
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.



1 The board of governors shall report to the University of Hawaii
2 board of regents and the chancellor of the University of Hawaii
3 at Hilo.

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

6 (1) Three members who shall be members of the University
7 of Hawaii board of regents to be appointed by the
8 chair of the University of Hawaii board of regents;

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

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

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

20 (5) One member to be appointed by the president of the
21 senate;



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

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

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

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

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

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



1 administered by the University of Hawaii at Hilo college of
2 pharmacy board of governors.

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

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

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

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

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

20 (4) To pay for the operation and maintenance of the
21 college of pharmacy and its facilities, including



1 faculty and other personnel costs associated with
2 operating the college of pharmacy.

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

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

13 SECTION 4. Commencing not later than July 1, 2018, the
14 University of Hawaii board of regents shall perform a program
15 evaluation to consider whether the college of pharmacy should be
16 continued. The main criteria of the evaluation shall be the
17 ability of the college of pharmacy to fiscally sustain its
18 operations during the five-year pilot program. If the
19 University of Hawaii board of regents finds, as a result of its
20 program evaluation, that the college of pharmacy is not fiscally
21 sustainable, then the University of Hawaii board of regents
22 shall report its findings to the legislature no later than



1 twenty days prior to the convening of the regular session of
2 2019 and may initiate proceedings to terminate the college of
3 pharmacy pilot project and transfer control of all property and
4 management, financial, and other responsibilities to the
5 University of Hawaii board of regents.

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

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

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



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

12 SECTION 8. The board of regents of the University of
13 Hawaii, with the approval of the governor, is authorized to
14 issue revenue bonds to finance, in whole or in part, the costs
15 of construction of a facility to house the University of Hawaii
16 at Hilo college of pharmacy, including reserves therefor as the
17 board of regents may direct. The total principal amount of the
18 revenue bonds authorized by this Act shall not exceed \$;
19 provided that neither revenue bonds issued to refund revenue
20 bonds heretofore issued, to the extent that such refunding
21 revenue bonds do not exceed the principal amount of the revenue
22 bonds being refunded, nor revenue bonds of the board outstanding



1 at the effective date of this Act, shall cause the amount
2 authorized by this section to be decreased. The revenue bonds
3 shall be issued pursuant to the provisions of part VI of chapter
4 304A, Hawaii Revised Statutes. The principal and interest on
5 the revenue bonds, to the extent not paid from the proceeds of
6 such bonds, shall be paid solely from and secured solely by the
7 revenue of the university as defined in section 304A-2671,
8 Hawaii Revised Statutes.

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

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

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



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

5 SECTION 12. New statutory material is underscored.

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



S.B. NO.

2550
S.D. 2
H.D. 1
Proposed

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 7/1/2525. (HD1 Proposed)

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

