



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Higher Education
February 3, 2022 at 3:00 p.m.

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

SB 3156 – RELATING TO THE UNIVERSITY OF HAWAII TUITION AND FEES SPECIAL FUND

Chair Kim, Vice Chair Kidani, and members of the committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (University) supports SB 3156, 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.

Thank you for this opportunity to testify.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

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

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 SENATE COMMITTEE ON HIGHER EDUCATION
ON
SENATE BILL NO. 3156

February 3, 2022
3:00 p.m.
Room 229 and Videoconference

RELATING TO THE UNIVERSITY OF HAWAII TUITION AND FEES SPECIAL FUND

The Department of Budget and Finance (B&F) supports Senate Bill (S.B.) No. 3156, submitted as Administration Proposal UOH-5(22), and offers the following comments.

S.B. No. 3156 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 06, 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.