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Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Wednesday, March 30, 2022
3:20 PM
State Capitol, Video Conference

In consideration of
SCR0021/SR0015
**REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM TO CONDUCT A STUDY ON THE ECONOMIC IMPACTS OF
DOMESTIC OUT-OF-STATE STUDENTS.**

Chair Wakai, Vice Chair Misalucha and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) supports the intent and provides comments regarding SCR21/SR15, which requests DBEDT to conduct a study on the economic impacts of domestic out-of-state students on Hawaii's economy.

This resolution references a previous report conducted by DBEDT that examined the economic impact of international students in Hawaii. It is important to note that the sample size for a domestic student survey would be larger than the international student study. Compiling the sampling frame would require DBEDT to coordinate with organizations including the Hawaii Association of Independent Schools and the Hawaii Department of Education.

We estimate that the cost of coordinating and conducting the survey to be \$50,000, including designing the survey, collecting and analyzing the data, and compiling the report. Furthermore, we respectfully request that the report due date be extended to September 1, 2023, to allow time for the survey to be conducted.

Thank you for the opportunity to provide comments.



Testimony in Support of Senate Concurrent Resolution SCR#21

Provided by GUILD Consulting

Committee on Energy, Economic Development, and Tourism – March 30, 2022

Aloha Chair Wakai, Vice Chair Misalucha, and committee members,

Mahalo for the opportunity for GUILD consulting to provide testimony in strong support of SCR#21 to study the economic impacts of domestic out-of-state students.

In addition to the language in the resolution correctly outlining the value of the proposed study, GUILD completed a project for the University of Hawai'i Third Decade Plan in 2020 that identified two important trends underscoring the need for the University of Hawai'i to develop new sources for enrollment.

- In the most recent census report (as of July 2021), the population of Hawai'i decreased 0.71% in one year. This is the third consecutive year of estimated population decline.
- The percentage of the population in the 18-44 year old category (which includes college age students) is projected to decline from 45.3% of the population in 2020 to a projected 41.0% of the population in 2045.

These trends suggest that if the University of Hawai'i is reliant on Hawai'i residents for its enrollment, it will be challenged to maintain enrollment levels in light of the shrinking population and the decreasing percentage of college aged residents.

Recruiting students from outside of the state can potentially offset these trends. Importantly, out-of-state students pay higher rates of tuition, providing additional financial support for the university.

The following excerpted recommendations from our Third Decade report support the need to diversify and expand UH enrollment:

- *"The overall population decline suggests that the University develop or expand its efforts to attract new student populations including out of state students, international students, adult learners, and active duty military and dependents."*
- *The dispersion of Hawai'i residents to the mainland for higher education may also call for developing joint degrees with leading universities to provide students with "the best of both worlds."*
- *The University participates in the Western Undergraduate Exchange, a tuition reciprocity agreement with educational institutions in sixteen Western states. Currently, the level of enrollment into University of Hawai'i programs is about equal to the number of students*

leaving the state to enroll in Mainland institutions. Expanding the promotion of this program to prospective students on the US Mainland is a potential source for increasing enrollment.

The full report can be found online: [The Third Decade Report | University of Hawaii System](#)

Without attracting new pools of prospective students, the University faces the prospect of stagnant or declining enrollment, inevitably leading to cuts in academic programs and services. A study such as that proposed in this resolution to identify the potential economic contribution of an expanded base of out-of-state students would be useful in underpinning the development of new enrollment strategies.

We would be pleased to answer any questions.

SCR-21

Submitted on: 3/28/2022 2:12:11 PM

Testimony for EET on 3/30/2022 3:20:00 PM

Submitted By	Organization	Testifier Position	Testify
John Brizdle	Individual	Support	Remotely Via Zoom

Comments:

Testimony of John Brizdle in Favor of SCR 21

**Senate Committee on Energy, Economic Development, and Tourism - March 30th - 3:20pm
Conference Room 224**

Aloha Chair Wakaki, Vice Chair Misalucha and the other introducers of Senate Resolution 21. Thank you very much for offering this resolution to help the people of Hawaii see the total economic impact of all our out-of-state students.

I am a retired businessman living in Hawaii Kai. A few years ago we (a few business people and myself) noticed that the State of Hawaii had a very large Education business. When we searched for data on education, we only found the excellent report by DBEDT that looked at the economic impact of foreign students coming to Hawaii.

At that time, we also noticed that for every foreign student at our major public and private universities, there were at least three additional out-of-state students who came from the mainland. At that time, the economic impact of these domestic students was not being surveyed by DBEDT.

So, when we have the results from this Senate Resolution, we can add the two DBEDT Education Studies together - one for foreign students and one for domestic out-of-state students.

We anticipate that the combined economic impact of all out-of-state students coming to Hawaii for their education will be over one billion dollars annually. This will make it clear to our business community and elected representatives in Hawaii that our Education business is a major business sector. The jobs in this sector are good paying jobs as well.

In many ways, our Education business is very similar to our Tourism business. Students come here, stay for a few months or longer, we provide the education services, and then they go home. The export of tourism services and education services are very similar.

I believe that after Tourism, the Military, and Construction, our Education business is our number four export business.

I also believe that once we understand the true size of our Education business, it will be easier to discuss expanding this business in Hawaii.

As different people in Hawaii discuss how to expand our economy, this report will provide a window into an area that has not had much discussion.

Thank you very much for allowing me to testify in favor of this resolution,

John Brizdle

Co-Founder of E Noa Tours and The Waikiki Trolley

Tourism Software Developer

Publisher of the Book, "Streetcar Days In Honolulu"

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