

SB 637

Testimony

Measure Title:	PROPOSING AN AMENDMENT TO THE HAWAII CONSTITUTION TO DIVEST EXCLUSIVE JURISDICTION OF THE BOARD OF REGENTS OF THE UNIVERSITY OF HAWAII OVER THE INTERNAL STRUCTURE, MANAGEMENT, AND OPERATION OF THE UNIVERSITY OF HAWAII.
Report Title:	Constitutional Amendment; UH; Board of Regents (ConAm)
Description:	Proposes a constitutional amendment to divest the board of regents of UH from exclusive jurisdiction over internal structure, management, and operations of UH.
Companion:	
Package:	None
Current Referral:	HEA/JDL, WAM
Introducer(s):	TANIGUCHI (Introduced by request of another party)



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Higher Education and the Arts
and
Senate Committee on Judiciary and Labor
February 5, 2015 at 1:30pm
by
Randolph G. Moore
Chair, University of Hawai'i Board of Regents
And
David Lassner
President, University of Hawai'i

SB 637 – PROPOSING AN AMENDMENT TO THE HAWAII CONSTITUTION TO DIVEST EXCLUSIVE JURISDICTION OF THE BOARD OF REGENTS OF THE UNIVERSITY OF HAWAII OVER THE INTERNAL STRUCTURE, MANAGEMENT, AND OPERATION OF THE UNIVERSITY OF HAWAII

Chairs Taniguchi and Keith-Agaran, Vice Chairs Inouye and Shimabukuro, and Members of the Committees:

Thank you for this opportunity to testify on SB637, which proposes a constitutional amendment to divest the Board of Regents from exclusive jurisdiction over internal structure, management and operations of the University of Hawai'i. The University of Hawai'i strongly opposes this measure.

SB 637 does not provide a rationale for this action but as background, we note that the current constitutional language was approved by a majority of voters in 2000 (after it was unanimously approved by the Legislature in 2000). That constitutional amendment was the culmination of many years of discussion in which the broad community began to appreciate the critical role of the University of Hawai'i (UH) in our state's economy and the importance of flexibility in enabling the UH to deliver on our potential to advance the economy. During that period prior to the 2000 amendment the Legislature itself passed a number of well-considered actions to increase flexibility.

We believe this widely accepted advance in public policy has been a huge success for Hawai'i and will highlight below just a few of the outcomes UH has been able to achieve with the flexibility granted:

In Fiscal Year (FY) 99 UH's total expenditures were approximately \$730 million, of which over half (\$380 million) were state general funds. In FY14 total expenditures have more than doubled, to over \$1.5 billion, with state general funds now contributing less than 30% (\$420 million).

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The widely respected UH Economic Research Organization (UHERO) estimated in 2013 that each dollar of state general funds, now approximately \$420 million, translates into \$9.61 of total business sales, \$2.91 of employee earnings, and \$.52 in tax revenues returned to the state.

In FY01 the total extramural awards to UH totaled \$216 million. For FY14 that number was \$392 million, an increase of over 80%. UH experienced a peak in FY11 when the UH was able to leverage the federal stimulus act (ARRA) to bring over \$488 million in extramural funding into Hawai'i when the State needed the economic stimulus most.

Fall enrollment in the 1999 academic year was 45,000 and grew to over 57,000 in Fall 2014. This represents an enrollment increase of over 26% achieved with a growth in general fund investment of less than 11%. And again, UH was able to respond to community needs by enrolling over 60,000 students during the peak of the recession when our citizens most needed additional education and training to compete in a difficult job market — even as our state budgets were being cut.

In 2000, UH awarded 7,238 degrees and certificates. In the 2014 academic year UH awarded 11,278 degrees and certificates, the most in our history and an increase of over 55% since 2000. On average, a bachelor's degree recipient earns over \$1 million more in their lifetime than someone with only a high school diploma, making the impact of these additional degrees to our people, families and communities is substantial.

Under its own authority, UH has created innovative programs to advance student success including: a degree audit system that works across multiple campuses, the development of multi-campus degree pathways, reverse transfer, automatic admission, and the nationally renowned "15 to Finish" program.

Since 2000, UH has undertaken over \$1 billion in major construction, stimulating economic activity across the state. In addition to numerous renovations, some of the major milestones include: a completely new campus at UH West O'ahu; a new Kaka'ako campus comprised of the John A. Burns School of Medicine and the Cancer Center; the LEED Platinum Center for Microbial Oceanography Research and Education and a new Frear Hall at UH Mānoa; the new IT Center for the UH System (LEED Gold certification pending); a new Education Building at Leeward Community College; the One Stop Center at Kaua'i Community College; a new Science Building at Maui College as well as the new Institute for Astronomy Advanced Technology Research Center in Kula; a new Learning Resource Center (Library) at Windward Community College; a new Hawaiian Language Building, Science and Technology Building, Student Life Center and Student Housing at UH Hilo; and of course, the first phase of our long-awaited new Pālanui campus is nearing completion in West Hawai'i.

Since 2000, UH has: replaced 10 campus student information systems on our

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campuses with a single integrated system; implemented the State's first competitive online procurement system; completely replaced our financial system; implemented a new online research administration system that allows proposals to be submitted online to the federal government; automated UH's payroll interface to DAGS; moved from paper to online distribution of payroll statements (a concern noted for the rest of state government by the Governor in his state of the state address); moved vacation/sick leave processing online; and implemented online timesheets for hourly workers.

Proactive actions and successes such as these are consistent with the expectations of the Legislature and community in 2000 (when the current constitutional language was adopted). Charging Boards of Regents with responsibility for the structure, management and operations of public colleges and universities is the consistent best practice across the nation.

The University of Hawai'i welcomes the opportunities to engage in public conversation with the Legislature and the community about major policies, directions and priorities. However, we believe that maintaining jurisdiction over internal structure, management and operations, as described by our constitution, is the appropriate purview and responsibility of the Regents, who are appointed by the Governor and confirmed by the State Senate.

Thank you for this opportunity to testify in strong opposition to this measure.



The Senate Joint Committee on Higher Education and the Arts
and Committee on Judiciary and Labor
Thursday, February 5, 2015
1:30 p.m.

SB 637, Proposing an Amendment to the Hawaii Constitution to Divest Exclusive Jurisdiction of the Board of Regents of the University of Hawaii Over the Internal Structure, Management, and Operations of the University of Hawaii.

Dear Chairmans Taniguchi and Keith-Agaran and Committee Members:

The University of Hawaii Professional Assembly originally opposed the Constitutional Amendment that granted what was commonly called "autonomy" to the University of Hawaii on the grounds that the amendment was not about autonomy nor could the UH ever reasonably be autonomous and remain a public institution. Further, the language itself was always internally inconsistent since the Regents were given "exclusive jurisdiction" over internal operations, which they already possessed, but the Regents' exclusivity was qualified by adding that it didn't limit the Legislature to enact laws of statewide concern and the Legislature had the "exclusive jurisdiction to identify laws of statewide concern."

SB 637 would restore the proper constitutional language with respect to the powers of the Regents. Again, it is not a bill autonomy.

What is needed is for the Regents to take responsibility for engaging in a broader public conversation over the expectations being placed on the institution by the citizens of the State and the programmatic demands initiated by the Legislature. Once those expectations are clear, the conversation then must turn to the sources of revenue necessary to provide the programs and services statewide. Where will those revenues originate from, and in what proportion?--tuition dollars, philanthropy, external contracts for research and services, or public funds authorized by the Legislature.

The University cannot be autonomous from the State of Hawaii and the State Legislature cannot control or micromanage the University for political outcomes. These principles are at the heart of what it means to be both a public endeavor and a university at the same time. The Constitution as currently constructed does not protect those principles.

Respectively submitted,

J.N. Musto, Ph.D.
Executive Director

**UNIVERSITY OF HAWAII
PROFESSIONAL ASSEMBLY**

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Testimony to the Senate Committees on Higher Education and the Arts

Thursday, February 5, 2015

1:30 PM

Conference Room 224

State Capitol

415 South Beretania Street

RE: SENATE BILL 637 RELATING TO PROPOSING AN AMENDMENT TO THE HAWAII CONSTITUTION

Chair Taniguchi, Vice Chair Inouye, and Members of the Committee on Higher Education and the Arts:

My name is David Hafner representing myself as a stakeholder, both as a private citizen and as a graduate of the University of Hawaii, testifying in support of SB637. As a former senior manager at the University of Hawaii at Mānoa serving as the Director of Administrative Services for the University of Hawaii Institute for Astronomy (2005-2006) and as Assistant Vice Chancellor for Facilities and Grounds (2007-2011) I have direct firsthand experience regarding the effects of the University of Hawaii's dysfunctional governance system, and the urgent need to correct it through the improved legislative oversight that this proposed amendment would provide.

It should be self-evident from the catalog of recent missteps by the management of the University of Hawaii that the current governance system which grants the University extensive autonomy is failing to serve the public's interest and needs to needs to be corrected. In recent years we have experienced:

- Commitments made for faculty salary increases predicated on unsecured future legislative appropriations (essentially gaming the process to force the hand of the legislature);
- Engaging in large-scale capital construction programs without sustainable business plans to support the on-going operation (i.e. the Cancer Center); and
- The decades long underfunding of the University's facility maintenance and repair budgets leading to millions of dollars in premature plant replacement costs and significantly higher operating costs (paid by student tuition) from inadequate maintenance with the expectation that these "hidden" costs would be covered by the legislature.

From these events we can observe a pattern of behavior by the University's Board of Regents and Administrators that repeatedly jeopardizes the future financial stability of the University with

reckless decisions that are undertaken with the implicit and explicit expectation that they will be able to leverage the public's deep reservoir of support for higher education to cover their missteps. To continue to enable the University to escape accountability behind the current level autonomy is not in the public's interest. The University has demonstrated they do not deserve this trust by:

- Permitting the transfer of millions of dollars of student Tuition funds to support previously appropriated construction projects in order to hide fund balance surpluses and project overruns (Edmondson Hall and Ching Field respectively);
- Increasing the upward pressure on student tuition by continuing to cross-subsidize research programs with tuition revenues;
- Continuing to be unable to resolve its on-going athletic department deficits; and finally
- The Stevie Wonder Blunder.

The Stevie Wonder Blunder is an example of why the current shibboleth of "University autonomy" is so false, and why this amendment is so needed to break the cycle of lack of accountability. What the Wonder Blunder highlights is that while the public and the Legislature were appropriately concerned about the institutional breakdown, and particularly the opaque response, the Western Association of Schools and Colleges – the accreditation agency for UH – commended the President for "their focus on key priorities and their ability to keep in mind the long view rather than short term matters..." This is the mongoose guarding the chicken coop. There will be many who will argue that for reasons of "academic integrity" and for reasons of accreditation that this amendment is counter-productive. Let me respond by saying that the experiment in University autonomy has demonstrably failed and now is the appropriate time to re-establish public supervision

Respectfully submitted,

David Hafner

From: mailinglist@capitol.hawaii.gov
To: [HEA Testimony](#)
Cc: waimeavalleygirl@me.com
Subject: *Submitted testimony for SB637 on Feb 5, 2015 13:30PM*
Date: Wednesday, February 04, 2015 3:48:35 PM

SB637

Submitted on: 2/4/2015

Testimony for HEA/JDL on Feb 5, 2015 13:30PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Bonnyjean Manini	Individual	Oppose	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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