

JAN 17 2014

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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. (a) There shall be established at the pharmacy  
2 school of the University of Hawaii at Hilo a five-year pilot  
3 program commencing on July 1, 2014, and terminating on June 30,  
4 2019, under which the pharmacy program shall be financially and  
5 managerially autonomous.

6           (b) The pharmacy school shall be financially supported  
7 entirely by the special fund established under section 2 into  
8 which shall be deposited all revenues generated by the pharmacy  
9 school.

10          (c) The University of Hawaii system may, but shall not be  
11 required to, subsidize or provide any financial assistance to  
12 the pharmacy school.

13          (d) The pharmacy school shall not be subject to any fees  
14 or assessments that may generally be levied by the University of  
15 Hawaii system upon its programs, departments, and schools.

16           SECTION 2. (a) There is established the University of  
17 Hawaii at Hilo pharmacy school special fund, which shall be



1 administered by the pharmacy school board of governors  
2 established under section 3.

3 (b) Revenues of the special fund shall consist of all the  
4 revenues of the pharmacy school, including revenues and any  
5 interest accrued from tuition, grants, fees, and donations.

6 (c) The special fund may be used for the following  
7 purposes:

8 (1) Reimbursement of all costs associated with the  
9 construction, maintenance, and operation of the  
10 pharmacy school;

11 (2) Procurement of loans from a financial institution to  
12 construct, maintain, and operate the pharmacy school;  
13 and

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

17 (d) The special fund shall be exempt from the central  
18 services expenses deducted pursuant to section 36-27, Hawaii  
19 Revised Statutes, or the pro rata share of departmental  
20 administrative expenses charged pursuant to section 36-30,  
21 Hawaii Revised Statutes.



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

3 (f) On January 1, 2015, and every four years thereafter,  
4 the pharmacy school board of governors shall report semi-  
5 annually to the legislature on the moneys in the special fund,  
6 including deposits, expenditures, and other transactions. The  
7 reports shall explain in detail all expenditures from the  
8 special fund.

9 SECTION 3. (a) There is established the University of  
10 Hawaii at Hilo pharmacy school board of governors, whose powers  
11 and duties shall include the following:

12 (1) The administration of the special fund established  
13 under section 2;

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

18 (3) Assisting the pharmacy school with the adjustment of  
19 the pharmacy school tuition costs.

20 (b) The board of governors shall consist of five members  
21 who shall be appointed as follows:



- 1           (1) One member who shall be a member of the University of  
2           Hawaii board of regents and who shall be appointed by  
3           the chair of the University of Hawaii board of  
4           regents;
- 5           (2) One member with financial management experience who  
6           shall be appointed by the governor pursuant to section  
7           26-34, Hawaii Revised Statutes; provided that  
8           notwithstanding the four-year term period limitation  
9           established in that section, the term of the member  
10          appointed pursuant to this paragraph shall be for five  
11          years;
- 12          (3) One member who shall be a member of the board of  
13          pharmacy and who shall be appointed by the chair of  
14          the board of pharmacy; provided that the member is one  
15          of the pharmacists on the board of pharmacy who is  
16          licensed to practice pursuant to chapter 461, Hawaii  
17          Revised Statutes;
- 18          (4) One member who shall be appointed by the speaker of  
19          the house of representatives; and
- 20          (5) One member who shall be appointed by the president of  
21          the senate.



1 (c) The board of governors shall select one of its members  
2 to serve as the chair of the board of governors; provided that  
3 the chair shall not be the member who is appointed by either the  
4 speaker of the house of representatives or the president of the  
5 senate.

6 (d) The board of governors shall serve without  
7 compensation for their services, but shall be reimbursed for  
8 necessary expenses, including travel.

9 (e) Except for the limited duties specified in subsection  
10 (a), the board of governors shall not otherwise participate in  
11 the management or operation of the pharmacy school.

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

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 pharmacy school should be continued.  
21 The main criteria of the evaluation shall be the ability of the  
22 pharmacy school to fiscally sustain its operations during the



1 five-year pilot program. If the University of Hawaii system  
 2 finds as a result of its program evaluation that the pharmacy  
 3 school 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.

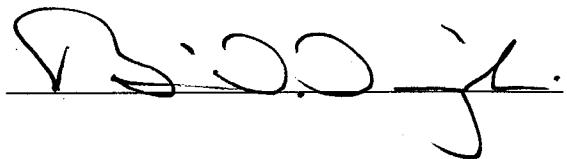
8 SECTION 6. There is appropriated out of the University of  
 9 Hawaii at Hilo pharmacy school special fund the sum of  
 10 \$ or so much thereof as may be necessary for fiscal  
 11 year 2014-2015 for the purposes of this Act.

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

14 SECTION 7. This Act shall take effect on July 1, 2014, and  
 15 shall be repealed on June 30, 2019.

16

INTRODUCED BY:



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# S.B. NO. 2550

**Report Title:**

UH-Hilo; Pharmacy School; Pilot Project; Special Fund;  
Appropriation

**Description:**

Establishes a 5-year pilot project at the pharmacy school of UH-Hilo that ensures the financial self-sufficiency of the school. Establishes a special fund for the pharmacy school. Appropriates moneys from the special fund.

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