



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

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Senate Committee on Ways and Means
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by
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HB 1299 HD1 – RELATING TO NON-GENERAL FUNDS

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) opposes House Bill No. 1299 House Draft 1, Relating to Non-General Funds. This measure would repeal various non-general funds across State government and transfer those fund balances to the State General Fund.

The UH's funds are listed in Part XIV and Part XIX of the bill. The UH has no objection to the funds listed in Part XIV (Grant for the Bridge-to-Hope Program and Legislative Relief for Claims – UH). However, we have serious concerns with several of the funds listed in Part XIX.

Sections 71 of the bill would reclassify the Community Colleges Special Fund into the Community Colleges Revolving Fund, **Section 74** would repeal the Community Colleges Special Fund, and **Section 76** would transfer any remaining balances in the Community Colleges Special Fund to the Community Colleges Revolving Fund.

The UH opposes both of these sections and respectfully requests that they be removed from the bill and the Community Colleges Special Fund remain a special fund. The difference between a revolving fund and special fund is very slight and the interpretation has evolved over time. Auditor's Report No. 01-12 from July 2001 looked at the same fund and recommended that it remain a special fund.

Additionally, the statute governing the fund allows for the deposit of funds from the Tuition and Fees Special Fund as well as tuition, fees, and charges for affiliated instructional, training, and public service courses and programs. As such, we feel that it is not intended for this fund to run as a "closed loop" similar to other revolving funds.

Section 72 of the bill would amend the Conference Center Revolving Fund at the UH of Hawai'i at Hilo to allow Hilo to allow its use by the Chancellor or their designee, rather than the dean of the College of Continuing Education and Community Service (which no longer exists). UH supports this section of the bill.

Section 73 of the bill would repeal the University of Hawai'i Community Services Special Fund. The UH opposes this section and respectfully requests that the Community Services Special Fund not be repealed. The Auditor notes in their report that the fund continues to serve the purpose for which it was created but finds that it should be repealed because it is not self-sufficient. We acknowledge the negative balance for the fund but also point out that the fund is slowly working on reducing that negative balance. At this point in time, closing the fund would serve no fiscal benefit to the State or UH, and it is our preference that it continue to function. The fund is still being used by various campuses in the following ways:

UH Mānoa: To account for revenues and expenses generated from non-credit programs, public/community events and International Programs. Repealing the fund will reduce the development of non-credit and non-traditional course offerings which serves the community at large. It also will have a negative impact to the successful Hawai'i English Language Program which serves as a critical pathway to higher education opportunities to ESL students.

UH Hilo: To support public service programs and to account for revenue and expenses to provide public service programs such as professional development and training, personal growth, and cultural enrichment. Repealing the Community Services Special Fund will require UH Hilo to use general funds to cover the cost of providing public service programs including non-credit instruction. The program is self-sustaining and can only expend up to the level of funds generated, thus eliminating reliance on State general funds.

UH West O'ahu: To account for revenues and expenses generated from non-credit programs, public/community events and International Programs. The campus would be unable to meet its mission of being a service to the community by providing public service programs, growing its international programs, and other non-credit programs to meet the needs of the community and State. Should general funds be provided, campus would forfeit the ability to enter into multi-year contracts to secure most cost-efficient means as general funds do not allow encumbrances to be carried from one fiscal year to another.

Section 75 of the bill would repeal the Professional Student Exchange Program Revolving Fund. The UH agrees with the repeal of this fund as it is no longer being used.

Section 77 of the bill would reclassify the University Bond and Interest Sinking Fund into a trust account. The UH agrees with the reclassification of this fund.

Thank you for this opportunity to testify.