

JAN 26 2022

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# A BILL FOR AN ACT

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RELATING TO THE UNIVERSITY OF HAWAII TUITION AND FEES SPECIAL FUND.

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

1       SECTION 1. Prior to the establishment of the University of  
2 Hawaii tuition and fees special fund by Act 161, Session Laws of  
3 Hawaii 1995, University of Hawaii tuition revenue went to the  
4 state general fund. The creation of this special fund was  
5 intended to give the university greater control over the income  
6 generated by its tuition and the responsibility of how tuition  
7 revenue is used.

8       After the creation of the special fund, general fund  
9 appropriations for many positions that were previously  
10 authorized to be funded by the general fund were reduced due to  
11 state budget and fiscal issues. To help address state budget  
12 shortfalls, an agreement was reached in 2005 between the  
13 department of budget and finance and the university whereby a  
14 position that was authorized by the legislature as a general  
15 funded position could have its salary paid in part or in whole  
16 by tuition revenue and the fringe benefits expense associated

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1 with that position could continue to be paid by the general  
2 fund.

3 Expressed as a cost sharing approach to help reduce overall  
4 state costs, only positions that were general fund authorized  
5 but for which there were inadequate general funds appropriated,  
6 and for which the university would utilize the tuition and fees  
7 special funds to pay salaries of those positions, would the  
8 fringe benefits expenses continue to be paid by the state  
9 general funds - because the positions were general fund  
10 authorized.

11 Furthermore, executive order number 20-06 recognized that  
12 during fiscal year 2005-2006, to avoid increased tuition rates  
13 or reduced services arising from reductions in force for  
14 university personnel occupying legislatively appropriated  
15 general fund positions for which adequate general funds were no  
16 longer being provided to the University of Hawaii, the State  
17 authorized the university to establish non-imposed fringe  
18 benefits as a means to enable the use by the State of tuition  
19 and fees special fund resources to fund the direct payroll of  
20 appropriated general fund positions without requiring the  
21 tuition and fees special fund to also fund the fringe benefit  
22 costs for those same positions.

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1       The use of the non-imposed fringe benefits has enabled a  
2 form of "cost-sharing" for overall personnel expenses between  
3 state general funds and the tuition revenue generated by the  
4 University of Hawaii for appropriated general fund positions for  
5 which general funds no longer adequately covers the salaries.

6       The purpose of this Act is to recognize this cost-sharing  
7 agreement as beneficial to both the University of Hawaii and the  
8 State by formalizing this agreement in statutes.

9       SECTION 2. Section 304A-2153, Hawaii Revised Statutes, is  
10 amended to read as follows:

11       "**§304A-2153 University of Hawaii tuition and fees special**  
12 **fund.** (a) There is established the University of Hawaii  
13 tuition and fees special fund into which shall be deposited all  
14 revenue collected by the university for regular, summer, and  
15 continuing education credit tuition, tuition-related course and  
16 fee charges, and any other charges to students, except as  
17 provided by law. Moneys deposited into the fund shall be  
18 expended to maintain or improve the university's programs and  
19 operations and shall not be:

- 20       (1) Used as a justification for reducing any budget  
21 request or allotment to the university unless the  
22 university requests such a reduction;

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(2) Transferred unless otherwise authorized by the legislature; and

(3) Restricted by the governor or the director of finance without the prior approval of the legislature.

Any rule, policy, or action of any agency or individual in contravention of this subsection shall be void as against public policy.

(b) Any law to the contrary notwithstanding, the board of regents may authorize expenditures of up to \$3,000,000 annually, excluding in-kind services, from this fund for the purposes of promoting alumni relations and generating private donations for deposit into the University of Hawaii Foundation for the purposes of the university. Any expenditure authorized pursuant to this subsection shall be for a public purpose and shall not be subject to chapters 42F, 103, 103D, and 103F. The university shall submit a comprehensive report to the legislature detailing the use of any funds authorized by the board under this subsection no later than twenty days prior to the convening of each regular session.

The report shall:

(1) Identify each department of the University of Hawaii Foundation supported by moneys from the fund;

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(2) Describe the purposes and activities of each department identified in paragraph (1) and how it participates in fundraising activities and benefits the university;

(3) Provide the total expenditures of each department identified in paragraph (1) by primary expense categories;

(4) Identify all moneys from the fund transferred to any fund of the university and provide a justification of how these moneys are used to benefit the university;

(5) Provide a financial summary of the operating activities of the University of Hawaii Foundation, including revenues and expenditures by major reporting categories; and

(6) Identify amounts and purposes of all expenditures from the University of Hawaii support fund.

(c) Any law to the contrary notwithstanding, the university may transfer funds from the University of Hawaii tuition and fees special fund into the scholarship and assistance special fund established pursuant to section 304A-2159.

(d) In estimating its quarterly budget requirements, each campus of the University of Hawaii shall prepare a plan for the

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fiscal year for the operation of each of the programs that it is responsible for administering. The operations plan shall be:

(1) In such form and content as the vice president for budget and finance and chief financial officer of the University of Hawaii may prescribe; and

(2) Submitted, together with the estimated quarterly budget requirements, to the vice president for budget and finance and chief financial officer on such date as the vice president for budget and finance and chief financial officer may prescribe.

(e) The president and vice president for budget and finance and chief financial officer of the University of Hawaii:

(1) Shall review the operations plan for each campus to determine if:

(A) It is consistent with the policy decisions of the board of regents and appropriations by the legislature;

(B) It reflects proper planning and efficient management methods; and

(C) Appropriations have been made for the planned purpose and will not be exhausted before the end of the fiscal year;

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(2) Shall approve the operations plan for each campus if they determine that the operations plan meets the requirements of paragraph (1); and

(3) May modify or withhold the planned expenditures of any campus at any time during the appropriations period.

(f) At the end of each fiscal year, the moneys in the University of Hawaii tuition and fees special fund for each campus shall lapse to the credit of program identification number UOH900 (University of Hawaii, system wide support).

(g) The University of Hawaii tuition and fees special fund may be used to pay for salaries in part or in full for positions that have been authorized by the legislature whose means of funding are the general revenues of the State of Hawaii. In paying for such general fund authorized salaries using funds in the University of Hawaii tuition and fees special fund, the University of Hawaii shall be exempted from the requirements of sections 87A-39(a) and 88-125(a) as they pertain to the liability for the fringe benefits reimbursements.

(h) The department of budget and finance may establish guidelines and parameters for managing the implementation of subsection (g)."

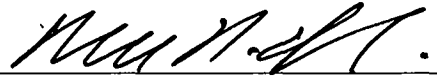
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1 SECTION 3. New statutory material is underscored.

2 SECTION 4. This Act shall take effect on July 1, 2022.

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INTRODUCED BY: 

5

BY REQUEST



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**Report Title:**

University of Hawaii; Tuition and Fees Special Fund

**Description:**

To recognize the cost-sharing agreement for overall personnel expenses between State general funds and funds in the University of Hawaii Tuition and Fees Special Fund for appropriated general fund positions as beneficial to both the University of Hawaii and the State. Specifies conditions for exemptions for the University of Hawaii from sections 87A-39(a) and 88-125(a), Hawaii Revised Statutes.

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

JUSTIFICATION SHEET

DEPARTMENT: University of Hawaii

TITLE: A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII TUITION AND FEES SPECIAL FUND.

PURPOSE: To recognize the cost-sharing agreement for overall personnel expenses between State general funds and funds in the University of Hawaii Tuition and Fees Special Fund for appropriated general fund positions as beneficial to both the University of Hawaii and the State; and specify conditions for exemptions for the University of Hawaii from sections 87A-39(a) and 88-125(a), Hawaii Revised Statutes (HRS).

MEANS: Amend section 304A-2153, HRS.

JUSTIFICATION: Act 161, Session Laws of Hawaii 1995, established the University of Hawaii Tuition and Fees Special Fund allowing the University of Hawaii to keep the income generated by its tuition. In 2005, the University and the Department of Budget and Finance (BUF) reached an agreement for a cost-sharing approach whereby a position that was authorized by the legislature as a general funded position could have its salary paid in part or in whole by tuition revenue but the fringe benefits costs associated with that position would be paid by the general fund. This bill will formalize the agreement between the University and BUF in statutes.

Impact on the public: None.

Impact on the department and other agencies:  
There shall be no additional impact between the University and BUF as this agreement that is to be placed in statute has been in place since 2005.

GENERAL FUND: None.

OTHER FUNDS: Tuition and Fees Special Fund.

PPBS PROGRAM  
DESIGNATION: UOH 100, UOH 110, UOH 115, UOH 210, UOH 220,  
UOH 700, UOH 800.

OTHER AFFECTED  
AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: July 1, 2022.