennium for which the appropriation is made;



1 provided further that all moneys from the appropriation
2 unencumbered as of June 30, 2016, shall lapse as of that date.

3 SECTION 8. The board of regents of the University of
4 Hawaii, with the approval of the governor, is authorized to
5 issue revenue bonds to finance, in whole or in part, the costs
6 of construction of a facility to house the University of Hawaii
7 at Hilo college of pharmacy, including reserves therefor as the
8 board of regents may direct. The total principal amount of the
9 revenue bonds authorized by this Act shall not exceed \$;
10 provided that neither revenue bonds issued to refund revenue
11 bonds heretofore issued, to the extent that such refunding
12 revenue bonds do not exceed the principal amount of the revenue
13 bonds being refunded, nor revenue bonds of the board outstanding
14 at the effective date of this Act, shall cause the amount of the
15 above authorization to be decreased. The revenue bonds shall be
16 issued pursuant to the provisions of part VI of chapter 304A,
17 Hawaii Revised Statutes. The principal and interest on the
18 revenue bonds, to the extent not paid from the proceeds of such
19 bonds, shall be paid solely from and secured solely by the
20 revenue of the university as defined in section 304A-2671,
21 Hawaii Revised Statutes.



1 SECTION 9. There is appropriated out of the revenue bond
2 proceeds authorized by section 8 of this Act the sum of
3 \$ or so much thereof as may be necessary for fiscal year
4 2014-2015 to carry out the purposes of section 8; provided that
5 any unexpended and unencumbered balance of the appropriation
6 shall not lapse at the end of fiscal year 2014-2015 and shall
7 lapse instead on June 30, 2019.

8 SECTION 10. There is appropriated out of the University of
9 Hawaii at Hilo college of pharmacy special fund the sum of
10 \$ or so much thereof as may be necessary for fiscal year
11 2014-2015 for the purposes of this Act.

12 The sum appropriated shall be expended by the University of
13 Hawaii at Hilo college of pharmacy for the purposes of this Act.

14 SECTION 11. In codifying the new sections added by
15 sections 2 and 3 of this Act, the revisor of statutes shall
16 substitute appropriate section numbers for the letters used in
17 designating the new sections in this Act.

18 SECTION 12. New statutory material is underscored.

19 SECTION 13. This Act shall take effect on July 1, 2525,
20 and shall be repealed on June 30, 2019.



Report Title:

UH Hilo College of Pharmacy; Pilot Program; Special Fund;
Appropriations

Description:

Establishes a 5-year pilot program at the UH Hilo College of Pharmacy to ensure its financial self-sufficiency. Establishes a special fund for the College of Pharmacy. Effective July 1, 2525. (HB1652 HD1)

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

