



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Lower and Higher Education  
February 7, 2020 at 2:20 p.m.

by  
Kalbert K. Young  
Vice President for Budget and Finance/Chief Financial Officer  
University of Hawai'i System

HB 2530 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Woodson, Vice Chairs Hashem and Quinlan, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH and University) is supportive of HB 2530 which would remove a statutory limit of an annual cap of \$3 million that the UH may provide to the University Foundation (UHF) from the UH tuition and fees special fund. The University does not represent that eliminating the statutory amount would necessarily result in paying more funds to the UHF. Rather, the University prefers to have the empowerment to assess how University funds could be leveraged to generate revenue and thereby contributing to more services for the University, students, faculty, and programs.

The UH currently does provide \$3 million annually to the UHF to pay for some of the operational expenses needed by UHF to generate philanthropic donations which returns to the University. In this way, the University views UHF's role as a major community partner that helps raise funds for University programs. The UHF also generates a major portion of its operating budget from its own philanthropic activities as well.

The University would like to be able to support the UHF so that they can, in turn, be more productive in their philanthropic efforts. The University manages its limited resources and funds prudently. Being able to provide additional funding to UHF if that funding can result in greater return of funds on our investment, can be a very prudent approach.

Thank you for this opportunity to testify.



UNIVERSITY of HAWAI'I®  
FOUNDATION

**TESTIMONY OF  
THE UNIVERSITY OF HAWAI'I FOUNDATION ON  
HOUSE BILL 2530, RELATING TO THE UNIVERSITY OF HAWAI'I**

**Hearing Date:** February 7, 2020  
**Committee:** House Committee on Lower and Higher Education  
**Time:** 2:20 pm  
**Location:** Room 309, State Capitol  
**Testifier:** Tim Dolan, Chief Executive Officer or John Han, Chief Operating Officer

Chair Woodson, Vice Chair Hashem, Vice Chair Quinlan and Committee members;

Thank you for the opportunity to testify. The University of Hawai'i Foundation supports HB 2530 and requests that the Committee pass this legislation out of committee. The purpose of this bill is to repeal the existing \$3 million cap on what the University may expend from the Tuition Special Fund for services provided by the UH Foundation.

The UH Foundation is a private, tax exempt charitable organization that raises, manages and invests donor contributions for the sole purpose of supporting the University of Hawai'i.

**Why is it time to lift the cap?**

- Since 2004, UH has provided **\$3 million** annually in direct financial support to the UH Foundation from the Special Fund.
- In 2004, \$3 million covered almost half of our budget; today it covers less than 25%. The purchasing power of \$3 million in 2004 is only about \$2 million today.
- Over the period from 2004 to today - during which the level of UH support has remained unchanged - **funds raised by the UH Foundation increased from \$29 million to more than \$70 million annually.**
- UH has practically exhausted alternative measures to fund increased development resources. Many of the current approaches (e.g. gift fees) discourage large donor giving and growth of the endowment

**Benefits of lifting the cap include:**

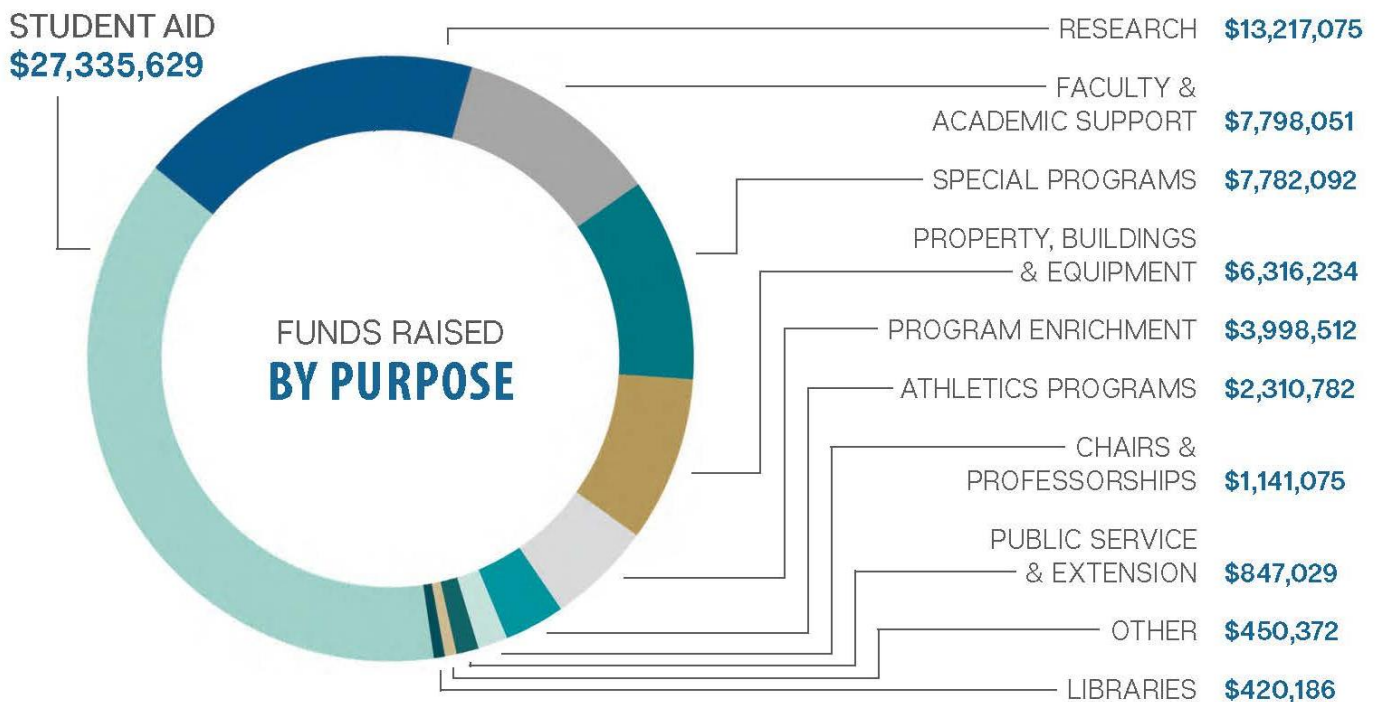
- In 2019, the UH Foundation **raised \$72 million - nearly six times its operating budget in new gifts.**

- Independent analysis and consulting studies indicate that UH and UH Foundation can significantly increase fundraising to more than \$110 million each year.
- However, to achieve the higher level of fundraising results, the UH Foundation needs to hire additional experienced senior development officers and invest in its successful fundraising infrastructure.
- Giving the University the discretion to pay more than \$3 million to the UH Foundation will allow that to occur.
- UH is internationally recognized for its pioneering research in such fields as oceanography, Pacific Islands and Asian area studies, linguistics, education, tropical agriculture, cancer, and genetics.
- The UH Foundation wants to leverage the UH’s manifold strengths in research and bring new investment from the private sector to support exciting projects that bring benefits to our communities and our economy.

**Here is how UH Foundation is funded:**

<b>UHF 2020 Budget</b>	<b>\$ million</b>
Gift and endowment management Fee	6.7
Income from Expendable funds	3.3
UH Special Fund (\$3m Cap)	3.0
Unrestricted Gifts, events and other	0.7
<b>Total Budget</b>	<b>\$13.7</b>

***The following chart shows how donors designated their giving in FY2019.  
Even greater returns are possible if the \$3 million cap is repealed.  
We ask for your support of SB 2560.***







UNIVERSITY  
OF HAWAI'I  
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February 7, 2020

**Testimony Presented Before the House Committee on Lower and Higher Education  
Friday, February 7, 2020, 2:20 p.m.**

**HB 2530, RELATING TO THE UNIVERSITY OF HAWAI'I**

Chair Woodson, Vice Chair Hashem, Vice Chair Quinlan and Committee members;

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Thank you for the opportunity to submit **testimony in support of HB 2530**. My name is Jill Hasegawa, a proud alumna of the University of Hawai'i (UH) and Board President of the **University of Hawai'i Alumni Association (UHAA)**. UHAA represents the more than 300,000 alumni graduating from all UH campuses statewide. The education and experiences gained at UH are integral to our success, and for many of us, attending UH is a family tradition.

HB 2530 repeals the existing \$3 million cap on what UH may expend from the Tuition Special Fund for fundraising and alumni relations services provided by the UH Foundation (UHF). For so many of our UH alumni, having affordable and quality higher educational options right here at home is essential. Many of our promising local students need scholarships to attend college, and scholarships are essential to keeping the best and brightest students here. UHF works with donors to raise funds for scholarships, programs and research on all ten UH campuses, impacting students and families statewide. *Just as our families need UH, our economy needs a skilled, local workforce to grow!*

UHF's alumni programming also directly benefits our community. The alumni program is focused on providing lifelong value to our alumni, while also advancing UH's priorities including growing student enrollment and supporting student retention. By partnering closely with UH campus leadership, schools and departments, and local and regional alumni groups, the UHF team develops meaningful programs that mobilize our alumni community, build pride, nurture life-long learning and strengthen and sustain relationships.

Repealing the existing \$3 million cap will give UH the flexibility, based on its evolving needs, to determine what resources to provide the UH Foundation for fundraising and alumni relations services.

We urge you to support HB 2530. Mahalo.

Jill M. Hasegawa, JD '04  
President  
University of Hawaii Alumni Association

**TESTIMONY OF  
STANFORD S. CARR, UH FOUNDATION BOARD MEMBER & DONOR  
HOUSE BILL 2530, RELATING TO THE UNIVERSITY OF HAWAI'I**

**Hearing Date:** February 7, 2020

**Committee:** House Committee on Lower and Higher Education

**Time:** 2:20 pm

**Location:** Room 309, State Capitol

**Testifier:** Stanford Carr  
Board of Trustees, Executive Committee Member  
University of Hawai'i Foundation

Chair Woodson, Vice Chair Hashem, Vice Chair Quinlan and Committee members;

Thank you for the opportunity to submit **testimony in support of HB 2530**. My name is Stanford Carr and I am submitting testimony as a long-time donor and 3-term member of the University of Hawai'i Foundation board of trustees.

The nonprofit UH Foundation works with donors to raise funds for scholarships, programs and research on all ten UH campuses, impacting students and families statewide. HB 2530 repeals the \$3 million cap on what UH may expend from the Tuition Special Fund for fundraising services provided by the UH Foundation (UHF). Eliminating the cap will allow the University to more effectively fund its advancement program and maximize private funds raised.

Because UH is such a key driver to our economic health, and tool for building social equity for our residents, my wife (also a UH alum) and I are deeply committed to investing in UH programs and ensuring that our students have access to the best public higher education possible. The education and experiences we gained at UH were key to our success so we know firsthand how important UH is for Hawai'i's families.

As a business owner with deep ties to the community, I also know that if fully leveraged, the private sector and individual donors have tremendous and still untapped capacity to profoundly impact UH through philanthropy. It is the UH Foundation's mission to harness the power of their generosity and strategic investments in our future.

**Here are some stats that show why eliminating the cap now will benefit Hawai'i:**

- Last year UHF raised \$72 million in new gifts for UH. It disbursed \$46 million to directly support UH programs, including \$11 million for student scholarships.

- Given that *it raised nearly six times its operating budget in new gifts*, we know, and independent analysis confirms, that if UH invests in this successful fundraising organization, UHF will be able to strategically grow, and significantly increase private support, benefitting UH students and our community.
- Since 2004, UH has provided \$3 million annually to UHF from the Special Fund. In 2004, \$3 million covered almost half of UHF's budget; today it covers less than 25%. The purchasing power of \$3 million in 2004 is only about \$2 million today.

The cap on expenditures from the Special Fund is a major hurdle limiting UHF's ability to build its program and take full advantage of the alumni engagement and fundraising opportunities that exist for UH students, programs, research and facilities.

We urge you to support HB 2530 and respectfully request you pass this bill out of committee.

Mahalo,

A handwritten signature in black ink, appearing to read 'Stanford S. Carr', with a stylized, cursive script.

Stanford S. Carr