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

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

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LOWER AND HIGHER EDUCATION
ON
HOUSE BILL NO. 2656

January 31, 2020
2:00 p.m.
Room 309

RELATING TO ACCESS TO JUSTICE

The Department of Budget and Finance offers comments on House Bill (H.B.) No. 2656.

H.B. No. 2656 establishes the Hawai'i Justice League Program (HJLP) and the Hawai'i Justice League Revolving Fund (HJLRF) under the administration of the University of Hawai'i William S. Richardson School of Law and appropriates \$50,000 for deposit into the HJLRF.

Funds from HJLRF would be used to provide loan repayments on behalf of a lawyer who agrees to serve at least five consecutive years pursuing the practice of law in rural areas in Hawai'i. Revenues would be derived from funds appropriated from the Legislature; gifts, donations, and grants from public agencies and private persons; reimbursements of loan payments under the Hawai'i Justice League Loan Assistance Repayment Program; proceeds of the operations of HJLP; and interest earned or accrued on moneys deposited into the fund.

As a matter of general policy, the department does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving 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. Regarding H.B. No. 2656, it is difficult to determine whether the proposed revolving fund would be self-sustaining.

Thank you for your consideration of our comments.



SanHi

GOVERNMENT STRATEGIES

A LIMITED LIABILITY LAW PARTNERSHIP

DATE: January 30, 2020

TO: Representative Justin H. Woodson,
Chair, Committee on Lower and Higher Education
Submitted Via Capitol Website

FROM: Gary Slovin

RE: **H.B. 2656 Relating to Access to Justice**
Hearing Date: Friday, January 31, 2020 at 2:00 p.m.
Conference Room: 309

Dear Chair Woodson and Members of the Committee on Lower and Higher Education,

I am Gary Slovin, testifying in support of H.B. 2656. For many years I have been involved in efforts to raise funds to support legal services for indigent Hawaii residents and have also been involved in supporting the Richardson School of Law. I believe H.B. 2656 is important to both of these causes.

We know that individuals who become involved in the judicial system but cannot secure legal representation, can see their lives very negatively affected. More lawyers are needed to assist such persons, particularly in the rural areas of the state. But the fact is, many law students graduate from law school with huge debts. While Richardson is a bargain by national standards, it is still expensive and, it is not unusual for law graduates to face debts of \$100,00.00 and more. What is probably obvious is that the positions available to lawyers who desire to do public service work do not pay nearly as well as positions in the private world.

The program that would be established by H.B. 2656 would encourage young lawyers to work for agencies that assist the indigent by providing modest relief to them as they face the burden of repaying their law school loans. We believe the assistance provided would enable more graduates to seek work in the agencies that do public service legal work.

The program proposed is modeled after similar programs that have been adopted in many other states. These programs have proven themselves in those states, and we believe, because of the high cost of living in Hawaii and the pressures that can create on indigent residents, that such a program would also reap benefits in Hawaii.

Thank you for your consideration.

To Chair Woodson, Vice-Chair Hashem and Members of the Committee,

My name is Jesse D Thompson, Co-founder, and CEO of UH startup Radial3D Inc and technical staff at the John A Burns School of Medicine Department of Anatomy and I support HB 2090 and HB 2256.

I had the unique pleasure of entering into Honolulu's startup paradise at an amazing time as both a two-time co-founder who has attended both Blue-Startups and XLR8UH. I've spent many hours in both coworking spaces freelancing in video games and offices in Manoa Innovation Center (MIC) as a board member at HICapacity Makerspace. I've come to learn that one of the most critical parts of a startup is responding to change, and I don't mean lack of focus but using data to make the right pivots and changes as they arise. In short, it's learning, research, and education.

The digital information age has genuinely been a paradigm shift in society. Ideas are not as valuable as they once were. You can find them in bulk online, some good, some fake, with an ever-increasing difficulty to defend them. Society now views use patent protections for personal gain while contributing nothing to those ideas coming to fruition negatively. (aka "Patent Trolling"). In today's economy, execution and traction are just not, if not more important than the original idea. It's here where you'll find agile fast-moving startups making leaps past large companies, and that's what makes them valuable for acquisition. It's more important than ever that the University of Hawaii pivot its business model to not just selling ideas but selling ones that have substantial evidence of traction.

In my eyes, the most successful parts of the State's efforts to assist technological development were spaces and policies like the Entrepreneurs Sandbox. A safe space for startups to learn and grow with time. Not a date and time that success must be achieved along with a set of policies that moves for no-one. What we need from the State is to expand projects that allow for exponential growth and not rigid demands that expect linear progression year after year and don't make exceptions for exceptional cases. My recommendation is to for the State to foster growth by leaving research and mentorship to the ones who excel as providing it. For the University of Hawai'i to continue to evolve its tech transfer and seed capabilities.

The University of Hawai'i' is playing a vital role in the State in learning to adapt to a new digital economy, and the University itself needs to change how it monetizes research and development to suit. To these ends, I request that the sunset provision of Act 38 & 39, Session Laws of Hawaii, 2017 be deleted.

Sincerely,
Jesse Thompson, CEO Radial3D Inc.

A handwritten signature in black ink that reads "Jesse Thompson". The signature is written in a cursive, slightly slanted style.

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UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Lower & Higher Education
Friday, January 31, 2020 at 2:00 p.m.

LATE

By
Dean Aviam Soifer
William S. Richardson School of Law
And
Michael Bruno, PhD
Provost
University of Hawai'i at Mānoa

HB 2656 – RELATING TO ACCESS TO JUSTICE

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

The William S. Richardson School of law strongly supports HB 2656, provided that its passage does not impact priorities as indicated in our BOR Approved Budget. This bill combines two very important elements of our mission as it promises to bring legal representation to those in need of access to justice in Hawai'i's rural areas, while it also somewhat relieves the very heavy loan burden that our graduates face.

Though our in-state tuition is among the lowest tuitions of any law school in the country, it is still substantial. Moreover, the cost of textbooks and other required materials, when added to the all-too-familiar very high cost of living on O'ahu, make our graduates' loan burden startlingly high. Here are the numbers for law school loan debt in recent years:

- **2018-19 graduates:** 58 out of 82 graduating students (70.7%) borrowed at least one loan. The average amount borrowed by the 58 graduates was **\$102,492**.
- **2017-18 graduates:** 68 out of 95 graduating students (72%) borrowed at least one loan. The average amount borrowed by the 68 graduates was **\$91,368**.
- **2016-17 graduates:** 75 out of 108 graduating students (69%) borrowed at least one loan. The average amount borrowed by the 75 graduates was **\$84,295**.
- **2015-16 graduates:** 62 out of 80 graduating students (78%) borrowed at least one loan. The average amount borrowed by the 62 graduates was **\$82,510**.

As you can see, the trend is ominous. Our most recent graduates, the class of 2019 owe on average over \$100,000 from their law school loans. And those burdened with loans constitute a significant majority of the entire graduating class: 70.7% of that class of 2019 are within this group of borrowers.

The Hawai'i Justice League Revolving Fund proposal will help a small number of those graduates whose loan exposure it will reduce, while it simultaneously will help meet the many unserved legal needs of rural parts of our state. In following a number of other

states that have already adopted such plans, Hawai'i thus will spend a very limited amount to bring legal representation to areas where it is very badly needed while also aiding graduates who otherwise must forego such rural legal practice because of their need to begin to pay down their law school loans with higher salaries available in Hawai'i's urban areas.

We urge you to seed the Hawai'i Justice League's limited loan forgiveness program and we would be pleased to supply additional details and to answer any questions.