RE: H.B. No. 1491
        H.D. 1
        S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Higher Education, to which was referred H.B. No. 1491, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE BUDGET,"

begs leave to report as follows:

The purpose and intent of this measure is to repeal the University of Hawaii's program budget exemptions.

Your Committee received testimony in opposition to this measure from the University of Hawai'i System. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that the University of Hawaii is currently exempt from certain budgetary oversights and controls, which limits transparency and may cause difficulties in ensuring that the University of Hawaii is properly accountable for its use of public funds.

Your Committee further finds that the manner in which the University of Hawaii manages the public funds entrusted to it is a matter of statewide concern under the Legislature's purview pursuant to article X, section 6, of the Hawaii State Constitution.

Your Committee has amended this measure by:

(1)   Inserting language to require the University of Hawaii to provide written notice to the Director of Finance no less than fifteen days prior to any transfer of special fund monies between special funds and prior to any use of special fund monies for purposes outside of the statutory purpose of the special fund;

(2)   Reinstating the University of Hawaii's authority to modify or withhold planned expenditures in accordance with sections 37-36 and 37-37, Hawaii Revised Statutes;

(3)   Reinstating the University of Hawaii's authority to transfer appropriated funds and positions for the operating cost category among programs, among cost elements in a program, and between quarters without legislative approval;

(4)   Inserting language to require the University of Hawaii to provide written notice to the Director of Finance no less than fifteen days prior to any transfer of appropriated funds and positions for the operating cost category among programs, and among cost elements in a program;

(5)   Reinstating the requirement that the University of Hawaii account for each transfer in quarterly reports to the Governor and annual reports at the end of each fiscal year to the Legislature and Governor; and

(6)   Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1491, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1491, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Higher Education,

_____
BRIAN T. TANIGUCHI, Chair

The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Higher Education
HRE

Bill / Resolution No.:*	Committee Referral:	Date:
HB 1491, HD1	HRE, WAM	3-18-14

☐ The committee is reconsidering its previous decision on this measure.

If so, then the previous decision was to: _____

The Recommendation is:

☐ Pass, unamended
2312

☒ Pass, with amendments
2311

☐ Hold
2310

☐ Recommit
2313

Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
KAHELE, Gilbert (VC)	✓			
KEITH-AGARAN, Gilbert S.C.	✓			
IGE, David Y.				✓
KIDANI, Michelle N.	✓			
TOKUDA, Jill N.	✓			
SLOM, Sam	✓			
TOTAL	6			1

Recommendation:

☒ Adopted

☐ Not Adopted

Chair's or Designee's Signature: _Gilbert Kahele_

*Only <u>one</u> measure per Record of Votes