

Honolulu, Hawaii

MAR 13 2014

RE: H.B. No. 1652
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. 1652, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HIGHER EDUCATION,"

begs leave to report as follows:

The purpose and intent of this measure is to create a five-year pilot project at the Daniel K. Inouye College of Pharmacy at the University of Hawaii at Hilo to ensure the financial self-sufficiency of the College.

Your Committee received testimony in support of this measure from the University of Hawaii at Hilo; University of Hawaii at Hilo College of Pharmacy; Office of the Mayor of the County of Hawaii; Friends of the Daniel K. Inouye College of Pharmacy; Hawai'i Island Chamber of Commerce; United Public Workers, AFSCME, Local 646, AFL-CIO; Hawai'i Island Economic Development Board; Hawai'i Construction Alliance; Walgreen Co.; Laborers' International Union of North America Local 368; and twenty-nine individuals. Your Committee received testimony in opposition to this measure from one individual. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that the Daniel K. Inouye College of Pharmacy at the University of Hawaii at Hilo (College of Pharmacy) should operate with financial autonomy from the University of



Hawaii System. This measure allows for this autonomy by creating a five-year pilot program that requires a determination in 2018 of whether the College of Pharmacy should be continued based on whether it is able to fiscally sustain its operations.

Your Committee has amended this measure by:

- (1) Simplifying the purpose section to merely state that this measure is a law of statewide concern pursuant to article X, section 6, of the Hawaii State Constitution;
- (2) Establishing the five-year pilot plan as session law rather than codifying it in the Hawaii Revised Statutes;
- (3) Clarifying that the University of Hawaii System may, but is not required to, subsidize or provide financial assistance to the College of Pharmacy;
- (4) Removing language creating the Board of Governors of the College of Pharmacy;
- (5) Inserting language authorizing independent audits of the College of Pharmacy special fund upon the request of the Legislature;
- (6) Adding language to require the University of Hawaii at Hilo to annually report to the Legislature regarding the College of Pharmacy special fund, beginning on January 1, 2015;
- (7) Adding language to require the College of Pharmacy to submit annual financial and management reports to the Board of Regents, Governor, and Legislature no later than twenty days prior to the convening of the Regular Session of 2015 and ending with the Regular Session of 2019;
- (8) Removing language appropriating general revenues for the purposes of this measure;
- (9) Removing language authorizing the issuance of general obligation bonds for the construction of a facility to house the College of Pharmacy;



- (10) Removing language authorizing the issuance of general obligation bonds for the construction of a facility to house the College of Pharmacy, the debt service of which was required to be paid using monies from the College of Pharmacy special fund;
- (11) Removing language authorizing the Board of Regents of the University of Hawaii to issue revenue bonds to finance the costs of construction of a facility to house the College of Pharmacy;
- (12) Removing language appropriating funds out of the revenue bond proceeds to finance the costs of construction of a facility to house the College of Pharmacy;
- (13) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (14) 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. 1652, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1652, 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



