

DAVID Y. IGE
GOVERNOR



LAUREL A. JOHNSTON
DIRECTOR

KEN N. KITAMURA
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

**TESTIMONY BY LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 2165, H.D. 1**

**April 6, 2018
11:00 a.m.
Room 211**

RELATING TO THE UNIVERSITY OF HAWAII PROMISE PROGRAM

House Bill No. 2165, H.D. 1, establishes the University of Hawaii Promise Program to provide scholarships for the unmet direct cost needs of qualified students enrolled at any campus of the University of Hawaii system or any Community College campus; establishes the Hawaii Promise Program Special Fund; and appropriates an unspecified amount of general funds for deposit to the special fund.

While the Department of Budget and Finance defers to the University of Hawaii regarding the merits of this bill, as a matter of general policy, the department does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. With regards to House Bill No. 2165, H.D. 1, the sources of revenues for the special fund are not specified, so it is difficult to determine if there is an appropriate nexus or if the special fund is financially self-sustaining. Additionally, there is no appropriation to expend funds from the Hawaii Promise Program Special Fund.

Thank you for your consideration of our comments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
April 6, 2018 at 11:00 a.m.

By

Donald O. Straney, Vice President for Academic Planning and Policy
University of Hawai'i System

HB 2165 HD1 – RELATING TO THE UNIVERSITY OF HAWAII PROMISE PROGRAM

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee:

Thank you for the opportunity to testify in support of HB 2165 HD1 that establishes the University of Hawai'i Promise Program to provide scholarships for the unmet direct cost needs of qualified students enrolled at any campus of the University of Hawai'i system or any community college campus, appropriates funds to establish and implement the program, and creates a special fund.

Last session the State Legislature appropriated \$1.8M for the Hawai'i Promise program providing for scholarships to assure that community college students with unmet direct costs of their education would have those costs met by grant aid. The program is a last dollar scholarship, meaning that students are first awarded Pell grants, UH scholarships, and private scholarships before being awarded the Hawai'i Promise scholarship if it is needed to eliminate those unmet direct costs.

The program was implemented for Fall 2017 students and as of today approximately 1500 students have benefited from the Hawai'i Promise program at a cost of approximately \$2.2M. The funds needed beyond the \$1.8M appropriated by the legislature were provided from community college operating reserves. Implementation rules for the program were initiated this year and are being incorporated into University of Hawai'i Board of Regent and executive policies.

The University fully appreciates the Legislature's expansion of the Hawai'i Promise scholarships through HB 2165 HD1 to reach students beyond the community colleges and to be available to students enrolled at any UH campus who qualify for Hawai'i resident tuition. This broadened accessibility of the program to students at all UH campuses will attract more students, make college more affordable, and create opportunities for 4-year as well as 2-year degrees.

The University of Hawai'i looks forward to working with the Legislature to fine-tune the language of this bill as it continues through the process. As currently drafted, the language for the repayment provision on pages 6 and 7 would be considered a loan rather than a scholarship. In addition, the University would like to request that the GPA

requirements be consistent with federal and institutional academic progress guidelines for receiving financial aid.

Finally, HB 2165 HD1 proposes to establish a special fund for the Hawai'i Promise program. A separate fund is not required to implement the program and would not be appropriate given the general fund source for the program. A sub account can be created within the University of Hawai'i general fund to provide for a full accounting of the Hawai'i Promise awards.

The University of Hawai'i fully supports HB 2165 HD1 and is grateful for the opportunity to provide these comments.

HB-2165-HD-1

Submitted on: 4/5/2018 6:05:51 AM

Testimony for WAM on 4/6/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:

To the Honorable Donovan M. Dela Cruz, Chair; the Honorable Gilbert S. C. Keith-Agaran, Vice-Chair, and Members of the Committee on Ways and Means:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") on Legislative Priorities of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **HB2165 HD1** relating to the University of Hawaii; Promise Program; Scholarships; Appropriation; and a Special Fund.

The OCC on Legislative Priorities is in favor of **HB2165 HD1** and supports its passage.

HB2165 HD1 is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), as it establishes the University of Hawaii Promise Program to provide scholarships for the unmet direct cost needs of qualified students enrolled at any campus of the University of Hawaii system or any community college campus; appropriates funds to establish and implement the program; and creates a special fund.

Specifically, the DPH Platform states, "[w]e believe that the future of our state as well as our country depends upon an educated and knowledgeable citizenry. We support the prioritization of our resources toward providing quality public education and library services to every student, regardless of learning capacity or ability to pay, in an environment conducive to the learning process. These resources shall be made available at every level, from pre-school through higher education, including life-long learning. Educational facilities must be maintained, renovated and built to 21st century innovations so that our students learn in well-designed, safe environments. (Platform of DPH, P. 6, Lines 296-302 (2016)).

Consistent with these goals we seek to make public college, public university, trade, mentorship and apprenticeship programs available to all seeking further education tuition free. (Platform of DPH, P. 4, Lines 218-319 (2016)).

Given that **HB2165 HD1** establishes the University of Hawaii Promise Program to provide scholarships for the unmet direct cost needs of qualified students enrolled at any campus of the University of Hawaii system or any community college campus; appropriates funds to establish and implement the program; and creates a special fund, it is the position of the OCC on Legislative Priorities to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,

/s/ Melodie Aduja

Melodie Aduja, Chair, OCC on Legislative Priorities

Email: legislativepriorities@gmail.com, Text/Tel: (808) 258-8889

HB-2165-HD-1

Submitted on: 4/4/2018 9:28:59 PM

Testimony for WAM on 4/6/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Hattie Gerrish	Individual	Support	No

Comments:

As a graduate of UHH who was aided greatly by federal aid and scholarships, I am fortunate to be free of student debt. However, many of my friends are burdened by debt that restricts their options. Many other developed countries provide higher education at no cost. I would like to see Hawai'i advancing higher education accessible to all who seek it, and I am grateful that my representative, Rep. Nakashima, has stepped up on this issue. I urge others to do the same.