



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Finance  
February 25, 2022 at 12:30 p.m.

by

Kalbert K. Young

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University of Hawai'i System

### HB 2188 – RELATING TO THE UNIVERSITY OF HAWAII TUITION AND FEES SPECIAL FUND

Chair Luke, Vice Chair Yamashita, and members of the committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (University) supports HB 2188, Relating to the University of Hawaii Tuition and Fees Special Fund.

This measure would put into statute the practice that the Department of Budget and Finance, the Department of Accounting and General Services, and the University have utilized for over 15 years as a cost-sharing arrangement that has been financially beneficial to both the University and the rest of State government. Having this arrangement in place has allowed the State to avoid reductions in force at the University during times of general revenues decline and has also saved the State from using general fund tax revenues to pay for general fund appropriated positions. The arrangement has also assisted in mitigating the needs for increased tuition revenue at the University through substantial tuition rate increases that would be required to cover the associated fringe benefit costs.

The current cost-sharing arrangement has the University utilizing tuition and fees to pay for the salaries of general fund authorized positions – thereby, reducing the general funds that would have had to been paid for the positions. The State continues to fund the associated fringe cost with general funds as for all general fund authorized positions in the State. Fringe cost expenses associated with positions, have increased from 50 to 60+ percent in recent years. The University currently pays approximately \$30 million and the State pays approximately \$15 million towards this cost-saving arrangement.

Thank you for this opportunity to testify.

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR

GLORIA CHANG  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
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**DEPARTMENT OF BUDGET AND FINANCE**  
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OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
HOUSE BILL NO. 2188**

**February 25, 2022  
12:30 p.m.  
Room 308 and Videoconference**

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

The Department of Budget and Finance (B&F) supports House Bill (H.B.) No. 2188, submitted as Administration Proposal UOH-5(22), and offers the following comments.

H.B. No. 2188 recognizes the cost sharing agreement for personnel expenses between State general funds and the University of Hawai'i's (UH) Tuition and Fees Special Fund for appropriated general fund positions and specifies conditions for exemptions for UH from Sections 87A-39(a) and 88-125(a), HRS.

To address budget shortfalls when general fund appropriations for many general fund authorized positions were reduced due to State budget and fiscal issues, an agreement was reached in 2005 between B&F and UH where a position that is authorized as general funded could have its salary paid in part or whole by the tuition revenue and the fringe benefits expense associated with that position could continue to be paid by the general fund.

This cost sharing agreement was recognized by Executive Order No. 20-06 in FY 20, to avoid tuition increases, reductions in services at the university system, and reductions in force of university personnel in general fund authorized positions.

Thank you for your consideration of our comments.

**HB-2188**

Submitted on: 2/23/2022 12:18:33 PM

Testimony for FIN on 2/25/2022 12:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Maureen Dunn	Individual	Support	No

Comments:

There is a growing consensus that we need to increase our workforce development systems through our Community School for Adult Program, so that we can better enable low- skilled adults, including those without a high school credential to pursue further education and ultimately be self sufficient within our growing community.

**HB-2188**

Submitted on: 2/24/2022 1:01:35 PM

Testimony for FIN on 2/25/2022 12:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Remote Testimony Requested</b>
Sandee Moniz Pa	Individual	Support	No

Comments:

Support this, mahalo.