



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
March 28, 2014 at 9:25 a.m.

by
Howard Todo, Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i

HB 1491 HD1 SD1 – RELATING TO THE BUDGET

Chair Ige, Vice Chair Kidani and Members of the Committee:

The University of Hawai'i System opposes this measure, which requires the University to provide notification to the Director of Finance regarding transfers of non-general funds in lieu of repealing our program execution flexibility contained in the House Draft 1.

The existing program execution flexibility provided in section 37-74, Hawai'i Revised Statutes (HRS), recognizes that only 40 percent of the University's entire operating budget is supported by State general funds and, as a consequence, the University must leverage and reallocate our various revenue sources to meet our operating needs in a time-sensitive manner. Thus, the University routinely transfers funds to cover system wide expenses related to information technology, risk management, and payroll processing that by design are financed by a combination of both general funds and non-general funds. Another example of the University leveraging its funds are the efforts made to ensure the maximum delivery of instructional services by the community college system. Transfers of general funds and tuition funds between community college campuses ensure that instructional services are available to students as enrollments fluctuate between campuses and by semesters.

While we can provide such notifications to the Director of Finance, these notifications add an additional reporting requirement when the University System is currently providing more than one dozen budget and finance related reports (See Attached List). Specifically, section 37-47, HRS, requires that we submit annual reports to the Department of Budget and Finance for each of our non-general funds and such reports require that we include transfer amounts. (See Attached Reports on Tuition and Fee Special Funds)

In conclusion, we question the necessity of this additional reporting, and respectfully request that this measure be deferred.

Thank you for your consideration of our testimony on this measure.



WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1491, H.D. 1, S.D. 1

March 28, 2014

RELATING TO THE BUDGET

House Bill No. 1491, H.D. 1, S.D. 1, proposes to amend Chapter 37-74, HRS, which would require the University of Hawaii (UH) to provide written notice to the Director of Finance prior to transfer of appropriated funds and positions among programs and among cost elements in a program, and transfer of special fund moneys between special funds and use of special fund moneys outside of the statutory purpose of the special fund.

The Department of Budget and Finance (B&F) defers to the UH regarding the operational impacts of the reporting requirement provisions.

It should be noted, however, that use of special funds should conform to the statutory purpose and provisions of the special fund. Thus, spending for nonconforming purposes should not take place and there should be no need to report use of special fund moneys for purposes outside of the statutory purpose of the special fund.