



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education & Technology
February 11, 2022 at 2:00 p.m.

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

HB 315 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Takayama, Vice Chair Clark, 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 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 the ability to assess and determine how University funds could be effectively 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 315, RELATING TO THE UNIVERSITY OF HAWAI'I**

Hearing Date: February 11, 2022
Committee: House Committee on Higher Education and Technology
Time: 2 p.m.
Location: VIA VIDEOCONFERENCE/ Conference Room 309, State Capitol
Testifier Tim Dolan, UH Foundation President and Chief Executive Officer

Chair Takayama, Vice Chair Clark and members of the committee:

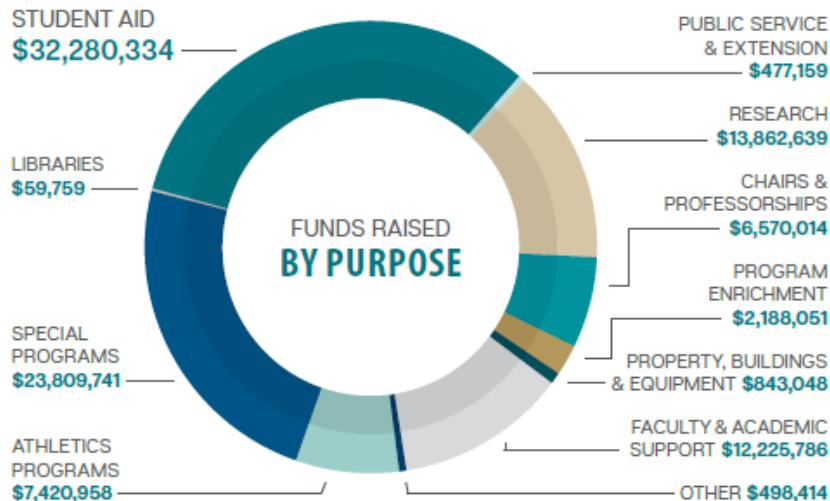
Thank you for the opportunity to testify. The UH Foundation strongly **SUPPORTS** HB 315 and requests that the Committee pass this legislation out of committee. This bill repeals the \$3 million cap on what the University may expend from the Tuition Special Fund for services provided by the UH Foundation (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 lift 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 lifting the cap, you give UH the ability to expand the successful fundraising infrastructure UHF has to raise more money 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 \$100.3 million for UH.



This chart shows how donors designated their giving.

By repealing the cap, we will have even greater returns for Hawai'i.

What are the benefits of repealing the \$3 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 and the opportunity to submit testimony. We urge you to support this bill and pass it out of committee.

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

Thank you.

HOUSE BILL 315, RELATING TO THE UNIVERSITY OF HAWAI'I

Hearing Date: February 11, 2022
Committee: House Committee on Higher Education and Technology
Time: 2 p.m.
Location: VIA VIDEOCONFERENCE/ Conference Room 309, State Capitol
Testifier Kauahi Perez, University of Hawaii Alumni Association

Dear Chair Takayama, Vice Chair Clark and members of the committee;

Thank you for the opportunity to submit **testimony in support of HB 315**. My name is Kauahi Perez and I am submitting testimony as a UH alum, proud long-time donor, member of our business community and strong supporter of the University of Hawai'i Alumni Association board.

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 repeals the \$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). Eliminating the cap will allow the University to effectively fund its advancement program and maximize private funds raised.

Last year UHF raised \$100.3 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.

Furthermore, 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%. Thus, the 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.

Eliminating the cap will greatly benefit the UH Manoa students and ultimately Hawai', in the end.

Therefore, I strongly urge you to support HB 315. Mahalo.

Sincerely,

Kauahi Perez



February 10, 2022

Testimony Presented to the House Committee on Higher Education and Technology
Friday, February 11, 2022, 2:00 p.m.

HB 315, RELATING TO THE UNIVERSITY OF HAWAI'I

Chair Takayama, Vice Chair Clark, and Committee members;

Thank you for the opportunity to submit **testimony in support of HB 315**. My name is Brandon Kurisu, a proud alumna of the University of Hawai'i (UH) and Board President of the University of Hawai'i Alumni Association (UHAA).

HB 315 repeals the \$3 million cap on the amount the UH can expend from the UH tuition and fees special fund for the UH Foundation (UHF). Removing the existing \$3 million cap will give UH the flexibility, based on evolving opportunities, to provide resources for UHF to further expand its extremely successful fundraising beyond the \$100.3 million raised last year and further grow its active alumni relations program.

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.

We respectfully ask for passage of HB315 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
HOUSE BILL 315, RELATING TO THE UNIVERSITY OF HAWAI'I

Hearing Date: February 11, 2022
Committee: House Committee on Higher Education and Technology
Time: 2 p.m.
Location: VIA VIDEOCONFERENCE/ Conference Room 309, State Capitol
Testifier: Rich Wacker, Chair, Board of Trustees, University of Hawai'i Foundation

Chair Takayama, Vice Chair Clark and members of the committee;

Thank you for the opportunity to submit **testimony in support of HB 315**. 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 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 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, 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 eliminating the cap now will benefit Hawai'i:

- *Last year UHF raised \$100.3 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 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. Mahalo.*

HB-315

Submitted on: 2/10/2022 10:32:14 AM

Testimony for HET on 2/11/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ken Hayashida	Individual	Support	No

Comments:

HOUSE BILL 315, RELATING TO THE UNIVERSITY OF HAWAI'I

Hearing Date: February 11, 2022

Committee: House Committee on Higher Education and Technology

Time: 2 p.m.

Location: VIA VIDEOCONFERENCE/ Conference Room 309, State Capitol

Testifier Ken Hayashida, University of Hawaii Alumni Association

Chair Takayama, Vice Chair Clark and members of the committee;

Thank you for the opportunity to submit **testimony in support of HB 315**. My name is Ken Hayashida and I am submitting testimony as a UH alum, proud long-time donor, member of our business community and director of the University of Hawai'i Alumni Association board.

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 repeals the \$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). Eliminating the cap will allow the University to effectively fund its advancement program and maximize private funds raised.

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- 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 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. Mahalo.

Sincerely,

Ken Hayashida