



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
February 10, 2015 at 2:00 pm Room 309

by
Kalbert Young
Vice President – Budget & Finance & Chief Financial Officer
University of Hawai'i

HB 541 – RELATING TO THE UNIVERSITY OF HAWAII TUITION AND FEES SPECIAL FUND

Chair Choy, Vice Chair Ichiyama, and members of the Higher Education committee:

Thank you for this opportunity to testify. The University of Hawai'i (UH) opposes HB 541, Relating to the University of Hawaii Tuition and Fees Special Fund. This bill would require UH to lapse any balance beyond an unspecified amount in the Tuition and Fees Special Fund to the general fund. It would also then require the Legislature to appropriate an amount not less than the amount lapsed.

The University opposes this measure due to the timing of which the bill proposes for lapsing and appropriating special funds vs. general funds. This issue is a significant fiscal matter that would be detrimental to the operations of UH. The bill proposes to lapse balances in the University's tuition and fees special fund, but does not appropriate the corresponding amount in general funds for more than one fiscal year. Because the funds are appropriated in the regular session after they have lapsed for the following fiscal year, there is a one year lag where UH has no access to any of the funds it has collected from its students in the form of tuition and fees. For example, special funds that are forced to lapse to the general fund on June 30, 2016, would not be deliberated for the budget by the Legislature until the next legislative session in 2017, meaning the funds would not be available until the fiscal year beginning July 1, 2017.

Depending on the threshold, which is not yet determined in this draft of the measure (page 4, line 3), not having access to these funds for an entire year would disrupt services that UH can provide to the students who have already paid into the fund. Furthermore, the bill provides no funding mechanism to account for the initial year of such a proposed approach. The mechanics of this measure are not practical to put in to action and would be detrimental to departmental operations.

Finally, UH has concerns that the bill does not specify the source of funds that would be appropriated the following fiscal year in which tuition and fees special funds are lapsed to the general fund (page 4, line 6). While the bill suggests that general funds will be appropriated corresponding to the amount lapsed from the special fund one year prior,

there is no procedural way to guarantee the Legislature will have such funds available for appropriation. Given the timing issue already identified above, the Legislature would have the burdensome difficulty of preserving sufficient general funds for more than one year so that it may be appropriated.

This measure presents a number of procedural, mechanical, and constitutional inconsistencies that would challenge implementation. With the objective of balancing the fiscal management of general fund appropriations with tuition and fees revenues of the University, I would welcome working with the committee to find the appropriate balance, however, HB 541 in its current form would not be a palatable approach that would allow the University to maintain operations.

Thank you for your time and consideration.

ichiyama2-Brandon

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 09, 2015 9:50 AM
To: HEDtestimony
Cc: cleveland@hawaii.edu
Subject: Submitted testimony for HB541 on Feb 10, 2015 14:00PM

HB541

Submitted on: 2/9/2015

Testimony for HED on Feb 10, 2015 14:00PM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Mahesh Cleveland	Individual	Oppose	No

Comments: UH monies should stay with UH, particularly those monies sourced out of student fees.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

ichiyama2-Brandon

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 04, 2015 3:50 PM
To: HEDtestimony
Cc: waimeavalleygirl@me.com
Subject: *Submitted testimony for HB541 on Feb 10, 2015 14:00PM*

HB541

Submitted on: 2/4/2015

Testimony for HED on Feb 10, 2015 14:00PM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Bonnyjean Manini	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

LATE

WRITTEN ONLY

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HIGHER EDUCATION
ON
HOUSE BILL NO. 541

February 10, 2015

RELATING TO THE UNIVERSITY OF HAWAII TUITION AND FEES SPECIAL FUND

House Bill No. 541 proposes to transfer University of Hawaii (UH) Tuition and Fees Special Fund balances that are in excess of an unspecified amount to the general fund. The bill also requires that the Legislature appropriate funds to UH the following year in an amount not less than the lapsed special fund balances.

The Department of Budget and Finance has serious concerns on the transfer of excess Tuition and Fees Special Fund balances to the general fund, and replenishing these balances the next year with State funds. The cyclical replacement of funds would have an adverse impact on the tuition-supported revenue strategy employed by UH. UH's ability to meet fluctuations in resource requirements due to projected student enrollments and proposed program expansions may also be compromised if excess fund balances are transferred out of the University.

Further, the means of financing for the appropriation to UH is also unclear in the bill. This bill states only that "the legislature shall appropriate funds to the university."

Date: February 10, 2015
Time: 2:00PM
Place: Conference Room 309

To: House Committee on Higher Education
Re: Opposition to HB 541 Relating to the University of Hawai'i

Aloha Honorable Chairperson Choy and the respective members of the House Committee on Higher Education,

My name is Alycia Kiyabu, and I am the current President of the Campus Center Board (CCB) at the University of Hawai'i at Manoa (UH Manoa). I write this testimony in strong opposition of House Bill 541, in which, all revenue collected by the University for regular, summer, and continuing education credit tuition, tuition-related course and fee charges, and any other charges to students, except provided by law, are deposited into the University of Hawaii tuition and fees special fund.

Chartered by the Board of Regents in 1971, CCB serves as the governing authority of the Campus Center Complex, which includes the programs and services housed in the Hemenway Hall, Warrior Recreation Center, and Campus Center buildings. CCB has a responsibility in serving its constituency - students, faculty, staff and alumni - by ensuring multifaceted resources are available, whether it be via activities and programming, or in policies that govern the Campus Center Complex. CCB is able to accomplish these things with the money collected from fees mandated to students.

Fees collected are appropriated to CCB's service areas and activities to enhance the quality of life for students at UH Manoa's student union. In April of 2014, the newly built Warrior Recreation Center (WRC) was opened. Along with the construction of the new WRC, CCB is since obligated to pay the debt service for the building. CCB relies on fee charges to cover all of the aforementioned services, and any monies taken away will be a hinderance to the fulfillment of CCB's mission.

If HB541 is passed, discretion and autonomy will be taken away from the University of Hawai'i at Manoa campus. I stand in opposition to HB541 and firmly believe that the university should not have all revenue collected by the University for regular, summer, and continuing education credit tuition, tuition-related course and fee charges, and any other charges to students and tuition dollars, transferred to the general fund.

As a proud alumna of UH Manoa, and a current tuition paying graduate student, I urge you to oppose HB 541. I want to thank the House Committee on Higher Education for the opportunity to submit testimony.

Alycia Kiyabu
President, Campus Center Board
University of Hawai'i at Manoa