



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
February 3, 2015 at 2:00 pm Room 309

by

Kalbert Young

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HB 985 – RELATING TO THE UNIVERSITY OF HAWAII OPERATING COSTS

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) supports the intent of HB985, Relating to the University of Hawaii Operating Costs, but has some concerns. This bill would mandate that beginning on July 1, 2015, 60 percent of the operating costs of UH be financed through general funds.

In the recent budget submittal to the Legislature, the total operating budget for UH is approximately \$1.1 billion. General funds requested total \$420 million, or about 37.9 percent. To reach the 60 percent mandated in this measure, an additional \$245 million would need to be appropriated in each fiscal year.

While we appreciate the intent of the measure, the magnitude of the additional amount of general funds that would be required should give the Legislature some pause. In addition, mandating general fund appropriations will ultimately limit the Legislature's ability to appropriate funds for other areas or to handle a downturn in revenues.

Thank you for your time and consideration.

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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. 985

February 3, 2015

RELATING TO THE UNIVERSITY OF HAWAII OPERATING COSTS

House Bill No. 985 requires that beginning in FY 16, not less than 60% of the operating costs of the University of Hawaii (UH) are to be financed through general funds.

The Department of Budget and Finance believes further policy discussion is needed regarding how the University should be funded. Currently, UH has a general fund appropriation of \$409.7 million with a total operating appropriation of \$1,150.5 million that includes all means of financing. This current general fund appropriation level equates to general funds reflecting approximately 35.6% of UH's total appropriation for FY 15. Under this bill, UH's general fund appropriation would need to be increased by \$280.6 million to a total of \$690.3 million and, if enacted, this would cause the current general fund financial plan of the State to have a negative ending fund balance.