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# A BILL FOR AN ACT

RELATING TO HIGHER EDUCATION.

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

1 SECTION 1. Pursuant to article X, section 6, of the Hawaii  
2 State Constitution, the legislature identifies this Act as a law  
3 of statewide concern.

4 SECTION 2. (a) There shall be established at the Daniel  
5 K. Inouye college of pharmacy at the University of Hawaii at  
6 Hilo a five-year pilot program under which the college of  
7 pharmacy shall be financially and managerially autonomous. The  
8 pilot program shall commence on July 1, 2014, and terminate on  
9 June 30, 2019.

10 (b) The college of pharmacy shall be financially supported  
11 entirely by the special fund established under section 3, into  
12 which shall be deposited all revenues generated by the college  
13 of pharmacy.

14 (c) The University of Hawaii system may, but shall not be  
15 required to, subsidize or provide any financial assistance to  
16 the college of pharmacy.

17 (d) The college of pharmacy shall not be subject to any  
18 fees or assessments that may generally be levied by the



1 University of Hawaii system upon its programs, departments, and  
2 schools.

3 SECTION 3. (a) There is established the University of  
4 Hawaii at Hilo college of pharmacy special fund, which shall be  
5 administered by the University of Hawaii at Hilo.

6 (b) Revenues of the special fund shall consist of all the  
7 revenues of the college of pharmacy, including revenues and any  
8 interest accrued from tuition, grants, fees, and donations.

9 (c) The special fund may be used for the following  
10 purposes:

- 11 (1) Reimbursement of all costs associated with the  
12 construction, maintenance, and operation of the  
13 college of pharmacy;
- 14 (2) Procurement of loans from a financial institution to  
15 construct, maintain, and operate the college of  
16 pharmacy; and
- 17 (3) Payment of any debt service on any loans made by a  
18 financial institution to the college of pharmacy to  
19 construct, maintain, or operate the college of  
20 pharmacy.

21 (d) The special fund shall be exempt from the central  
22 service expenses deducted pursuant to section 36-27, Hawaii



1 Revised Statutes, or the pro rata share of departmental  
2 administrative expenses charged pursuant to section 36-30,  
3 Hawaii Revised Statutes.

4 (e) The special fund shall be subject to independent  
5 audits upon the request of the legislature.

6 (f) On January 1, 2015, and January 1 of each of the four  
7 years thereafter, the University of Hawaii at Hilo shall report  
8 to the legislature on the moneys in the special fund, including  
9 deposits, expenditures, and other transactions. The reports  
10 shall explain in detail all expenditures from the special fund.

11 SECTION 4. The college of pharmacy at the University of  
12 Hawaii at Hilo shall submit an annual financial and management  
13 report to the board of regents of the University of Hawaii, the  
14 governor, and the legislature not less than twenty days prior to  
15 the convening of each regular session of the legislature,  
16 commencing with the regular session of 2015 and ending with the  
17 regular session of 2019.

18 SECTION 5. Commencing not later than July 1, 2018, the  
19 University of Hawaii system shall perform a program evaluation  
20 to consider whether the college of pharmacy should be continued.  
21 The main criteria of the evaluation shall be the ability of the  
22 college of pharmacy to fiscally sustain its operations during



1 the five-year pilot program. If the University of Hawaii system  
2 finds as a result of its program evaluation that the college of  
3 pharmacy is not fiscally sustainable, then the University of  
4 Hawaii system shall report its findings to the legislature no  
5 later than twenty days prior to the convening of the 2019  
6 regular session and may initiate proceedings to terminate the  
7 pilot program as scheduled on June 30, 2019.

8 SECTION 6. In terminating the pilot program, the  
9 University of Hawaii system shall:

- 10 (1) Cause all rights to and obligations for the capital  
11 improvement projects undertaken by the college of  
12 pharmacy pursuant to section 3(c) to be transferred  
13 from the college of pharmacy to the University of  
14 Hawaii system; and
- 15 (2) Follow established institutional and national  
16 protocols to discontinue admissions to the college of  
17 pharmacy and enable students who are enrolled in the  
18 college of pharmacy to complete their academic  
19 programs.

20 SECTION 7. There is appropriated out of the University of  
21 Hawaii at Hilo college of pharmacy special fund the sum of



1 \$ or so much thereof as may be necessary for fiscal  
2 year 2014-2015 for the purposes of this Act.

3 The sum appropriated shall be expended by the Daniel K.  
4 Inouye college of pharmacy at the University of Hawaii at Hilo  
5 for the purposes of this Act.

6 SECTION 8. This Act shall take effect on July 1, 2050.



**Report Title:**

UH-Hilo; College of Pharmacy; Pilot Project; Special Fund;  
Appropriation

**Description:**

Establishes a five-year pilot project at the Daniel K. Inouye college of pharmacy at the University of Hawaii at Hilo that ensures the financial self-sufficiency of the college.  
Establishes a special fund for the college of pharmacy.  
Appropriates moneys from the special fund. Effective 7/1/2050.  
(SD2)

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