
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 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, and to codify in statute, the



1 cost-sharing agreement between the University of Hawaii and the
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 tuition and fees special
13 fund may be exempted from this subsection; provided that if
14 positions are exempted from reimbursement under this subsection,
15 the university shall submit a report to the legislature annually
16 in conformance with the reporting requirements; and provided
17 further that the salary costs shall be capped at \$ but
18 that cap shall be adjusted by passage of a concurrent
19 resolution."

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



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



- 1 SECTION 4. New statutory material is underscored.
- 2 SECTION 5. This Act shall take effect upon its approval.



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 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. (SD1)

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