

Honolulu, Hawaii

February 20, 2015

RE: H.B. No. 541

H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred  
H.B. No. 541 entitled:

"A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII  
TUITION AND FEES SPECIAL FUND,"

begs leave to report as follows:

The purpose of this measure is to strengthen fiscal  
accountability at the University of Hawaii by requiring:

- (1) That at the end of any fiscal year in which the balance  
in the University of Hawaii Tuition and Fees Special  
Fund exceeds a certain sum, the funds in excess of that  
amount must lapse to the credit of the general fund; and
- (2) During the next regular session following a fiscal year  
in which the University of Hawaii Tuition and Fees  
Special Fund incurs a lapse of funds, the Legislature to  
appropriate funds to the University for the following  
fiscal year in a sum that is not less than the amount of  
the lapsed funds.

The University of Hawaii and several concerned individuals  
opposed this measure. The Department of Budget and Finance and a  
concerned individual submitted comments.

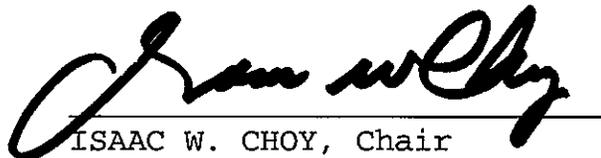


Your Committee has amended this measure by:

- (1) Directing each campus of the University of Hawaii, in estimating its quarterly budget requirements, to prepare an operations plan for the fiscal year for each of the programs that it is responsible for administering;
- (2) Providing that at the end of each fiscal year, the moneys in the University of Hawaii Tuition and Fees Special Fund for each campus must lapse to the credit of Program Identification Number UH900 (University of Hawaii, system wide support);
- (3) Requiring the President and Vice President for Budget and Finance and Chief Financial Officer of the University of Hawaii to review the operations plan for each campus to:
  - (A) Determine if the operations plan meets certain criteria; and
  - (B) Approve the operations plan, or modify or withhold the planned expenditures, depending on whether the criteria are met; and
- (4) Deleting the requirement that the Legislature appropriate funds in the following fiscal year that are not less than the amount of lapsed funds.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 541, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 541, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Higher Education,

  
ISAAC W. CHOY, Chair



