



# **UNIVERSITY OF HAWAII SYSTEM**

## **Legislative Testimony**

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Testimony Presented Before the  
House Committee on Higher Education  
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by  
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### **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.