



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
April 7, 2015 at 1:35 pm Room 211

by
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HB 540 HD1 SD1 – RELATING TO THE UNIVERSITY OF HAWAII ACCOUNTING AND FINANCIAL MANAGEMENT SYSTEM

Chair Tokuda, Vice Chair Kouchi, and members of the Ways and Means committee:

Thank you for this opportunity to testify. The University of Hawai'i (UH) **SUPPORTS** HB 540 HD1 SD1, Relating to the University of Hawaii Accounting and Financial Management System. This measure would extend sunset provisions with respect to accounting and fiscal management requirements relating to UH.

Act 321, SLH 1986 provided authority for UH to implement its own accounting system in conformity with generally accepted accounting principles as applied to colleges and universities. Since that time, UH has twice updated its financial management system, with the most recent update being the Kualii Financial System (KFS).

KFS is a comprehensive financial software package that was developed and is supported by a consortium of universities throughout the country that use an open source and partner enhanced process. Thus, it serves the unique needs of UH's reporting, regulatory and accreditation requirements, while also allowing for compatibility with external partners, such as the State Department of Accounting and General Services (DAGS).

Because KFS is an open source product, there are no large license fees similar to off-the-shelf vended products, and the only costs are the physical hardware costs and personnel to support the software systems. Twenty other schools have also implemented KFS, including Cornell University, Indiana University, Michigan State University, University of Connecticut, University of Maryland, Colorado State University, University of Arizona, University of California at Irvine, University of California at Davis, and the University of Southern California.

If the exemption is allowed to sunset, UH would have to return to an older financial management system that is designed for more traditional state government entities, rather than university systems.

Statewide efforts to update DAGS and state financial systems through the Enterprise Resource Planning (ERP) project could eventually provide for complimentary systems on both sides. KFS is currently positioned to enhance those efforts. Extending the sunset would give the state and UH additional time to work. Additionally, allowing the Auditor to determine whether or not this exemption should be permanent will provide a third-party opinion on this matter.

Thank you for your time and consideration.

Written Only

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Date: 04/07/2015

Time: 01:35 PM

Location: 211

Committee: Senate Ways and Means

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: HB 0540, HD1, SD1 RELATING TO THE UNIVERSITY OF HAWAII ACCOUNTING AND FINANCIAL MANAGEMENT SYSTEM.

Purpose of Bill: Extends sunset provisions with respect to accounting and fiscal management requirements relating to the University of Hawaii. Makes conforming amendments. (SD1)

Department's Position:

The Department of Education (Department) supports HB540, HD1 SD1. The Department appreciates the amendments made on its behalf by the Senate Committee on Higher Education to reinsert the Department's authorizing language in the various sections of the existing law.

Thank you very much for the opportunity to testify on this measure.