

THE SENATE  
THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2015

COMMITTEE ON HIGHER EDUCATION AND THE ARTS

Senator Brian T. Taniguchi, Chair  
Senator Lorraine R. Inouye, Vice Chair

NOTICE OF HEARING

DATE: Tuesday, February 03, 2015  
TIME: 1:30 PM  
PLACE: Conference Room 224  
State Capitol  
415 South Beretania Street

A G E N D A

<u><b>SB 325</b></u> <u>Status &amp; Testimony</u>	RELATING TO THE UNIVERSITY OF HAWAII. Appropriates funds to the University of Hawaii to pay student employees at new or expanded worksites on each campus.	HEA, WAM
<u><b>SB 326</b></u> <u>Status &amp; Testimony</u>	RELATING TO THE UNIVERSITY OF HAWAII. Appropriates moneys to SEED at the University of Hawaii to fund faculty, graduate assistant, and student employee (2.5 FTE) positions to conduct and disseminate research relating to Asian American and Pacific Islander students in higher education, and to provide direct services to undergraduate and graduate students interested in diversity careers relating to student affairs and higher education.	HEA, WAM
<u><b>SB 327</b></u> <u>Status &amp; Testimony</u>	RELATING TO THE UNIVERSITY OF HAWAII. Appropriates \$225,000 in general funds for 4.0 FTE positions for the UH Pamantasan Council to promote access and diversity.	HEA, WAM
<u><b>SB 987</b></u> <u>Status &amp; Testimony</u>	RELATING TO POST-SECONDARY EDUCATION. Clarifies that under the Hawaii Post-Secondary Education Authorization Program, institutions may request an administrative hearing pursuant to chapter 91, HRS, for proceedings concerning denials, suspensions, or terminations.	HEA, JDL
<u><b>SB 160</b></u> <u>Status &amp; Testimony</u>	RELATING TO UNIVERSITY OF HAWAII NON-GENERAL FUNDS. Implements certain recommendations of the Auditor concerning University of Hawaii non-general funds.	HEA, WAM
<u><b>SB 1144</b></u> <u>Status &amp; Testimony</u>	RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII. Clarifies application of State Ethics Code to technology transfer arrangements supported by the University of Hawaii.	HEA, JDL
<u><b>SB 1146</b></u> <u>Status &amp; Testimony</u>	RELATING TO THE UNIVERSITY OF HAWAII ACCOUNTING AND FINANCIAL MANAGEMENT SYSTEM. Amends the sunset provisions, with respect to the University of Hawaii, under sections 40-1, 40-2, 40-4, 40-6, 40-58, and 40-81, Hawaii Revised Statutes.	HEA, WAM

**Decision Making to follow, if time permits.**

Click [here](#) to submit testimony to the Senate Committee on Higher Education and the Arts.

# **SB 1146**

## **Testimony –**

Measure Title: RELATING TO THE UNIVERSITY OF HAWAII ACCOUNTING AND FINANCIAL MANAGEMENT SYSTEM.

Report Title: University of Hawaii; Accounting and Financial Management System

Description: Amends the sunset provisions, with respect to the University of Hawaii, under sections 40-1, 40-2, 40-4, 40-6, 40-58, and 40-81, Hawaii Revised Statutes.

Companion: HB977

Package: Governor

Current Referral: HEA, WAM

Introducer(s): KIM (Introduced by request of another party)



# **UNIVERSITY OF HAWAII SYSTEM**

## **Legislative Testimony**

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Testimony Presented Before the  
Senate Committee on Higher Education and the Arts  
February 3, 2015 at 1:30 pm Room 224

by

Kalbert Young

Vice President – Budget & Finance & Chief Financial Officer, University of Hawai'i

### **SB 1146 – RELATING TO THE UNIVERSITY OF HAWAII ACCOUNTING AND FINANCIAL MANAGEMENT SYSTEM**

Chair Taniguchi, Vice Chair Inouye, and members of the Higher Education and the Arts committee:

Thank you for this opportunity to testify. The University of Hawai'i (UH) SUPPORTS SB1146, Relating to the University of Hawaii Accounting and Financial Management System. This Administration package measure would extend the sunset from 2016 to 2019 on specific exemptions that allow UH to maintain a separate accounting and financial management system.

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.

Thank you for your time and consideration.