
A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

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

1 SECTION 1. Each session, legislators carefully weigh the
2 costs and benefits of appropriating moneys to various worthy
3 governmental operations. The legislature therefore finds that
4 it is a matter of statewide concern when moneys appropriated to
5 the University of Hawaii are not expended at all, or not
6 expended for their intended purposes.

7 The purpose of this Act is to ensure that appropriations to
8 the University of Hawaii are expended for the specific purposes
9 intended by the legislature.

10 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
11 amended by adding a new section to be appropriately designated
12 and to read as follows:

13 "§304A- Appropriations; specific purpose. (a) Any
14 appropriation made by the legislature to the University of
15 Hawaii for a specific purpose as described in the general
16 appropriations act, supplemental appropriations act, budget
17 worksheets, or other appropriations vehicle shall be expended by



1 the University of Hawaii for the specific purpose described in
2 the general appropriations act, supplemental appropriations act,
3 budget worksheets, or other appropriations vehicle, as
4 applicable.

5 (b) If the University of Hawaii does not expend all of the
6 funds for the specific purpose described by the legislature, the
7 university shall submit a report to the legislature no later
8 than twenty days before the convening of the next regular
9 session. The report shall include a detailed explanation of why
10 the funds were not expended or, if the funds were expended for a
11 different purpose, why they were expended for that purpose. If
12 the governor or director of finance, pursuant to the authority
13 provided under chapter 37, modifies, amends, or reduces moneys
14 appropriated to the university, the report shall include a
15 description of how the funds that were actually released to the
16 university were spent on the corresponding program.

17 (c) During the fiscal year following the submission of a
18 report pursuant to subsection (b), an amount equal to any funds
19 appropriated for the prior fiscal year that were not expended in
20 accordance with the specific purpose as described by the
21 legislature, plus any related recurring appropriations, shall be



H.B. NO. 1800

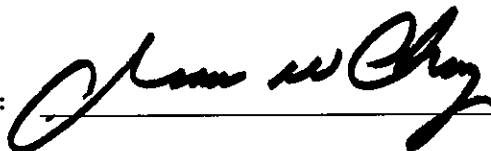
1 returned by the director of finance or the University of Hawaii
2 to the general fund."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect on July 1, 2016.

5

INTRODUCED BY:

A handwritten signature in black ink, appearing to read "James W. King", is written over a horizontal line.

JAN 22 2016



H.B. NO. 1800

Report Title:

University of Hawaii; Expenditures

Description:

Requires funds appropriated to the University of Hawaii for a specific purpose to be expended for that specific purpose. Requires a report that explains to the legislature any nonconformity with the previous requirement. Requires unexpended funds to be returned to the general fund.

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





UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
February 4, 2016 at 2:00 p.m., Room 309

by
Kalbert K. Young
Vice President for Budget & Finance/Chief Financial Officer
University of Hawai'i System

HB 1800 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Choy, Vice Chair Ichiyama, and Members of the Committee on Higher Education:

The University of Hawai'i (UH) opposes HB1800, Relating to the University of Hawaii. This bill requires that funds appropriated to UH for a specific purpose be expended for that specific purpose. This bill also adds a reporting requirement for any nonconformity and requires unexpended funds to be returned to the general fund.

This bill is an over extension of legislative intent and is an overly punitive measure against the University for management decisions that can be prudent, fiscally required, or completely outside of the control of the University. The University takes legislative intent very seriously and has always adhered to it whenever possible. However, there have been instances where it has not been feasible to implement legislative add-ons. As a case in point, Section 27 of Act 119, Session Laws of Hawai'i (SLH) 2015, requires UH to spend \$75,000 for a Turkish language professor. However, the additional funding for such a hire was not appropriated by the Legislature, therefore requiring that any such hire would come from current appropriations. Also, the time to hire any professor would take longer than the time between the end of the legislative session and the beginning of the school year. As such, the prudent decision was made to not hire this professor and forego \$75,000 in FY16. Keep in mind that this \$75,000 was funding existing programs. If the provisions proposed under HB1800 were enacted, UH would not spend \$75,000 it is already fiscally challenged to provide but would also then be penalized the following year by having that amount removed from its budget.

Provisions in this bill establish legislative purpose through the general appropriations act and "budget worksheets or other appropriations vehicles." Budget worksheets are not enacted materials of law.

In addition, the intent of this bill is completely counter to sound fiscal management. Imposing disincentives to saving or for management to make sound expenditures is not prudent. This bill requires spending for the sake of spending at the risk of reducing future appropriations.

Restrictions imposed by the Governor and the Department of Budget and Finance (B&F) would also have a doubly negative effect on the University. Not only would funds not be available in the current fiscal year, but UH would be penalized the following fiscal year for a decision that was not even made by University management. This is a very real example - both Act 104 and Act 105, SLH 2015, currently have 10% of their funding restricted by B&F.

This bill is also problematic in that it would require unexpended funds to be returned to the general fund. However, this provision would apply to all Means of Financing (MOF). Unfortunately, this could mean that any funds – Tuition and Fees Special Fund, various special and revolving funds, and even federal fund or GO bond funds – would revert to the general fund.

Finally, this bill appears to violate Article X, Section 6 of the Hawai'i State Constitution, which establishes that the Board of Regents “shall have exclusive jurisdiction over the internal structure, management, and operation of the university.” If this bill were truly of statewide concern, it should apply to all departments in the Executive Branch, if not all agencies within State government. Additionally, these statewide provisions should be in a properly titled vehicle, such as “Relating to State Funds.” As HB1800 is a bill for an act “Relating to the University of Hawai'i,” and no such similar legislation pertains to any other State department or agency, it is difficult to see how this is truly of statewide concern.

Thank you for your time and consideration.

ichiyama2-Brandon

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 01, 2016 4:52 PM
To: HEDtestimony
Cc: unheelim@gmail.com
Subject: *Submitted testimony for HB1800 on Feb 4, 2016 14:00PM*

HB1800

Submitted on: 2/1/2016

Testimony for HED on Feb 4, 2016 14:00PM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Unhee Lim	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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