

JAN 17 2020

A BILL FOR AN ACT

RELATING TO REIMBURSEMENTS FOR STATE CONTRIBUTIONS.

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

1 SECTION 1. After the creation of the tuition and fees
2 special fund by Act 161, Session Laws of Hawaii 1995, many
3 University of Hawaii positions that were previously funded by
4 the general fund instead became funded by the tuition and fees
5 special fund. Section 87A-39, Hawaii Revised Statutes, requires
6 the University of Hawaii to reimburse the State for
7 contributions made by the State pursuant to sections 87A-32,
8 87A-33, 87A-34, 87A-35, 87A-36, and 87A-37, Hawaii Revised
9 Statutes, on account of University of Hawaii employees whose
10 compensation is paid in whole or in part from funds other than
11 the general fund.

12 In addition, section 88-125, Hawaii Revised Statutes,
13 requires the University of Hawaii to reimburse the State for the
14 respective amounts payable by the State to cover the liability
15 of the State to the various funds of the employees' retirement
16 system of the State. The department of budget and finance and
17 the University of Hawaii have subsequently agreed that



S.B. NO. 2576

1 reimbursements pursuant to sections 87A-39 and 88-125, Hawaii
2 Revised Statutes, will be paid by the general fund to avoid an
3 unintended consequence that would have forced the University of
4 Hawaii to pay for fringe benefits costs that it previously did
5 not have to pay.

6 The legislature finds that, without this agreement, the
7 University of Hawaii would have been forced to consider
8 alternatives, such as increased tuition rates or staff
9 reductions, which would have resulted in a reduction in
10 services. The legislature further finds that, without this
11 agreement, the legislature would also have had to continue
12 providing general funds for University of Hawaii positions or
13 implement reduction in force measures for positions that it no
14 longer appropriated general funds for.

15 The legislature further finds that this cost-sharing
16 agreement will be beneficial to both the University of Hawaii
17 and the State.

18 The purpose of this Act is to provide the University of
19 Hawaii with certain exemptions from sections 87A-39 and 88-125,
20 Hawaii Revised Statutes, to codify in statute the cost-sharing



1 agreement between the University of Hawaii and the department of
2 budget and finance.

3 SECTION 2. Section 87A-1, Hawaii Revised Statutes, is
4 amended by adding a new definition to be appropriately inserted
5 and to read as follows:

6 "S397 account" means the account established via
7 memorandum dated July 18, 2005, between the department of
8 accounting and general services and the University of Hawaii, to
9 address the payment of fringe benefits for payroll changes to
10 the tuition and fees special fund."

11 SECTION 3. Section 87A-39, Hawaii Revised Statutes, is
12 amended by amending subsection (a) to read as follows:

13 "(a) All state agencies having control of funds other than
14 the general fund shall reimburse the State for contributions
15 made by the State pursuant to sections 87A-32, 87A-33, 87A-34,
16 87A-35, 87A-36, and 87A-37 on account of agency employees whose
17 compensation is paid in whole or part from funds other than the
18 general fund. This subsection shall not apply to the University
19 of Hawaii when an employee's salary is paid in whole or in part
20 by the tuition and fees special fund and the employees position
21 is authorized by the legislature and designated to use tuition



1 and fees special fund moneys by way of the S 397 account,
2 provided that salaries that fall under the S 397 account shall
3 be capped at \$ _____ but that cap shall be adjusted by
4 passage of a concurrent resolution."

5 SECTION 4. Section 88-21, Hawaii Revised Statutes, is
6 amended by adding a new definition to be appropriately inserted
7 and to read as follows:

8 "S397 account" means the account established via
9 memorandum dated July 18, 2005, between the department of
10 accounting and general services and the University of Hawaii, to
11 address the payment of fringe benefits for payroll changes to
12 the tuition and fees special fund."

13 SECTION 5. Section 88-125, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) Each of the departments and agencies hereinafter
16 described, the office of Hawaiian affairs, and the Hawaii health
17 systems corporation shall reimburse the State for the respective
18 amounts payable by the State to cover the liability of the State
19 to the various funds of the system on account of the employees
20 in the departments and agencies, the trustees of the office of
21 Hawaiian affairs, and the employees of the Hawaii health systems



1 corporation. This provision shall apply to any department or
2 agency of the State that is authorized by law to fix, regulate,
3 and collect rents, rates, fees, or charges of any nature. This
4 subsection shall not apply [~~as to rental~~] to:

- 5 (1) Rental units receiving federal subsidies until
6 approval has been obtained from the appropriate
7 federal agency[-]; or
8 (2) University of Hawaii employee salaries paid in whole
9 or in part by the tuition and fees special fund and
10 the employee's position is authorized by the
11 legislature and designated to use tuition and fees
12 special fund moneys by way of the S 397 account,
13 provided that salaries that fall under the S 397
14 account shall be capped at \$ _____ but that cap
15 shall be adjusted by passage of a concurrent
16 resolution."

17 SECTION 6. Section 304A-2007, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "**§304A-2007 Special and revolving funds; annual report;**
20 **expenditures in excess of appropriations.** (a) The university
21 shall annually provide to the legislature, at least twenty days



1 prior to the convening of the regular session, ~~[a]~~ a report
2 which shall include:

3 (1) An itemized account of the income to and the
4 expenditure from each university special and revolving
5 fund during the previous fiscal year[-];

6 ~~[-(b) The report shall also include all]~~

7 (2) All expenditures in excess of each fund's
8 appropriation for each fiscal year[-];

9 (3) Any changes to positions that apply to the exemption,
10 including changes in salary amounts and rationales for
11 the changes;

12 (4) The total dollar amount of salaries paid from the
13 tuition and fees special fund for the preceding fiscal
14 year for positions that qualify for an exemption from
15 the reimbursement requirements in sections 87A-39 and
16 88-125; and

17 (5) The estimated amount of reimbursements for the
18 preceding fiscal year that were exempted from the
19 reimbursement requirements of sections 87A-39 and
20 88-125.



S.B. NO. 2576

1 ~~[(e)]~~ (b) The itemized account of income and expenditures
 2 required under this section shall be in addition to any other
 3 item for reporting that the legislature may specifically require
 4 under the law establishing the special or revolving fund."

5 SECTION 7. Statutory material to be repealed is bracketed
 6 and stricken. New statutory material is underscored.

7 SECTION 8. This Act shall take effect upon its approval.

8

INTRODUCED BY:

James Mercado Koo

(Signature)

Travis Butler

~~*S.C. Kirk-Agum*~~
Kurt Furella

(Signature)
(Signature)

Yudhan J.

Clarence V. Siskin
Michelle D. Sadani
April Egh



S.B. NO. 2576

Report Title:

University of Hawaii; Tuition and Fees Special Fund; Reporting

Description:

Specifies exemptions for the University of Hawaii from sections 87A-39 and 88-125, Hawaii Revised Statutes, to codify in statute the cost-sharing agreement between the University of Hawaii and the department of budget and finance, and requires reporting.

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

