



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education & Technology
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by
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HB 1072 – RELATING TO THE UNIVERSITY OF HAWAII TUITION AND FEES SPECIAL FUND

Chair Takayama, Vice Chair DeCoite, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) supports House Bill No. 1072, Relating to the University of Hawaii Tuition and Fees Special Fund. This bill repeals the requirement that the moneys in the Tuition and Fees Special Fund (TFSF) for each UH campus lapse to the credit of the UH System (UOH900) at the end of each fiscal year.

This statute was put into place with the passage of Act 236, Session Laws of Hawai'i (SLH) 2015. During the 2015 Legislative Session, UH was generally supportive of this approach, as it would provide greater explicit authority of centralizing funding to the President and Chief Financial Officer over UH campus operations. However, this statute only puts into place authority that already exists in the statute of special funds that allows the UH president to internally move TFSF balances between campuses. This authority has rarely been used by UH presidents because tuition revenue is located at the campus that generated the revenue. Act 236, SLH 2015, instead forces mandatory sweeping of tuition revenue away from the campuses where it was earned. We believe that the historical practice and treatment in the use of tuition revenue in the TFSF is more judicious and rational than arbitrarily sweeping revenues to the UH System annually to be spent elsewhere than where it was earned. The UH president and the UH CFO already have the authority to make financial decisions to judiciously move funding within the UH for fiscal reasons. The Act 236, SLH 2015, statute does not increase or bolster that authority.

The practice of sweeping TFSF to the UH System annually does not add any practical value or benefit to UH operations either. Since the passage of Act 236, SLH 2015, the UH has adopted policies and standardized annual budgeting processes to the Board of Regents that require approval of an annual spending plan for each campus and the entire UH. It is our belief that this makes a more transparent budget process than what is currently in statute and will continue to adhere to this Regent Policy whether this bill becomes law or not. This annual plan is available for review on the Board's website as well as the UH Budget Office's website.

Thank you for this opportunity to testify.