
A BILL FOR AN ACT

RELATING TO HIGHER EDUCATION.

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

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

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

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



1 the legislature's purview pursuant to article X, section 6, of
2 the Hawaii State Constitution.

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

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

9 " . UNIVERSITY OF HAWAII AT HILO COLLEGE OF PHARMACY

10 **§304A-A University of Hawaii at Hilo college of pharmacy;**
11 **pilot program.** (a) There is established at the college of
12 pharmacy of the University of Hawaii at Hilo a five-year pilot
13 program commencing on July 1, 2014, and terminating on June 30,
14 2019, under which the college of pharmacy shall be financially
15 and managerially independent.

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

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



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

5 **§304A-B University of Hawaii at Hilo college of pharmacy;**
6 **board of governors.** (a) There is established the University of
7 Hawaii at Hilo college of pharmacy board of governors, whose
8 powers and duties shall include the following:

- 9 (1) The administration of the special fund established
10 under section 304A-C;
- 11 (2) All powers and responsibilities necessary to plan,
12 design, construct, maintain, and operate an
13 educational facility for the University of Hawaii at
14 Hilo college of pharmacy; and
- 15 (3) Assisting the college of pharmacy with the adjustment
16 of the college of pharmacy's tuition and fee schedule.

17 The board of governors shall serve in an advisory capacity to
18 the chancellor of the University of Hawaii at Hilo and report to
19 the University of Hawaii board of regents and the chancellor of
20 the University of Hawaii at Hilo.

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



- 1 (1) Three members who shall be members of the University
2 of Hawaii board of regents to be appointed by the
3 chair of the University of Hawaii board of regents;
4 provided that the terms of the members appointed
5 pursuant to this paragraph shall be staggered and
6 shall conclude non-concurrently;
- 7 (2) One member with financial management experience to be
8 appointed by the governor pursuant to section 26-34;
9 provided that the term of the member appointed
10 pursuant to this paragraph shall be five years;
- 11 (3) One member who shall be a member of the board of
12 pharmacy to be appointed by the chair of the board of
13 pharmacy; provided that the member is one of the
14 pharmacists on the board of pharmacy who is licensed
15 to practice pursuant to chapter 461;
- 16 (4) One member to be appointed by the speaker of the house
17 of representatives; and
- 18 (5) One member to be appointed by the president of the
19 senate;
- 20 provided that all members of the board of governors shall be
21 approved by the University of Hawaii board of regents.



1 (c) The board of governors shall select a chair from among
2 its members; provided that the chair shall not be a member
3 appointed by either the speaker of the house of representatives
4 or the president of the senate.

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

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

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

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



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

4 (c) The special fund may be used for the following
5 purposes:

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

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

15 (3) To pay any debt service on any loans made by a
16 financial institution to the college of pharmacy to
17 construct the college of pharmacy facility; and

18 (4) To pay for the operation and maintenance of the
19 college of pharmacy and its facilities, including
20 faculty and other personnel costs associated with
21 operating the college of pharmacy.



1 (d) Notwithstanding any law to the contrary, the special
2 fund shall be exempt from the central service expenses deducted
3 pursuant to section 36-27 and the pro rata share of departmental
4 administrative expenses charged pursuant to section 36-30.

5 (e) Beginning January 1, 2015, the University of Hawaii at
6 Hilo college of pharmacy board of governors shall report semi-
7 annually to the legislature on the moneys in the special fund,
8 including deposits, expenditures, and other transactions. The
9 reports shall explain in detail all expenditures from the
10 special fund."

11 SECTION 4. Commencing not later than July 1, 2018, the
12 University of Hawaii board of regents shall perform a program
13 evaluation to consider whether the college of pharmacy should be
14 continued. The main criteria of the evaluation shall be the
15 ability of the college of pharmacy to fiscally sustain its
16 operations during the five-year pilot program. If the
17 University of Hawaii board of regents finds, as a result of its
18 program evaluation, that the college of pharmacy meets the
19 criteria for success and sustainability, the terms and
20 conditions of the program shall be adopted and implemented as
21 the operational structure for the college of pharmacy. If the
22 University of Hawaii board of regents finds, as a result of its



1 program evaluation, that the college of pharmacy is not fiscally
2 sustainable, then the University of Hawaii board of regents
3 shall report its findings to the legislature no later than
4 twenty days prior to the convening of the regular session of
5 2019 and may move to initiate proceedings to terminate the
6 college of pharmacy pilot program and transfer control of all
7 property and management, financial, and other responsibilities
8 to the University of Hawaii board of regents.

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

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

15 SECTION 6. The director of finance is authorized to issue
16 general obligation bonds in the sum of \$ or so much
17 thereof as may be necessary and the same sum or so much thereof
18 as may be necessary is appropriated for fiscal year 2014-2015
19 for the construction of a facility to house the University of
20 Hawaii at Hilo college of pharmacy; provided that this
21 appropriation shall not lapse at the end of the fiscal biennium
22 for which the appropriation is made; provided further that all



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

3 SECTION 7. 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 the debt
9 service on such bonds shall be paid using special funds;
10 provided further that this appropriation shall not lapse at the
11 end of the fiscal biennium for which the appropriation is made;
12 provided further that all moneys from the appropriation
13 unencumbered as of June 30, 2016, shall lapse as of that date.

14 SECTION 8. The board of regents of the University of
15 Hawaii, with the approval of the governor, is authorized to
16 issue revenue bonds to finance, in whole or in part, the costs
17 of construction of a facility to house the University of Hawaii
18 at Hilo college of pharmacy, including reserves therefor as the
19 board of regents may direct. The total principal amount of the
20 revenue bonds authorized by this Act shall not exceed \$;
21 provided that neither revenue bonds issued to refund revenue
22 bonds heretofore issued, to the extent that such refunding

1 revenue bonds do not exceed the principal amount of the revenue
2 bonds being refunded, nor revenue bonds of the board outstanding
3 at the effective date of this Act, shall cause the amount
4 authorized by this section to be decreased. The revenue bonds
5 shall be issued pursuant to the provisions of part VI of chapter
6 304A, Hawaii Revised Statutes. The principal and interest on
7 the revenue bonds, to the extent not paid from the proceeds of
8 such bonds, shall be paid solely from and secured solely by the
9 revenue of the university as defined in section 304A-2671,
10 Hawaii Revised Statutes.

11 SECTION 9. There is appropriated out of the revenue bond
12 proceeds authorized by section 8 of this Act the sum of
13 \$ or so much thereof as may be necessary for fiscal year
14 2014-2015 to carry out the purposes of section 8; provided that
15 any unexpended and unencumbered balance of the appropriation
16 shall not lapse at the end of fiscal year 2014-2015 and shall
17 lapse instead on June 30, 2019.

18 SECTION 10. There is appropriated out of the University of
19 Hawaii at Hilo college of pharmacy special fund the sum of
20 \$ or so much thereof as may be necessary for fiscal year
21 2014-2015 for the purposes of this Act.



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

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

7 SECTION 12. New statutory material is underscored.

8 SECTION 13. This Act shall take effect on July 1, 2525,
9 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 University of Hawaii at Hilo College of Pharmacy to ensure its fiscal sustainability. Establishes the University of Hawaii at Hilo College of Pharmacy Special Fund. Effective July 1, 2525. (SB2550 HD1)

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

