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# 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



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 cost-sharing  
7 agreement, the University of Hawaii would have been forced to  
8 consider 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 cost-sharing agreement, the legislature would also have had to  
12 continue providing general funds for University of Hawaii  
13 positions or implement reduction in force measures for positions  
14 that it no 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 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, and to codify in statute, the



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

3 SECTION 2. Section 87A-39, Hawaii Revised Statutes, is  
4 amended by amending subsection (a) to read as follows:

5 "(a) All state agencies having control of funds other than  
6 the general fund shall reimburse the State for contributions  
7 made by the State pursuant to sections 87A-32, 87A-33, 87A-34,  
8 87A-35, 87A-36, and 87A-37 on account of agency employees whose  
9 compensation is paid in whole or part from funds other than the  
10 general fund. Certain positions of the University of Hawaii  
11 that are authorized by the legislature for which salary costs  
12 are paid in whole or in part by the University of Hawaii tuition  
13 and fees special fund established in section 304A-2153 may be  
14 exempted from this subsection pursuant to an executive order;  
15 provided that if positions are exempted from reimbursement under  
16 this subsection, the university shall submit a report to the  
17 legislature annually in conformance with the reporting  
18 requirements of the executive order."

19 SECTION 3. Section 88-125, Hawaii Revised Statutes, is  
20 amended by amending subsection (a) to read as follows:

21 "(a) Each of the departments and agencies hereinafter



1 described, the office of Hawaiian affairs, and the Hawaii health  
2 systems corporation shall reimburse the State for the respective  
3 amounts payable by the State to cover the liability of the State  
4 to the various funds of the system on account of the employees  
5 in the departments and agencies, the trustees of the office of  
6 Hawaiian affairs, and the employees of the Hawaii health systems  
7 corporation. This provision shall apply to any department or  
8 agency of the State that is authorized by law to fix, regulate,  
9 and collect rents, rates, fees, or charges of any nature. This  
10 subsection shall not apply as to rental units receiving federal  
11 subsidies until approval has been obtained from the appropriate  
12 federal agency. Certain positions of the University of Hawaii  
13 that are authorized by the legislature for which salary costs  
14 are paid in whole or in part by the University of Hawaii tuition  
15 and fees special fund established in section 304A-2153 may be  
16 exempted from this subsection pursuant to an executive order;  
17 provided that if positions are exempted from reimbursement under  
18 this subsection, the university shall submit a report to the  
19 legislature annually in conformance with the reporting  
20 requirements of the executive order."



- 1 SECTION 4. New statutory material is underscored.
- 2 SECTION 5. This Act shall take effect on January 1, 2050.



**Report Title:**

UH; Tuition and Fees Special Fund; Cost-sharing; Reporting

**Description:**

Specifies exemptions for the University of Hawaii from sections 87A-39 and 88-125, Hawaii Revised Statutes, to enhance transparency and accountability regarding fringe benefit reimbursement exemptions under the cost-sharing agreement between the University of Hawaii and Department of Budget and Finance. Effective 1/1/2050. (HD1)

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

