



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

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

by

Kalbert K. Young

Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

HB 315 HD1 – RELATING TO THE UNIVERSITY OF HAWAII

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

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) is supportive of HB 315 HD1 which would raise the statutory limit of an annual cap of \$3 million to \$6 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 it would necessarily result in paying more funds to the UHF. Rather, the UH prefers the ability to assess and determine how UH funds could be effectively leveraged to generate revenue and thereby contributing to more services for the UH, 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 UH. In this way, the UH views UHF's role as a major community partner that helps raise funds for UH programs. The UHF also generates a major portion of its operating budget from its own philanthropic activities as well.

The UH would like to be able to support the UHF so that they can, in turn, be more productive in their philanthropic efforts. The UH 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 315 HD1, RELATING TO THE UNIVERSITY OF HAWAI'I**

Hearing Date: February 25, 2022
Committee: House Committee on Finance
Time: 12:30 p.m.
Location: VIA VIDEOCONFERENCE/ Conference Room 308, State Capitol
Testifier John Han, UH Foundation Vice President for Administration & Chief Financial Officer

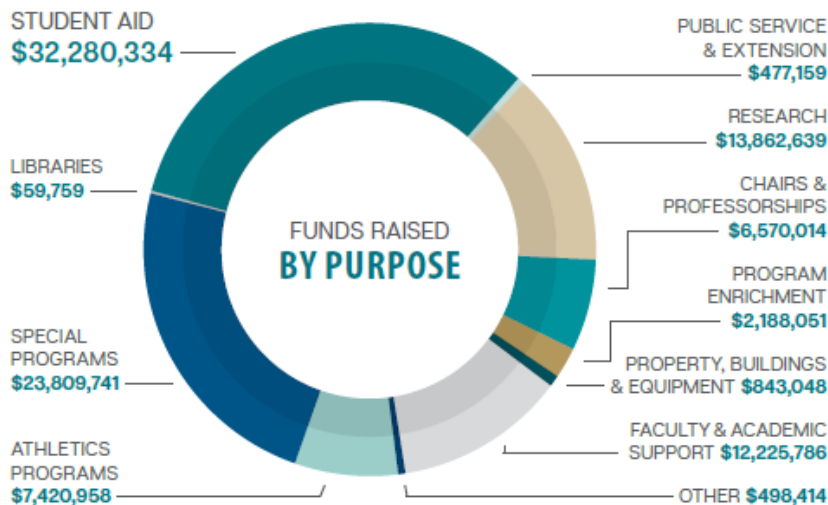
Chair Luke, Vice Chair Yamashita and members of the committee:

Thank you for the opportunity to testify. The UH Foundation strongly **SUPPORTS** HB 315 HD1 and requests that the Committee pass this legislation out of committee. This bill raises from \$3,000,000 to \$6,000,000 the cap on what the University may expend from the Tuition Special Fund for services provided by the UH Foundation (UHF). UHF is a tax-exempt charitable organization that raises, manages, and invests donor contributions for the sole purpose of supporting UH.

Why is it time to raise the cap?

Given the current economic volatility, the need for UH to diversify funding streams – especially sustainable funding that is not impacted by local fiscal fluctuations – has rarely been greater. By raising the cap, you give UH the ability to expand UHF’s successful fundraising infrastructure and secure more donor funds to support scholarships, programs and research so critical to Hawai’i’s economic health.

- Since 2004, UH has provided \$3 million annually in direct support to UHF from the Special Fund.
- While the level of UH support has remained unchanged — funds raised annually by UHF have increased from \$29 million to more than \$100 million.



Last year UHF raised \$100.2 million for UH.

This chart shows how donors designated their giving.

By raising the cap, we will have even greater returns for Hawai’i.

What are the benefits of raising the \$3 million to \$6 million cap?

Tap into full fundraising potential and channel philanthropy into areas of UH excellence:

UH is internationally recognized for its pioneering research in areas including oceanography, Pacific Islands and Asian area studies, linguistics, education, tropical agriculture, astronomy, cancer, and genetics. UHF wants to leverage the university’s manifold strengths in research and workforce development and bring new investment from the private sector to support exciting projects that bring benefits to our communities and our economy.

Expand services and fundraising impact for campuses statewide:

We need more fundraising professionals so we can serve more of our UH departments and colleges and be able to tap into the donors’ interest in supporting more students and programs at UH. To take full advantage of fundraising potential identified in feasibility studies, and philanthropic impacts, a bigger investment in UHF is needed.

Increase the direct impact of donors’ gifts and boost giving:

- Currently, UHF relies on a 5% administrative fee assessed on cash gifts.
- If UHF receives additional financial support from UH, it can reduce or eliminate this fee.
- This will encourage donors to give more to UH programs and students as their direct, personal impact will be greater.

Here is how UH Foundation is funded:

UHF 2022 Budget	\$ million
Gift and endowment management Fee	7.9
UH Special Fund (\$3m Cap)	3.0
Income from Expendable funds	3.3
Unrestricted Gifts, events and other	0.4
Development support	0.4
Total Budget	\$15

Thank you for hearing HB 315 HD 1 and the opportunity to submit testimony. We urge you to support this bill and pass it out of committee.

By raising the cap, together, we can give UH the ability to make a strategic investment and do so much more for our community.

Thank you.



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

HB 315 HD1, RELATING TO THE UNIVERSITY OF HAWAI'I

Chair Luke, Vice Chair Yamashita, and Committee members:

The University of Hawai'i Alumni Association (UHAA) strongly **supports HB 315 HD1** which increases the \$3 million cap on the amount the University of Hawai'i (UH) can expend from the UH tuition and fees special fund for the UH Foundation (UHF).

Adjusting the cap will give the UH added flexibility to provide resources for UHF, when timely opportunities arise, to continue expanding its extremely successful fundraising efforts beyond the \$100.3 million raised last year and to broaden its active alumni relations program.

For 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 financial assistance 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 directly benefits our community. The alumni program focuses on providing lifelong value to our alumni, advances UH's priorities of growing student enrollment, and improves UH student retention. By partnering closely with UH campus leadership, schools and departments, and local and regional alumni groups, the alumni team develops meaningful programs that mobilize our alumni community, build pride, nurture life-long learning and strengthen and sustain relationships.

We respectfully ask for passage of HB315 HD1 and thank you for the opportunity to offer testimony.

Mahalo.

Brandon Kurisu '99

President

The University of Hawai'i Alumni Association (UHAA) represents more than 300,000 alumni who have graduated from the 10 University of Hawai'i system campuses and community-based learning centers across the Hawaiian Islands.

**TESTIMONY OF
RICH WACKER ON
HOUSE BILL 315 HD1, RELATING TO THE UNIVERSITY OF HAWAI'I**

Hearing Date: February 25, 2022
Committee: House Committee on Finance
Time: 12:30 p.m.
Location: VIA VIDEOCONFERENCE/ Conference Room 308, State Capitol
Testifier Rich Wacker, Chair, UH Foundation Board of Trustees, and donor

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

Thank you for the opportunity to submit **testimony in support of HB 315 HD 1**. My name is Rich Wacker, and I am submitting testimony as a proud long-time donor, member of our business community and chair 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 315 HD1 lifts the \$3 million cap to \$6 million on what UH may expend from the Tuition Special Fund for fundraising services provided by the UH Foundation (UHF).

Raising the cap will allow the University to effectively fund its advancement program and maximize fundraising success, benefitting residents throughout Hawai'i.

Because UH is such a key driver to our economic health, and tool for building social equity for our residents, I am deeply committed to investing in UH programs and ensuring that our students have access to the best public higher education possible.

As a member of our business community, I also know that if fully leveraged, the private sector and individual donors have tremendous capacity to profoundly impact UH and the quality of life for residents through philanthropy.

Access to a quality public higher education, from our community colleges to our graduate schools, builds our community's skills and knowledge base, and directly leads to a more diversified job market.

The benefits of education cover everything from increased lifetime earnings to mental and physical health.

A healthy, vibrant UH is an essential ingredient to a thriving state for all who call Hawai'i home. 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 raising the cap from \$3 million to \$6 million will benefit Hawai'i:

- *Last year UHF raised \$100.2 million in new gifts for UH from 19, 141 donors. The largest gift was \$5 million and the smallest \$1.*

- Given that *it raised more than 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 \$3 million cap 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 315 HD 1.
Mahalo.

HB-315-HD-1

Submitted on: 2/24/2022 1:05:43 PM

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

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Sandee Moniz Pa	Individual	Oppose	No

Comments:

Strongly oppose, Mahalo